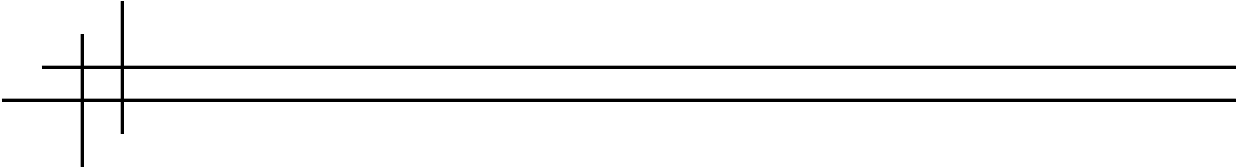


State of New Mexico  
**Dexter Consolidated Schools**

**Annual Financial Report**  
June 30, 2017

**De'Aun Willoughby CPA, PC**  
Certified Public Accountant  
Clovis, New Mexico



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State of New Mexico  
**Dexter Consolidated Schools**  
Official Roster  
June 30, 2017

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**Board of Education**

Orlando R Chavez	President
Bobby Vaughn	Vice-President
Amanda Bogle	Secretary
Mike Gomez	Member
Nancy Miles	Member

**School Officials**

Lesla Dodd	Superintendent
Jeannie Harris	Business Manager

De'Aun Willoughby CPA, PC

Certified Public Accountant

225 Innsdale Terrace Clovis, NM 88101

(855) 253-4313

Independent Auditor's Report

Mr. Tim Keller  
State Auditor of the State of New Mexico  
Board Members of the Dexter Consolidated Schools

Mr. Keller and Members of the Board

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information, and the budgetary comparisons for the general fund and major special revenue fund of Dexter Consolidated Schools (District), as of and for the year ended June 30, 2017, and the related notes to the financial statements which collectively comprise the District's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the District's nonmajor governmental funds, and the budgetary comparisons for the major capital projects and debt service funds presented as supplementary information, as defined by the Government Accounting Standards Board, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2017, 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 misstatements, whether due to fraud or error.

Auditor's Responsibility

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

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

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

### Opinions

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

### Other Matters

#### *Required Supplementary Information*

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

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

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the District's financial statements, the combining and individual fund financial statements, and the budgetary comparisons. The Schedule of Expenditures of Federal Awards as required by Office of Management and Budget *Title 2 U.S. CFR Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* 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 schedules required by 2.2.2 NMAC are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with the auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards and other schedules required by 2.2.2 NMAC are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 19, 2017, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

 De'Aun Willoughby CPA PC

Clovis, New Mexico  
October 19, 2017

## **Financial Section**



State of New Mexico  
**Dexter Consolidated Schools**  
Government-Wide Statement of Net Position  
June 30, 2017

	<u>Governmental Activities</u>
<b>Assets</b>	
Current Assets	
Cash and Cash Equivalents	\$ 3,243,278
Taxes Receivable	111,488
Due from Grantor	324,397
Inventory	25,174
Total Current Assets	<u>3,704,337</u>
Noncurrent Assets	
Capital Assets	43,286,411
Less: Accumulated Depreciation	<u>(16,010,563)</u>
Total Noncurrent Assets	<u>27,275,848</u>
Total Assets	<u>30,980,185</u>
<b>Deferred Outflows of Resources</b>	
Deferred Outflows Related to Pensions	
Actuarial Experience	65,511
Investment Experience	901,361
Changes of Assumptions	307,381
Changes in Proportion	328,110
Contributions Subsequent to Measurement Date	811,768
Total Deferred Outflows of Resources	<u>2,414,131</u>
<b>Liabilities</b>	
Current Liabilities	
Accounts Payable	46,768
Accrued Salaries and Benefits	52,313
Accrued Interest	49,413
Compensated Absences	64,109
Current Portion of Long-Term Debt	555,000
Total Current Liabilities	<u>767,603</u>
Noncurrent Liabilities	
Bonds	3,830,000
Pension Liability	15,100,277
Total Noncurrent Liabilities	<u>18,930,277</u>
Total Liabilities	<u>19,697,880</u>
<b>Deferred Inflows of Resources</b>	
Deferred Inflows Related to Pensions	
Actuarial Experience	143,623
Changes in Proportion	46,581
Total Deferred Inflows of Resources	<u>190,204</u>
<b>Net Position</b>	
Invested in Net Capital Assets	22,890,848
Restricted for:	
Capital Projects	1,805,643
Debt Service	930,631
Unrestricted	<u>(12,120,890)</u>
Total Net Position	<u>\$ 13,506,232</u>

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

State of New Mexico  
**Dexter Consolidated Schools**  
 Government-Wide Statement of Activities  
 For the Year Ended June 30, 2017

Functions/Programs	Expenses	Program Revenues		Net (Expenses) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions		Capital Grants and Contributions
<b>Governmental Activities</b>					
Instruction	\$ 7,027,702	\$ 54,355	\$ 801,204	\$ 0	\$ (6,172,143)
Support Services					
Students	994,872	81,795	114,477	0	(798,600)
Instruction	205,025	0	0	0	(205,025)
General Administration	295,350	0	1,255	0	(294,095)
School Administration	716,332	0	124,390	0	(591,942)
Central Services	687,228	0	56,184	0	(631,044)
Operation of Plant	1,441,704	0	86,249	0	(1,355,455)
Student Transportation	579,622	0	384,440	0	(195,182)
Other	22,078	0	0	0	(22,078)
Food Services	964,579	87,482	731,107	0	(145,990)
Interest Expense	105,271	0	0	0	(105,271)
Total Governmental Activities	\$ 13,039,763	\$ 223,632	\$ 2,299,306	\$ 0	\$ (10,516,825)
<b>General Revenues</b>					
Taxes					
Property Taxes, Levied for General Purposes					35,491
Property Taxes, Levied for Capital Projects					167,102
Property Taxes, Levied for Debt Service					965,879
Federal and State aid not restricted to specific purpose					
General					7,968,893
Capital					0
Interest and investment earnings					3,883
Miscellaneous					217,762
Subtotal, General Revenues					<u>9,359,010</u>
Change in Net Position					<u>(1,157,815)</u>
Net Position - Beginning					14,675,332
Restatement					<u>(11,285)</u>
Restated Beginning Net Position					<u>14,664,047</u>
Net Position - Ending					<u>\$ 13,506,232</u>

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

State of New Mexico  
**Dexter Consolidated Schools**  
 Governmental Funds  
 Balance Sheet  
 June 30, 2017

	General Fund		
	Operational 11000	Transportation 13000	Instructional Materials 14000
<b>Assets</b>			
Cash and Cash Equivalents	\$ 325,216	\$ 0	\$ 74,139
Receivables			
Taxes	11,019	0	0
Due From Grantor	0	0	0
Interfund Balance	324,474	0	0
Inventory	0	0	0
<b>Total Assets</b>	<b>\$ 660,709</b>	<b>\$ 0</b>	<b>\$ 74,139</b>
<b>Liabilities</b>			
Accounts Payable	\$ 38,212	\$ 1,192	\$ 0
Accrued Salaries and Benefits	44,953	6,581	0
Interfund Balances	0	0	0
<b>Total Liabilities</b>	<b>83,165</b>	<b>7,773</b>	<b>0</b>
<b>Deferred Inflows of Resources</b>			
Unavailable Revenue	11,001	0	0
<b>Total Deferred Inflows of Resources</b>	<b>11,001</b>	<b>0</b>	<b>0</b>
<b>Fund Balances</b>			
Nonspendable-Inventory	0	0	0
Restricted for:			
Special Revenue Funds	0	0	0
Capital Projects	0	0	0
Debt Service	0	0	0
Unassigned	566,543	(7,773)	74,139
<b>Total Fund Balances</b>	<b>566,543</b>	<b>(7,773)</b>	<b>74,139</b>
<b>Total Liabilities, Deferred Inflows and Fund Balances</b>	<b>\$ 660,709</b>	<b>\$ 0</b>	<b>\$ 74,139</b>

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

State of New Mexico  
**Dexter Consolidated Schools**  
Governmental Funds  
Balance Sheet  
June 30, 2017

	Special		
	Revenue Fund	Capital Projects Funds	
	IDEA B Entitlement 24106	Bond Building 31100	Senate Bill Nine-State 31700
<b>Assets</b>			
Cash and Cash Equivalents	\$ 0	\$ 1,780,676	\$ 0
Receivables			
Taxes	0	0	0
Due From Grantor	122,637	0	86,249
Interfund Balance	0	0	0
Inventory	0	0	0
<b>Total Assets</b>	<b>\$ 122,637</b>	<b>\$ 1,780,676</b>	<b>\$ 86,249</b>
<b>Liabilities</b>			
Accounts Payable	\$ 0	\$ 0	\$ 940
Accrued Salaries and Benefits	0	0	0
Interfund Balances	122,637	0	85,309
<b>Total Liabilities</b>	<b>122,637</b>	<b>0</b>	<b>86,249</b>
<b>Deferred Inflows of Resources</b>			
Unavailable Revenue	0	0	0
<b>Total Deferred Inflows of Resources</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Fund Balances</b>			
Nonspendable-Inventory	0	0	0
Restricted for:			
Special Revenue Funds	0	0	0
Capital Projects	0	1,780,676	0
Debt Service	0	0	0
Unassigned	0	0	0
<b>Total Fund Balances</b>	<b>0</b>	<b>1,780,676</b>	<b>0</b>
<b>Total Liabilities, Deferred Inflows and Fund Balances</b>	<b>\$ 122,637</b>	<b>\$ 1,780,676</b>	<b>\$ 86,249</b>

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

State of New Mexico  
**Dexter Consolidated Schools**  
Governmental Funds  
Balance Sheet  
June 30, 2017

	Debt Service 41000	Other Governmental Funds	Total Governmental Funds
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Assets</b>			
Cash and Cash Equivalents	\$ 662,939	\$ 400,308	\$ 3,243,278
Receivables			
Taxes	72,579	27,890	111,488
Due From Grantor	0	115,511	324,397
Interfund Balance	0	0	324,474
Inventory	0	25,174	25,174
Total Assets	<u>\$ 735,518</u>	<u>\$ 568,883</u>	<u>\$ 4,028,811</u>
<b>Liabilities</b>			
Accounts Payable	\$ 0	\$ 6,424	\$ 46,768
Accrued Salaries and Benefits	0	779	52,313
Interfund Balances	0	116,528	324,474
Total Liabilities	<u>0</u>	<u>123,731</u>	<u>423,555</u>
<b>Deferred Inflows of Resources</b>			
Unavailable Revenue	69,543	26,222	106,766
Total Deferred Inflows of Resources	<u>69,543</u>	<u>26,222</u>	<u>106,766</u>
<b>Fund Balances</b>			
Nonspendable-Inventory	0	25,174	25,174
Restricted for:			
Special Revenue Funds	0	110,059	110,059
Capital Projects	0	24,967	1,805,643
Debt Service	665,975	264,656	930,631
Unassigned	0	(5,926)	626,983
Total Fund Balances	<u>665,975</u>	<u>418,930</u>	<u>3,498,490</u>
 Total Liabilities, Deferred Inflows and Fund Balances	 <u>\$ 735,518</u>	 <u>\$ 568,883</u>	 <u>\$ 4,028,811</u>

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

State of New Mexico  
**Dexter Consolidated Schools**  
 Reconciliation of the Governmental Funds  
 Balance Sheet to the Statement of Net Position  
 June 30, 2017

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Total Fund Balance - Governmental Funds \$ 3,498,490

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

Property taxes receivable will be collected after the period of availability, but are not available soon enough to pay for the current period's expenditures, and therefore are deferred in the funds. 106,766

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

Capital Assets	\$ 43,286,411	
Accumulated Depreciation	<u>(16,010,563)</u>	27,275,848

Deferred Outflows and Inflows Related to Pensions are the results of differences in expected and actual actuary experience and the difference in actuary projected and actual earnings. Also changes in proportion and differences between contributions and proportionate share of contributions.

Deferred Outflows Related to Pensions	2,414,131	
Deferred Inflows Related to Pensions	<u>(190,204)</u>	2,223,927

Long-term and certain other liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term and other liabilities at year end consist of :

Bonds Payable	(4,385,000)	
Pension Liability	(15,100,277)	
Accrued Interest	(49,413)	
Compensated Absences	<u>(64,109)</u>	(19,598,799)

Total Net Position - Governmental Activities \$ 13,506,232

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

State of New Mexico  
**Dexter Consolidated Schools**  
Governmental Funds  
Statement of Revenues, Expenditures and Changes  
in Fund Balance  
For the Year Ended June 30, 2017

	General Fund		
	Operational 11000	Transportation 13000	Instructional Materials 14000
<b>Revenues</b>			
Property Taxes	\$ 28,961	\$ 0	\$ 0
Interest Income	0	0	0
Fees	22,584	0	0
State & Local Grants	7,963,833	384,440	61,052
Federal Grants	125	0	0
Miscellaneous	217,762	0	0
<b>Total Revenues</b>	<b>8,233,265</b>	<b>384,440</b>	<b>61,052</b>
<b>Expenditures</b>			
Current			
Instruction	4,776,089	0	84,535
Support Services			
Students	750,396	0	0
Instruction	192,785	0	0
General Administration	243,889	0	0
School Administration	530,536	0	0
Central Services	543,365	0	0
Operation of Plant	1,125,872	0	0
Transportation	106,518	392,887	0
Other	22,078	0	0
Food Services	69,643	0	0
Capital Outlay	0	0	0
Debt Service			
Principal	0	0	0
Interest	0	0	0
<b>Total Expenditures</b>	<b>8,361,171</b>	<b>392,887</b>	<b>84,535</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(127,906)</b>	<b>(8,447)</b>	<b>(23,483)</b>
<b>Other Financing Sources</b>			
Bond Issue	0	0	0
<b>Total Other Sources</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net Change in Fund Balance</b>	<b>(127,906)</b>	<b>(8,447)</b>	<b>(23,483)</b>
Fund Balance at Beginning of Year	694,449	11,959	97,622
Restatement	0	(11,285)	0
<b>Restated Beginning Fund Balance</b>	<b>694,449</b>	<b>674</b>	<b>97,622</b>
<b>Fund Balance End of Year</b>	<b>\$ 566,543</b>	<b>\$ (7,773)</b>	<b>\$ 74,139</b>

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

State of New Mexico  
**Dexter Consolidated Schools**  
 Governmental Funds  
 Statement of Revenues, Expenditures and Changes  
 in Fund Balance  
 For the Year Ended June 30, 2017

	Special		
	Revenue Fund	Capital Projects Funds	
	IDEA B Entitlement 24106	Bond Building 31100	Senate Bill Nine-State 31700
<b>Revenues</b>			
Property Taxes	\$ 0	\$ 0	\$ 0
Interest Income	0	3,883	0
Fees	0	0	0
State & Local Grants	0	0	86,249
Federal Grants	287,342	0	0
Miscellaneous	0	0	0
<b>Total Revenues</b>	<b>287,342</b>	<b>3,883</b>	<b>86,249</b>
<b>Expenditures</b>			
Current			
Instruction	66,801	32,128	0
Support Services			
Students	100,703	0	0
Instruction	0	0	0
General Administration	0	30,863	0
School Administration	119,838	0	0
Central Services	0	0	0
Operation of Plant	0	39,592	86,249
Transportation	0	0	0
Other	0	0	0
Food Services	0	0	0
Capital Outlay	0	312,264	0
Debt Service			
Principal	0	0	0
Interest	0	0	0
<b>Total Expenditures</b>	<b>287,342</b>	<b>414,847</b>	<b>86,249</b>
Excess (Deficiency) of Revenues Over Expenditures	0	(410,964)	0
Other Financing Sources			
Bond Issue	0	1,500,000	0
<b>Total Other Sources</b>	<b>0</b>	<b>1,500,000</b>	<b>0</b>
<b>Net Change in Fund Balance</b>	<b>0</b>	<b>1,089,036</b>	<b>0</b>
Fund Balance at Beginning of Year	0	691,640	0
Restatement	0	0	0
<b>Restated Beginning Fund Balance</b>	<b>0</b>	<b>691,640</b>	<b>0</b>
<b>Fund Balance End of Year</b>	<b>\$ 0</b>	<b>\$ 1,780,676</b>	<b>\$ 0</b>

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



State of New Mexico  
**Dexter Consolidated Schools**  
Governmental Funds  
Statement of Revenues, Expenditures and Changes  
in Fund Balance  
For the Year Ended June 30, 2017

	Debt Service 41000	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>			
Property Taxes	\$ 703,554	\$ 381,591	\$ 1,114,106
Interest Income	0	0	3,883
Fees	0	201,048	223,632
State & Local Grants	0	491,092	8,986,666
Federal Grants	0	994,066	1,281,533
Miscellaneous	0	0	217,762
Total Revenues	<u>703,554</u>	<u>2,067,797</u>	<u>11,827,582</u>
<b>Expenditures</b>			
<b>Current</b>			
Instruction	0	676,043	5,635,596
Support Services			
Students	0	91,710	942,809
Instruction	0	0	192,785
General Administration	6,752	6,709	288,213
School Administration	0	4,552	654,926
Central Services	0	65,027	608,392
Operation of Plant	0	122,034	1,373,747
Transportation	0	0	499,405
Other	0	0	22,078
Food Services	0	817,149	886,792
Capital Outlay	0	96,823	409,087
Debt Service			
Principal	610,000	135,000	745,000
Interest	96,446	3,488	99,934
Total Expenditures	<u>713,198</u>	<u>2,018,535</u>	<u>12,358,764</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(9,644)</u>	<u>49,262</u>	<u>(531,182)</u>
<b>Other Financing Sources</b>			
Bond Issue	0	0	1,500,000
Total Other Sources	<u>0</u>	<u>0</u>	<u>1,500,000</u>
Net Change in Fund Balance	<u>(9,644)</u>	<u>49,262</u>	<u>968,818</u>
Fund Balance at Beginning of Year	675,619	369,668	2,540,957
Restatement	0	0	(11,285)
Restated Beginning Fund Balance	<u>675,619</u>	<u>369,668</u>	<u>2,529,672</u>
Fund Balance End of Year	<u>\$ 665,975</u>	<u>\$ 418,930</u>	<u>\$ 3,498,490</u>

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

State of New Mexico

**Dexter Consolidated Schools**

Reconciliation of the Governmental Funds

Statement of Revenues, Expenditures and Changes in Fund Balance

To the Statement of Activities

June 30, 2017

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Net Change in Fund Balance-Governmental Funds	\$	968,818
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Amounts reported for Governmental Activities in the Statement of Activities are different because:

Some property taxes will not be collected for several months after the District's fiscal year ends, they are not considered "available" revenues in the governmental funds, and are instead reported as deferred revenues. They are however, recorded as revenues in the Statement of Activities.

Property Taxes, June 30, 2016	\$	(52,400)	
Property Taxes, June 30, 2017		<u>106,766</u>	54,366

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation expenses in the Statement of Activities. This is the amount by which depreciation exceeds capital outlays in the period.

Depreciation expense	(1,037,435)	
Capital Outlays	<u>409,087</u>	(628,348)

The issuance of long-term debt provides current financial resources to governmental funds but has no effect on net position. (1,500,000)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. 745,000

In the Statement of Activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.

Accrued Interest, June 30, 2016	44,076	
Accrued Interest, June 30, 2017	<u>(49,413)</u>	(5,337)

Some expenses reported in the Statement of Activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Compensated Absences, June 30, 2016	57,251	
Compensated Absences, June 30, 2017	<u>(64,109)</u>	<u>(6,858)</u>

Pension contributions are reported as expenses in the government funds but are deferred outflows in the Statement of Net Position. Pension expense is reported in the Statement of Activities but not in the governmental funds.

Pension Contributions	811,768	
Pension Expense	<u>(1,597,224)</u>	<u>(785,456)</u>

Changes in Net Position of Governmental Activities	\$	<u><u>(1,157,815)</u></u>
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The notes to the financial statements are an integral part of this statement.

State of New Mexico

**Dexter Consolidated Schools**

General Fund-Operational-11000

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

For the Year Ended June 30, 2017

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
<b>Revenues</b>				
Property Taxes	\$ 32,961	\$ 32,961	\$ 30,064	\$ (2,897)
Fees	2,650	2,650	22,584	19,934
State Grant	7,981,023	7,981,023	7,963,833	(17,190)
Federal Grant	0	0	125	125
Miscellaneous	119,150	119,150	217,762	98,612
Total Revenues	<u>8,135,784</u>	<u>8,135,784</u>	<u>8,234,368</u>	<u>98,584</u>
<b>Expenditures</b>				
<b>Instruction</b>				
Personnel Services	3,329,086	3,369,086	3,250,535	118,551
Employee Benefits	1,243,206	1,247,581	1,176,077	71,504
Professional & Tech Services	56,278	56,278	42,562	13,716
Purchased Property Services	32,594	41,034	37,960	3,074
Other Purchased Services	46,750	72,456	105,244	(32,788)
Supplies	266,534	266,534	138,504	128,030
Supply Assets	28,000	28,000	23,529	4,471
Total Instruction	<u>5,002,448</u>	<u>5,080,969</u>	<u>4,774,411</u>	<u>306,558</u>
<b>Support Services</b>				
<b>Students</b>				
Personnel Services	305,465	305,465	276,703	28,762
Employee Benefits	116,342	116,342	106,924	9,418
Professional & Tech Services	425,749	425,749	358,314	67,435
Purchased Property Services	1,944	1,944	2,332	(388)
Other Purchased Services	16,469	16,469	3,735	12,734
Supplies	5,181	5,181	2,388	2,793
Supply Assets	0	0	0	0
Total Students	<u>871,150</u>	<u>871,150</u>	<u>750,396</u>	<u>120,754</u>
<b>Instruction</b>				
Personnel Services	98,314	98,314	97,451	863
Employee Benefits	47,323	47,323	36,624	10,699
Professional & Tech Services	507	507	527	(20)
Purchased Property Services	247	247	259	(12)
Other Purchased Services	0	0	0	0
Supplies	39,589	39,589	58,228	(18,639)
Total Instruction	<u>\$ 185,980</u>	<u>\$ 185,980</u>	<u>\$ 193,089</u>	<u>\$ (7,109)</u>

State of New Mexico

**Dexter Consolidated Schools**

General Fund-Operational-11000

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

For the Year Ended June 30, 2017

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
<b>General Administration</b>				
Personnel Services	\$ 134,888	\$ 134,888	\$ 137,053	\$ (2,165)
Employee Benefits	13,028	13,028	42,060	(29,032)
Professional & Tech Services	27,739	27,739	24,383	3,356
Purchased Property Services	7,969	7,969	7,806	163
Other Purchased Services	14,037	14,037	15,560	(1,523)
Supplies	16,477	16,477	8,883	7,594
Supply Assets	0	0	2,976	(2,976)
Total General Administration	<u>214,138</u>	<u>214,138</u>	<u>238,721</u>	<u>(24,583)</u>
<b>School Administration</b>				
Personnel Services	385,134	385,134	372,026	13,108
Employee Benefits	130,212	130,212	138,741	(8,529)
Professional & Tech Services	15,157	15,157	11,713	3,444
Purchased Property Services	8,701	8,701	8,941	(240)
Supplies	26,152	26,152	100	26,052
Supply Assets	1,931	1,931	2,581	(650)
Total School Administration	<u>567,287</u>	<u>567,287</u>	<u>534,102</u>	<u>33,185</u>
<b>Central Services</b>				
Personnel Services	328,777	328,777	331,613	(2,836)
Employee Benefits	416,163	413,163	122,334	290,829
Professional & Tech Services	11,533	11,533	17,476	(5,943)
Purchased Property Services	7,694	7,694	11,369	(3,675)
Other Purchased Services	16,724	16,724	16,487	237
Supplies	83,826	83,826	46,618	37,208
Supply Assets	626	626	499	127
Total Central Services	<u>865,343</u>	<u>862,343</u>	<u>546,396</u>	<u>315,947</u>
<b>Operation of Plant</b>				
Personnel Services	356,805	356,805	366,056	(9,251)
Employee Benefits	169,555	169,555	171,385	(1,830)
Professional & Tech Services	2,476	2,476	1,200	1,276
Purchased Property Services	320,366	320,366	302,515	17,851
Other Purchased Services	258,696	290,761	251,649	39,112
Supplies	31,450	31,450	18,063	13,387
Supply Assets	0	0	612	(612)
Total Operation of Plant	<u>1,139,348</u>	<u>1,171,413</u>	<u>1,111,480</u>	<u>59,933</u>
<b>Student Transportation</b>				
Personnel Services	49,772	49,772	67,391	(17,619)
Employee Benefits	12,265	12,265	39,127	(26,862)
Total Student Transportation	<u>\$ 62,037</u>	<u>\$ 62,037</u>	<u>\$ 106,518</u>	<u>\$ (44,481)</u>

State of New Mexico  
**Dexter Consolidated Schools**  
General Fund-Operational-11000  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Non-GAAP-Budgetary Basis)  
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
Other Support Services				
Other	\$ 26,813	\$ 26,813	\$ 22,079	\$ 4,734
Total Other Support Services	<u>26,813</u>	<u>26,813</u>	<u>22,079</u>	<u>4,734</u>
Total Support Services	<u>3,932,096</u>	<u>3,961,161</u>	<u>3,502,781</u>	<u>458,380</u>
Food Service				
Personnel Services	42,633	42,633	42,633	0
Employee Benefits	8,921	8,921	23,723	(14,802)
Professional & Tech Services	0	0	227	(227)
Other Purchased Services	1,069	1,069	173	896
Supplies	991	991	2,389	(1,398)
Supply Assets	626	626	389	237
Total Food Service	<u>54,240</u>	<u>54,240</u>	<u>69,534</u>	<u>(15,294)</u>
Total Expenditures	<u>8,988,784</u>	<u>9,096,370</u>	<u>8,346,726</u>	<u>749,644</u>
Excess (Deficiency) of Revenues Over Expenditures	(853,000)	(960,586)	(112,358)	848,228
Cash Balance Beginning of Year	<u>762,048</u>	<u>762,048</u>	<u>762,048</u>	<u>0</u>
Cash Balance End of Year	<u>\$ (90,952)</u>	<u>\$ (198,538)</u>	<u>\$ 649,690</u>	<u>\$ 848,228</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (112,358)	
Net Change in Taxes Receivable			5,426	
Net Change in Accounts Payable			(27,919)	
Net Change in Salaries and Benefits			12,762	
Net Change in Compensated Absences			713	
Net Change in Unavailable Revenue			(6,530)	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ (127,906)</u>	

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

State of New Mexico

**Dexter Consolidated Schools**

General Fund-Transportation-13000

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

For the Year Ended June 30, 2017

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
<b>Revenues</b>				
State Grant	\$ 443,883	\$ 384,440	\$ 384,440	\$ 0
Total Revenues	<u>443,883</u>	<u>384,440</u>	<u>384,440</u>	<u>0</u>
<b>Expenditures</b>				
<b>Support Services</b>				
<b>Student Transportation</b>				
Personnel Services	252,178	192,735	207,297	(14,562)
Employee Benefits	86,135	86,135	91,319	(5,184)
Professional & Tech Services	3,537	3,537	3,083	454
Purchased Property Services	23,936	29,907	23,375	6,532
Other Purchased Services	23,112	27,675	24,572	3,103
Supplies	54,985	54,985	45,370	9,615
Supply Assets	0	750	708	42
Returned to PED	0	0	11,285	(11,285)
Total Student Transportation	<u>443,883</u>	<u>395,724</u>	<u>407,009</u>	<u>(11,285)</u>
Total Support Services	<u>443,883</u>	<u>395,724</u>	<u>407,009</u>	<u>(11,285)</u>
Total Expenditures	<u>443,883</u>	<u>395,724</u>	<u>407,009</u>	<u>(11,285)</u>
Excess (Deficiency) of Revenues Over Expenditures	0	(11,284)	(22,569)	(11,285)
Cash Balance Beginning of Year	<u>22,569</u>	<u>22,569</u>	<u>22,569</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 22,569</u>	<u>\$ 11,285</u>	<u>\$ 0</u>	<u>\$ (11,285)</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (22,569)	
Net Change in Accounts Payable			1,974	
Net Change in Salaries and Benefits			863	
Returned to PED			11,285	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ (8,447)</u>	

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

State of New Mexico

**Dexter Consolidated Schools**

General Fund-Instructional Materials-14000

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

For the Year Ended June 30, 2017

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
Revenues				
State Grant	\$ 52,647	\$ 45,936	\$ 61,052	\$ 15,116
Total Revenues	<u>52,647</u>	<u>45,936</u>	<u>61,052</u>	<u>15,116</u>
Expenditures				
Instruction				
Supplies	126,281	119,570	85,897	33,673
Total Instruction	<u>126,281</u>	<u>119,570</u>	<u>85,897</u>	<u>33,673</u>
Total Expenditures	<u>126,281</u>	<u>119,570</u>	<u>85,897</u>	<u>33,673</u>
Excess (Deficiency) of Revenues Over Expenditures	(73,634)	(73,634)	(24,845)	48,789
Cash Balance Beginning of Year	<u>98,984</u>	<u>98,984</u>	<u>98,984</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 25,350</u>	<u>\$ 25,350</u>	<u>\$ 74,139</u>	<u>\$ 48,789</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (24,845)	
Net Change in Accounts Payable			<u>1,362</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ (23,483)</u>	

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

State of New Mexico

**Dexter Consolidated Schools**

Special Revenue Fund-IDEA B Entitlement-24106

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

For the Year Ended June 30, 2017

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
<b>Revenues</b>				
Federal Grant	\$ 88,709	\$ 434,111	\$ 253,751	\$ (180,360)
Total Revenues	<u>88,709</u>	<u>434,111</u>	<u>253,751</u>	<u>(180,360)</u>
<b>Expenditures</b>				
<b>Instruction</b>				
Personnel Services	0	39,238	25,903	13,335
Employee Benefits	0	13,561	10,354	3,207
Professional & Tech Services	0	24,970	10,724	14,246
Other Purchased Services	0	7,000	605	6,395
Supplies	0	22,600	19,552	3,048
Total Instruction	<u>0</u>	<u>107,369</u>	<u>67,138</u>	<u>40,231</u>
<b>Support Services</b>				
<b>Students</b>				
Personnel Services	0	48,832	48,832	0
Employee Benefits	0	11,347	11,332	15
Professional & Tech Services	0	8,085	12	8,073
Other Purchased Services	0	43,869	38,681	5,188
Supplies	0	2,500	1,846	654
Total Students	<u>0</u>	<u>114,633</u>	<u>100,703</u>	<u>13,930</u>
<b>School Administration</b>				
Personnel Services	0	86,142	85,344	798
Employee Benefits	0	34,958	34,001	957
Professional & Tech Services	0	2,300	493	1,807
Supplies	0	0	0	0
Total School Administration	<u>0</u>	<u>123,400</u>	<u>119,838</u>	<u>3,562</u>
Total Support Services	<u>0</u>	<u>238,033</u>	<u>220,541</u>	<u>17,492</u>
Total Expenditures	<u>0</u>	<u>345,402</u>	<u>287,679</u>	<u>57,723</u>
Excess (Deficiency) of Revenues Over Expenditures	88,709	88,709	(33,928)	(122,637)
Cash Balance Beginning of Year	<u>(88,709)</u>	<u>(88,709)</u>	<u>(88,709)</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (122,637)</u>	<u>\$ (122,637)</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (33,928)	
Net Change in Due from Grantor			33,591	
Net Change in Salaries and Benefits			337	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

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



State of New Mexico  
**Dexter Consolidated Schools**  
Statement of Fiduciary Assets and Liabilities-Agency Funds  
June 30, 2017

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	<u>Agency Funds</u>
Assets	
Cash and Cash Equivalents	\$ 385,696
Total Assets	<u>\$ 385,696</u>
Liabilities	
Deposits Held for Others	\$ 385,696
Total Liabilities	<u>\$ 385,696</u>

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

### **Summary of Significant Accounting Policies**

The financial statements of the Dexter Consolidated Schools (District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

### **Financial Reporting Entity**

The District has been in existence since the early nineteen hundreds, and is currently operating under the provisions of the Public School District Code, Chapter 22, of the New Mexico Statutes Annotated, 1978 Compilation. The District operates with a local board of education - superintendent form of government and provides a supervised program of instruction designed to educate students at the elementary and secondary level.

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

The District has no component units, defined by GASB Statement No. 14 as other legally separate organizations for which the elected District members are financially accountable. There are no other primary governments with which the School Board Members are financially accountable. There are no other primary governments with which the District has a significant relationship.

The accounts of the District are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements.

The funds of the District are classified into two categories: governmental and fiduciary. In turn, each category is divided into separate fund types. The fund classification and a description of each existing fund type follows below:

### **Governmental Funds**

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

General Fund - The General Fund is the general operating fund of the District and accounts for all revenues and expenditures of the District not encompassed within other funds.

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

Capital Projects Fund - The Capital Projects Fund is used to account for all resources for the acquisition of capital facilities by the District.

Debt Service Fund - The Debt Service Fund is used to account for the resources for, and the payment of, principal, interest and related costs.

***Fiduciary Fund Type***

Fiduciary funds account for assets held by the government in a trustee capacity or as an agent on behalf of outside parties, including other governments, or on behalf of other funds within the District.

The Student Activity Fund, an agency fund, accounts for assets held by the District as an agent for the District organizations. These organizations exist with the explicit approval of and are subject to revocation by the District's Board of Education. This accounting reflects the District's agency relationship with the student activity organizations.

**Major Funds**

The District reports the following major governmental funds:

**General Fund (11000)(13000)(14000)**

The General Fund consist of three sub funds. The first is the operational fund of the District and accounts for all revenues and expenditures of the District not encompassed within other funds. The Transportation fund includes a state grant to provide transportation for students in the District. The Instructional Materials fund accounts for a state grant to provide text books for students in the District.

**IDEA B Entitlement (24106).** To account for a program funded by a Federal grant to assist the District in providing free appropriate public education to all handicapped children. Funding authorized by the Individuals with Disabilities Education Act, Part B, Sections 611-620, as amended, Public Laws 91-230, 93-380, 94-142, 98-199, 99-457, 100-639, and 101-476, 20 U. S. C. 1411-1420. The fund was created by the authority of federal grant provisions.

**Bond Building (31100).** The revenues are derived from a School Building Bond Issue. The expenditures are restricted to major capital improvements.

**Senate Bill Nine (31700).** The revenues are derived from a district tax levy and matched by the state. Expenditures are restricted to capital improvements.

**Debt Service Fund (41000).** To account for the accumulation of resources for, and the payment of, general long-term debt principal and interest. The resources of this fund are generated by a tax levy based upon property values. Expenditures are restricted to debt reduction.

**Measurement Focus and Basis of Accounting**

***Government-Wide Financial Statements (GWFS)***

The Statement of Net Position and the Statement of Activities displays information about the reporting government as a whole. Fiduciary funds are not included in the GWFS. Fiduciary Funds are reported only in the Statement of Fiduciary Assets and Liabilities at the fund financial statement level.

In the Government-Wide Statement of Net Position, the governmental activities columns (a) are presented on a consolidated basis by column, (b) and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net position is reported in three parts - invested in net capital assets, restricted net position and unrestricted net

The Statement of Net Position and the Statement of Activities were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, deferred outflow of resources, liabilities and deferred inflow of resources resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, deferred outflow of resources, liabilities and deferred inflow of resources resulting from nonexchange transactions are recognized in accordance with the requirement of GASB Statement No. 33 "Accounting and Financial Reporting for Nonexchange Transactions."

#### Program Revenues

Program revenues included in the Statement of Activities derive directly from the program itself or from parties outside the District's taxpayers or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the District's general revenues. Program revenues include: 1) charges for services to students or applicants who purchase, use or directly benefit from the goods or services provided by the given function 2) program-specific operating grants and contributions, Transportation, Food Service, Special Revenue Funds such as special education as well as others., and 3) program specific capital grants and contributions.

### ***Fund Financial Statements (FFS)***

#### Governmental Funds

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The government considers all revenues available if they are collected within 30 days after year-end. Expenditures are recorded when the related fund liability is incurred, except for unmatured principal and interest on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. Any effect of interfund activity has been eliminated from the district-wide financial statements.

#### Revenues

Taxes. Ad valorem taxes are susceptible to full accrual on the government wide financial statements. Property Tax revenues recognize revenues net of estimated refunds and uncollectible accounts in the period for which the taxes are levied.

Grants. Government mandated nonexchange transaction and voluntary nonexchange transactions. Recipients should recognize revenues in the period when all applicable eligibility requirements have been met and the resources are available.

#### Revenue Recognition for Grants

Eligibility requirements for government-mandated and voluntary nonexchange transaction comprise one or more of the following:

1. Required characteristics of recipients. The recipient has the characteristics specified by the provider (are required to be school districts).
2. Time requirements. Time requirements specified by enabling legislation or the provider have been met (period when the resources are required to be used).
3. Reimbursements. The provider offers resources on a reimbursement ("expenditure-driven") basis and the recipient has incurred allowable costs under the applicable program.

4. Contingencies. The providers offer of resources is contingent upon a specified action of the recipient and that action has occurred (the recipient has raised the matching funds).

Other receipts. Other receipts become measurable and available when cash is received by the District and are recognized as revenue at that time.

Expenditure

Salaries are recorded as paid. Salaries for nine-month employees are paid prior to the end of the fiscal year and therefore are not accrued. Salaries for the twelve month employees payroll are accrued.

Other Financing Sources (Uses)

Transfers between funds that are not expected to be repaid (or any other types, such as capital lease transactions, sale of fixed assets, debt extinguishments, long-term debt proceeds, etc.) are accounted for as other financing sources (uses). These other financing sources (uses) are recognized at the time the underlying events occur.

Basis of Budgeting

Formal budgetary integration is employed as a management control device during the year.

Budgets for the General, Special Revenue, Debt Service and Capital Projects Funds are adopted on a basis inconsistent with generally accepted accounting principles (GAAP). These budgets are prepared using the cash basis of accounting. Budgetary comparisons for the various funds in this report are on the non-GAAP budgetary basis.

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

1. Prior to April 15, (unless a later date is fixed by the Secretary of Education) the local school board submits to the School Budget and Finance Analysis Unit (SBFAU) of the New Mexico Public Education Department an estimated budget for the District for the ensuing fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them. All budgets submitted to the New Mexico Public Education Department (PED) by the district shall contain headings and details as prescribed by law.
2. Prior to June 20, of each year, the proposed "operating" budget will be reviewed and approved by the SBFAU and certified and approved by the local school board at the public hearing of which notice has been published by the local school board which fixed the estimated budget for the district for the ensuing fiscal year.
3. The "operating" budget will be used by the District until they have been notified that the budget has been approved by the SBFAU and the local school board. The budget shall be integrated formally in to the accounting system. Encumbrances shall be used as an element for control and shall be integrated into the budget system.
4. The District shall make corrections, revisions and amendments to the estimated budgets fixed by the local school board to recognize actual cash balances and carryover funds, if any. These adjustments shall be reviewed and approved by the SBFAU.
5. No school board or officer or employee of the District shall make any expenditures or incur any obligation for the expenditures of public funds unless such expenditure or contractual obligation is made in accordance with an operating budget approved by the division. But this does not prohibit the transfer of funds between line items within a series of a budget.
6. Budget change requests are processed in accordance with Supplement I (Budget Preparation and Maintenance) of the *Manual of Procedures Public School Accounting and Budgeting*. Such changes are initiated by the District and approved by the SBFAU.

7. Legal budget control for expenditures is by function. Included in the 2000 function is sub-functions that can be over spent by function.
8. Appropriations lapse at fiscal year end. Funds unused during the fiscal year may be carried over into the next fiscal year by budgeting those in the subsequent fiscal year's budget. The budget of the District has been amended during the current fiscal year in accordance with these procedures. The budget schedules included in the accompanying financial statements reflect the approved budget and

Budget comparison schedules are no longer required for non-major funds and are not included.

#### Cash and Cash Equivalents

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

The District is authorized under the provisions of Chapter 6, Article 10, paragraph 10, NMSA 1978, to deposit its money in banks, savings and loan associations and/or credit unions whose accounts are insured by an agency of the United States.

#### Investments

All money not immediately necessary for the public uses of the District may be invested in :

- (a) bonds or negotiable securities of the United States, the state or any county, municipality or school district which has a taxable valuation of real property for the last preceding year of at least one million dollars (1,000,000) and has not defaulted in the payment of any interest or sinking fund obligation or failed to meet any bonds at maturity at any time within five years last preceding; or
- (b) securities that are issued by the United States government or by its agencies or instrumentalities and that are either direct obligations of the United States or are backed by the full faith and credit of the United States government or agencies guaranteed by the United States government.
- (c) in contracts with banks, savings and loan associations or credit unions for the present purchase and resale at a specified time in the future of specific securities at specified prices at a price differential representing the interest income to be earned by the investor. The contract shall be shown on the books of the financial institution as being the property of the investor and the designation shall be contemporaneous with the investment. The contract shall be fully secured by obligations of the United States having a market value of at least one hundred two percent of the contract. The collateral required for investment in the contracts provided for in this subsection shall be shown on the books of the financial institution as being the property of the investor and the designation shall be contemporaneous with investment.

#### Receivables and Payables

Receivables include property taxes, interfund loans that are expected to be paid back and amount due from state government agencies related to various grant agreements. Payables represent routine monthly bills for services rendered and products purchased and accrued salaries and benefits.

#### Property Taxes

The County collects the District's share of property taxes assessed. Property taxes attach an enforceable lien on property as of January 1st. Tax notices are sent by the County treasurer to property owners by November 1st of each year to be paid in whole or in two installments by November 10th and April 10th of each year. The County collects such taxes and distributes them to the District on a monthly basis. The District accounts for its share of property taxes in the General, Debt Service and Capital Projects Funds. Only those collections received are recorded as revenues for the budget presentation.

Elimination and Reclassifications of Certain Receivables and Payables

In the process of aggregating data for the Statement of Net Position and the Statement of Activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

Inventories and Prepaid Items

Fund consists of purchased food and non-food items and United States Department of Agriculture (USDA) commodities. Commodities are shown at the USDA procurement cost. Costs are recorded as expenditures at the time individual inventory items are used (consumption method). Reported inventories are equally offset by a fund balance reserve which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both District-wide and fund financial statements.

Capital Assets

Capital assets are recorded at historical costs and depreciated over their estimated useful lives (with no salvage value). Capital assets are defined by the District as assets with an initial individual cost of more than \$5,000 (per Section 12-6-10 NMSA1978) and an estimated useful life in excess of one year. Donated capital assets are recorded at their estimated fair market value on the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

If there are any construction projects funded by the NM Public School Facilities Authority they are included in the appropriate capital projects fund and in the capital assets.

Estimated useful life is management's estimate of how long the asset is expected to meet service demands. Straight line depreciation is used based on the following estimated useful lives:

Buildings & Improvements	20-50 Years
Equipment, Vehicles, Information Technology Equipment, Software & Library Books	3-15 Years

Capital Leases

Capital leases are recorded at the inception of the leases as expenditures and other financing sources in governmental fund financial statement at the present value of the future minimum lease payments, using the stated or implicit interest rate in the leases. Lease payments are recorded as expenditures on the due date. Capital leases are recorded as a liability in the government-wide financial statement at the time of inception and the corresponding asset is recorded in the capital asset section on the balance sheet.

Long-Term Liabilities

For district-wide reporting, the costs associated with the bonds are recognized over the life of the bond. As permitted by GASB Statement No. 34 the amortization of the costs of bonds will be amortized prospectively from the date of adoption of GASB Statement No. 34.

Restricted Net Position

For the Government-Wide Statement of Net Position, net position is reported as restricted when constraints are placed on the use are either:

Externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments;

Imposed by law through constitutional provisions or enabling legislation.

When an expense is incurred for purposes for which both restricted and unrestricted net position are available it will first be applied to restricted resources.

#### Fund Balances of Fund Financial Statements

Nonspendable fund balance indicates that portion of fund equity is not spendable such as inventory.

The restricted fund balance category includes amounts that can be spent only for specific purposes stipulated by constitution, external resources providers, or through enabling legislation.

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed.

Unassigned fund balance is the residual amount that is not restricted or committed.

#### Interfund Transfers

In governmental funds, transfers should be reported as other financing uses in the funds making transfers and as other financing sources in the funds receiving transfers.

#### Deferred Inflows of Resources

In addition to liabilities, the balance sheet reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Revenue must be susceptible to accrual (measurable and available to finance available. The District has recorded \$106,766 related to property taxes considered "unavailable."

#### Compensated Absences

The liability for compensated absences reported in the government-wide statements consist of unpaid sick leave balances. The liability has been calculated by a vesting method, in which leave amounts from both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon separation of employment are included. The plan is a deferred sick leave plan. The plan is funded from the fund that the employee is paid from. The funds are transferred to a deferred sick leave fund and the monies are invested until they are required to be

The District's recognition and measurement criteria for compensated absences follow:

GASB Statement No. 16 provides that vacation leave and other compensated absences with similar characteristics should be accrued as a liability as the benefits are earned by the employees if both the following conditions are met:

- (a) The employees' right to receive compensation is attributable to services already rendered.
- (b) It is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

The entire compensated absence liability is reported on the government-wide financial statements.

For governmental fund financial statements the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts, if any, are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The noncurrent portion of the liability is not reported.



Estimates

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

**A. Deposits and Investments**

The District is required by New Mexico State Statute (Section 6-10-17) to be 50% collateralized. Following is a schedule calculating the requirement and disclosing the pledged securities.

<u>Name of Account</u>	Balance Per Bank 6/30/17	Reconciled Balance	<u>Type</u>	
General Operations	\$ 1,655,521	\$ 1,567,552	Checking	Non-Interest
Athletic Funds	85,004	85,004	Checking	Interest
Activity Fund	604,210	385,696	Checking	Non-Interest
Total Deposited	<u>2,344,735</u>	<u>\$ 2,038,252</u>		
Less: FDIC Coverage	(250,000)			
Uninsured Amount	2,094,735			
50% collateral requirement	1,047,368			
Pledged securities	1,235,153			
Over (Under) requirement	<u>\$ 187,785</u>			

The following securities are pledged at Wells Fargo:

<u>Description</u>	<u>CUSIP #</u>	<u>Market Value</u>	<u>Maturity Date</u>	<u>Location</u>
FNMA FNMS	3138WRQJ2	\$ 223,805	04/01/2043	BNY Mellon, NY
FNMA FNMS	3140F9BG9	1,011,347	08/01/2031	BNY Mellon, NY
		<u>\$ 1,235,153</u>		

New Mexico Finance Authority has \$1,590,722 from bond proceeds held on behalf of the District.

The difference between the bank balance and the reconciled balance is outstanding deposits, outstanding checks and pending bank adjustments.

**Custodial Credit Risk-Deposits**

<u>Depository Account</u>	<u>Bank Balance</u>
Insured	\$ 250,000
Collateralized:	
Collateral held by the pledging bank in District's name	1,235,153
Uninsured and uncollateralized	859,582
Total Deposits	<u>\$ 2,344,735</u>

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. As of June 30, 2017 \$859,582 of the District's bank balance of \$2,344,735 was exposed to custodial credit risk.

**B. Receivables**

Following is a schedule of property taxes receivable as of June 30, 2017:

	General 11000	Debt Service 41000	Other Governmental	Total
Property Taxes Receivable:				
Available	\$ 18	\$ 3,036	\$ 1,668	\$ 4,722
Unavailable	11,001	69,543	26,222	106,766
Total Property Taxes Receivable	<u>\$ 11,019</u>	<u>\$ 72,579</u>	<u>\$ 27,890</u>	<u>\$ 111,488</u>

Amounts due from other agencies and units of government were as follows as of June 30, 2017:

Federal	\$ 184,096
State	140,301
Total	<u>\$ 324,397</u>

**C. Interfund Receivables, Payables and Transfers**

The composition of interfund balances is as follows:

Receivable Fund	Payable Funds			Total
	IDEA B Entitlement 24106	Senate Bill Nine-State 31700	Other Governmental Funds	
	General Fund	<u>\$ 122,637</u>	<u>\$ 85,309</u>	

The above interfund balances resulted from reimbursement grants. The shortfalls were covered by the General Fund. All transactions will be repaid within one year.

**D. Capital Assets**

Capital Assets Balances and Activity for the Year Ended June 30, 2017, is as follows:

	Balance 6/30/16	Additions	Deletions	Balance 6/30/17
<b>Governmental Activities</b>				
Capital Assets not being Depreciated				
Land	\$ 67,557	\$ 0	\$ 0	\$ 67,557
Construction in Progress	0	0	0	0
Total Capital Assets not being Depreciated	<u>67,557</u>	<u>0</u>	<u>0</u>	<u>67,557</u>
Capital Assets, being Depreciated				
Buildings & Improvement	35,640,920	163,651	0	35,804,571
Equipment and Vehicles	<u>7,168,847</u>	<u>245,436</u>	<u>0</u>	<u>7,414,283</u>
Total Capital Assets being Depreciated	<u>41,040,879</u>	<u>409,087</u>	<u>0</u>	<u>43,218,854</u>
Total Capital Assets	<u>\$ 41,077,370</u>	<u>\$ 409,087</u>	<u>\$ 0</u>	<u>\$ 43,286,411</u>

State of New Mexico  
**Dexter Consolidated Schools**  
Notes to the Financial Statements  
June 30, 2017

**Less Accumulated Depreciation**

Buildings & Improvements	\$ 9,999,294	\$ 770,948	\$ 0	\$ 10,770,242
Equipment and Vehicles	4,973,834	266,487	0	5,240,321
Total Accumulated Depreciation	<u>12,107,380</u>	<u>1,037,435</u>	<u>0</u>	<u>16,010,563</u>
Capital Assets, net	\$ <u>28,969,990</u>	\$ <u>(628,348)</u>	\$ <u>0</u>	\$ <u>27,275,848</u>

Depreciation expense was charged to governmental activities as follows:

Instruction	\$ 1,037,435
Total Depreciation Expenses:	<u>\$ 1,037,435</u>

**E. Long-Term Liabilities and Other Liabilities**

A summary of activity in the Long-Term Debt is as follows:

	Balance 6/30/16	Additions	Reductions	Balance 6/30/17	Amounts Due Within One Year
Governmental Activities					
Bonds and Notes Payable					
General Obligation					
Bonds	\$ 3,630,000	\$ 1,500,000	\$ 745,000	\$ 4,385,000	\$ 555,000
Total Bonds	<u>\$ 3,630,000</u>	<u>\$ 1,500,000</u>	<u>\$ 745,000</u>	<u>\$ 4,385,000</u>	<u>\$ 555,000</u>
Other Liabilities					
Compensated					
Absences	\$ 57,964	\$ 42,044	\$ 35,899	\$ 64,109	\$ 64,109
Total Other Liabilities	<u>\$ 57,964</u>	<u>\$ 42,044</u>	<u>\$ 35,899</u>	<u>\$ 64,109</u>	<u>\$ 64,109</u>

Payments on the general obligation bonds are made by the Debt Service Funds. The compensated absences liability will ultimately be liquidated by several of the District's governmental funds, with most being paid by the General Fund.

**General Obligation Bonds.**

The bonds and bond interest for all bond issues are to be paid from property taxes levied and acquired from the Debt Service Fund. The School District is in compliance with the provisions of all the bond resolutions. All issued bonds were for the purpose of erecting new buildings or remodeling and making additions to existing school buildings. Interest rates are from 1% to 7% and maturities are from 8/1/2012 to 8/1/2027.

Series	Original Amount	Balance
NMFA-04	\$ 420,000	\$ 45,000
Series 2008	1,300,000	820,000
NMFA-08	700,000	305,000
NMFA-09	1,530,000	380,000
NMFA-10	425,000	335,000
NMFA-11	450,000	160,000
NMFA-12	425,000	255,000
NMFA-13	550,000	170,000
NMFA-14	500,000	250,000
NMFA-15	300,000	165,000
NMFA-16	1,500,000	1,500,000
		<u>\$ 4,385,000</u>

The annual requirements to amortize the general obligation bonds as of June 30, 2017, including interest payments are as follows:

	Principal	Interest	Total
2018	\$ 555,000	\$ 115,451	\$ 670,451
2019	535,000	105,552	640,552
2020	525,000	91,987	616,987
2021	505,000	75,884	580,884
2022	500,000	58,226	558,226
2023-2027	1,350,000	144,583	1,494,583
2028-2030	415,000	18,243	433,243
	<u>\$ 4,385,000</u>	<u>\$ 609,926</u>	<u>\$ 4,994,926</u>

**F. Commitments**

The District is in the process of completing construction projects district wide.

**G. Retirement Plan**

**Summary of Significant Accounting Policies**

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

**General Information about the Pension Plan**

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

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

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

All accumulated assets are held by the Plan in trust to pay benefits, including refunds of contributions as defined in the terms of the Plan. Eligibility for membership in the Plan is a condition of employment, as defined Section 22-11-2, NMSA 1978. Employees of public schools, universities, colleges, junior colleges, technical-vocational institutions, state special schools, charter schools, and state agencies providing an educational program, who are employed more than 25% of a full-time equivalency, are required to be members of the Plan, unless specifically excluded.

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

**Summary of Plan Provisions for Retirement Eligibility.** 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
- \*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 and before July 1, 2013. The eligibility for a member who either becomes a new member on or after July 1, 2010 and before July 1, 2013, or at any time prior to July 1, 2010 refunded all member contributions and then becomes re-employed after July 1, 2010 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.

Section 2-11-23.2, NMSA 1978 added eligibility requirements for new members who were first employed on or after July 1, 2013, or who were employed before July 1, 2013 but terminated employment and subsequently withdrew all contributions, and returned to work for an ERB employer on or after July 1, 2013. These members must meet one of the following requirements.

- \*The member's minimum age is 55, and has earned 30 or more years of service credit. Those who retire earlier than age 55, but with 30 years of earned service credit will have a reduction in benefits to the actuarial equivalent of retiring at age 55.
- \*The member's minimum age and earned service credit add up to the sum of 80 or more. Those who retire under the age of 65, and who have fewer than 30 years of earned service credit will receive reduced retirement benefits.
- \*The member's age is 67, and has earned 5 or more years of service credit.

**Forms of Payment.** 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.

**Benefit Options.** The Plan has three benefit options available.

Option A. Straight Life Benefit. The single life annuity option has no reductions to the monthly benefit, and there is no continuing benefit due to a beneficiary or estate, except the balance, if any, of member contributions plus interest less benefits paid prior to the member's death.

Option B. Joint 100% Survivor Benefit. The single life annuity monthly benefit is reduced to provide for a 100% survivor's benefit. The reduced benefit is payable during the life of the member, with the provision that, upon death, the same benefit is paid to the beneficiary for his or her lifetime. If the beneficiary predeceases the member, the member's monthly benefit is increased to the amount the member would have received under Option A Straight Life benefit. The member's increased monthly benefit commences in the month following the beneficiary's death.

Option C. Joint 50% Survivor Benefit. The single life annuity monthly benefit is reduced to provide for a 50% survivor's benefit. The reduced benefit is payable during the life of the member, with the provision that, upon death, the reduced 50% benefit is paid to the beneficiary for his or her lifetime. If the beneficiary predeceases the member, the member's monthly benefit is increased to the amount the member would have received under Option A. The member's increased monthly benefit commences in the month following the beneficiary's death.

**Disability Benefit.** An NMERB member is eligible for disability benefits if they have acquired at least ten years of earned service credit and is found totally disabled. The disability benefit is equal to 2% of the member's Final Average Salary (FAS) multiplied by the number of years of total service credits. However, the disability benefit shall not be less than the smaller of (a) one-third of the member's FAS or (b) 2% of the member's FAS multiplied by total years of service credit projected to age 60.

**Cost of Living Adjustment (COLA).** All retired members and beneficiaries receiving benefits receive an automatic adjustment in their benefit on July 1 following the later of 1) the year a member retires, or 2) the year a member reaches age 65 (Tier 1 and Tier 2) or age 67 (Tier 3).

\*Tier 1 membership is comprised of employees who became members prior to July 1, 2010.

\*Tier 2 membership is comprised of employees who became members after July 1, 2010, but prior to July 1, 2013.

\*Tier 3 membership is comprised of employees who became members on or after July 1, 2013.

As of July 1, 2013, for current and future retirees the COLA is immediately reduced until the Plan is 100% funded. The COLA reduction is 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%. 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%.

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.

**Refund of Contributions.** Members may withdraw their contributions only when they terminate covered employment in the State and their former employer(s) certification determination has been received by NMERB. Interest is paid to members when they withdraw their contributions following termination of employment at a rate set by the Board. Interest is not earned on contributions credited to accounts prior to July 1, 1971, or for contributions held for less than one year.

**Contributions.** For the fiscal year ended June 30, 2017 educational employers contributed to the Plan based on the following rate schedule.

Fiscal Year	Date Range	Wage Category	Member's Rate	Employer's Rate	Combined Rate
2017	7-1-16 to 6-30-17	Over \$20K	10.70%	13.90%	24.60%
2017	7-1-16 to 6-30-17	\$20K or less	7.90%	13.90%	21.80%

There was no change in the rates from the previous year.

The contribution requirements are established in statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the New Mexico Legislature. for the fiscal years ended June 30, 2017 the employee and employer contributions were \$1,422,547.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.** At June 30, 2017, the District reported a liability of \$15,100,277 for their proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015. The total pension liability was rolled-forward from the valuation date to the plan year ending June 30, 2016 using generally accepted actuarial principles. Therefore, the employer's portion as established as of the measurement date of June 30, 2016. There were no significant events or changes in benefit provision that required an adjustment to the roll-forward liabilities as of June 30, 2016. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating educational institutions, actuarially determined. At June 30, 2016, the District's proportion was 0.20983%, which was a decrease of 0.00099% from their proportion measured as of June 30, 2015.

For the year ended June 30, 2016, the District recognized pension expense of \$1,597,224. At the June 30, 2017, the District reported deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 65,511	\$ 143,623
Net difference between projected and actual earnings on pension plan investments	901,361	0
Changes of assumptions	307,381	0
Changes in proportion and differences between the District's contributions and proportionate share of contributions	328,110	46,581
District's contributions subsequent to the measurement date	811,768	0
	<u>\$ 2,414,131</u>	<u>\$ 190,204</u>

\$811,768 reported as deferred outflows of resources related to pensions resulting from District's contributions subsequent to the measurement date June 30, 2015 will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June</u>	
2018	\$ 437,173
2019	341,343
2020	413,838
2021	219,805
Total	<u>\$ 1,412,159</u>

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

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



State of New Mexico  
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Notes to the Financial Statements  
June 30, 2017

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Retirement Age	Experience-based table rates based on age and service, adopted by the Board on June 12, 2015 in conjunction with the six-year experience study for the period ending June 30, 2014.
Cost-of-Living Increases	2% per year, compounded annually.
Payroll Growth	3.5% per year (with no allowance for membership growth).
Contribution Accumulation	5.5% increase per year for all years prior to the valuation date. (Contributions are credited with 4.0% interest, compounded annually, applicable to the account balance in the past as well as the future).
Disability Incidence	Approved rates applied to eligible members with at least 10 years of service.

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

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

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

**Discount rate.** 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 a long-term expected rate of return on pension plan investments of 7.75%, compounded annually, net of expense. Based on the stated assumptions and the projection of cash flows, the plan's fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the total pension liability.

**Sensitivity of the Net Pension Liability.** The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.75 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower (6.75 percent) or 1% higher (8.75percent) than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
The Districts' proportionate share of the net pension liability	\$ 19,999,966	\$ 15,100,277	\$ 11,034,919

**Pension plan fiduciary net position.** Detailed information about the pension plan's fiduciary net position is available in separately issued NMERB'S financial reports. The reports can be found on NMERB's Web site at [https://www.nmerb.org/Annual\\_reports.html](https://www.nmerb.org/Annual_reports.html).

**H. Retiree Health Care  
Plan Description**

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

Eligible retirees are: 1) retirees who make contributions to the fund for at least five years prior to retirement and whose eligible employer during that period of time made contributions as a participant in the RHCA plan on the person's behalf unless that person retires before the employer's RHCA effective date, in which 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 the Retiree Health Care Authority at 4308 Carlisle NE, Suite 104, Albuquerque, NM 87107.

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

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, 2015, 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, 2015, 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, 2014, 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 is not a member of the enhanced retirement plan.

The District's contributions to the RHCA for the years ended June 30, 2017, 2016 and 2015 were \$116,785, \$120,123, and \$119,815 respectively, which equal the required contributions for each year.

**I. Reconciliation of Budgetary Basis to GAAP Basis Statements**

The Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - all Governmental Fund Types is presented on the budgetary basis to provide a comparison of actual results with the budget. The major differences between the budget basis and GAAP (Generally Accepted Accounting Principles) basis are that:

- A. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
- B. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).

The adjustments necessary to convert the results of operations for the year from GAAP basis to the budget basis for the governmental funds are presented on each individual Statement of Revenues, Expenditures, and Changes in Cash Balance - Budget and Actual (Budgetary Basis).

Reconciliations are located at the bottom of each budget actual.

**J. Risk Management**

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; error and omissions; and injuries to employees; and natural disasters. The District, as a New Mexico Public School, is insured through the New Mexico Public Schools Insurance Authority (NMPSIA). Annual premiums are paid by the District to NMPSIA for coverage provided in the following areas:

- Workers Compensation
- Property and Automobile Liability and Physical Damage
- Liability and Civil Rights and Personal Injury
- Contract School Bus Coverage; and
- Crime

The officials and certain employees of the District are covered by a surety bond as required by Section 12-6-7, NMSA, 1978 Compilation.

**K. Tax Abatement**

The City of Roswell entered into an agreement with Sunrise Energy Ventures New Mexico, LLC to abate property taxes effecting the District under section 7-36-5 NMSA 1978. A payment in lieu of taxes, (PILOT), was negotiated by the District. For the year ended June 30, 2017, \$4,935 was received for the PILOT by the District. The agreement will expire in December 2032. The recipients of the tax abatement, a required discloser, were not provided to the District.

**L. Joint Powers Agreements**

The District is a member of a joint powers agreement with the Pecos Valley Regional Education Center No. 8 (PVREC). The joint powers agreement includes Loving, Hagerman, Dexter, and Lake Arthur school districts. The purpose of the agreement is to form an organization to establish and maintain cooperative programs of various federal and state grants.

The financial statements were prepared by another IPA. The audit report is available at the PVREC located in Artesia, New Mexico.

The Dexter Consolidated Schools is a member of a joint powers agreement with ten other school districts in the Southeastern New Mexico Education Resources Center (SNMERC). Pecos Valley Regional Center Cooperative is the fiscal agent for this group.

The District is a member of the Cooperative Educational Services. The joint powers agreement was entered into July 1, 1984. The purpose of the agreement is to pool efforts in order to bring additional, necessary educational services to their respective school districts at an affordable cost. The term of the agreement shall continue until it is rescinded or terminated by a majority vote of the participating School Districts.

**M. Contingent Liabilities**

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

**N. Subsequent Events**

Subsequent events were evaluated through October 19, 2017 which is the date the financial statements were available to be issued.

**O. Deficit Fund Balance**

Transportation-13000 had a deficit find balance of \$(7,773), Food Service-21000 of \$(4,130) and GO Student Library-27107 \$(1,796).

**P. Budget Violations**

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

The following funds had budget violations as of June 30, 2017.

<b><u>Major Funds</u></b>	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance</u>
General Fund-Operational 11000				
Food Service	\$ 54,240	\$ 54,240	\$ 69,534	\$ (15,294)

**Q. Restatement**

Fund Balance for Instructional Materials-14000 was restated \$(11,285) for the amount returned to PED due to a state-wide budget reduction.

Net Position was restated \$(11,285) for the fund balance restatement discussed above.

**R. Subsequent Pronouncements**

GASB Statement No. 85, Omnibus 2017. Issued 06/17. Effective Date: The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. Earlier application is encouraged. Of the ten topics, only the following will apply to this District:

- \*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 District is still evaluating how this pronouncement will affect the financial statements.

GASB Statement No. 86, Certain Debt Extinguishment Issues. Issued 05/17. Effective Date: The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. Earlier application is encouraged. The District is still evaluating how this pronouncement will affect the financial statements.

GASB Statement No. 87, Leases. Issued 06/17. Effective Date: For reporting periods beginning after December 15, 2019. The District is still evaluating how this pronouncement will affect the financial statements.

**Supplemental Information Related to  
Major Funds**

State of New Mexico

**Dexter Consolidated Schools**

Capital Projects Fund-Bond Building-31100

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

For the Year Ended June 30, 2017

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
<b>Revenues</b>				
Bond Proceeds	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 0
Interest Income	0	0	3,883	3,883
Total Revenues	<u>1,500,000</u>	<u>1,500,000</u>	<u>1,503,883</u>	<u>3,883</u>
<b>Expenditures</b>				
<b>Capital Outlay</b>				
Professional & Tech Services	0	395,000	92,611	302,389
Purchased Property Services	0	916,590	157,047	759,543
Supplies	0	5,000	1,014	3,986
Fixed Assets	0	375,000	164,175	210,825
Total Capital Outlay	<u>0</u>	<u>1,691,590</u>	<u>414,847</u>	<u>1,276,743</u>
Total Expenditures	<u>0</u>	<u>1,691,590</u>	<u>414,847</u>	<u>1,276,743</u>
Excess (Deficiency) of Revenues Over Expenditures	1,500,000	(191,590)	1,089,036	1,280,626
Cash Balance Beginning of Year	<u>691,640</u>	<u>691,640</u>	<u>691,640</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 2,191,640</u>	<u>\$ 500,050</u>	<u>\$ 1,780,676</u>	<u>\$ 1,280,626</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			<u>\$ 1,089,036</u>	
Net Change in Fund Balance			<u>\$ 1,089,036</u>	

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

State of New Mexico

**Dexter Consolidated Schools**

Capital Projects Fund-Senate Bill Nine-State-31700

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

For the Year Ended June 30, 2017

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
Revenues				
State Grant	\$ 109,364	\$ 358,715	\$ 109,364	\$ (249,351)
Total Revenues	<u>109,364</u>	<u>358,715</u>	<u>109,364</u>	<u>(249,351)</u>
Expenditures				
Capital Outlay				
Repairs & Maintenance	0	249,351	85,309	164,042
Total Capital Outlay	<u>0</u>	<u>249,351</u>	<u>85,309</u>	<u>164,042</u>
Total Expenditures	<u>0</u>	<u>249,351</u>	<u>85,309</u>	<u>164,042</u>
Excess (Deficiency) of Revenues Over Expenditures	109,364	109,364	24,055	(85,309)
Cash Balance Beginning of Year	<u>(109,364)</u>	<u>(109,364)</u>	<u>(109,364)</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (85,309)</u>	<u>\$ (85,309)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 24,055	
Net Change in Due from Grantor			(23,115)	
Net Change in Accounts Payable			<u>(940)</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

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



State of New Mexico

**Dexter Consolidated Schools**

Debt Service-41000

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

For the Year Ended June 30, 2017

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
<b>Revenues</b>				
Property Taxes	\$ 710,898	\$ 725,312	\$ 725,312	\$ 0
Total Revenues	<u>710,898</u>	<u>725,312</u>	<u>725,312</u>	<u>0</u>
<b>Expenditures</b>				
<b>Support Services</b>				
General Administration				
Professional & Tech Services	0	7,110	6,753	357
Total General Administration	<u>0</u>	<u>7,110</u>	<u>6,753</u>	<u>357</u>
Total Support Services	<u>0</u>	<u>7,110</u>	<u>6,753</u>	<u>357</u>
<b>Debt Service</b>				
Principal	610,000	610,000	610,000	0
Interest	96,446	96,446	96,446	0
Total Debt Service	<u>706,446</u>	<u>706,446</u>	<u>706,446</u>	<u>0</u>
Total Expenditures	<u>706,446</u>	<u>713,556</u>	<u>713,199</u>	<u>357</u>
Excess (Deficiency) of Revenues Over Expenditures	4,452	11,756	12,113	357
Cash Balance Beginning of Year	<u>650,826</u>	<u>650,826</u>	<u>650,826</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 655,278</u>	<u>\$ 662,582</u>	<u>\$ 662,939</u>	<u>\$ 357</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 12,113	
Net Change in Taxes Receivable			12,354	
Net Change in Unavailable Revenue			(34,111)	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ (9,644)</u>	

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

**Supplemental Information Related to  
Nonmajor Funds**

### **Special Revenue Funds**

**Food Services (21000).** To account for revenue and expenditures associated with the school breakfast and lunch program. Funding is provided from fees from patrons and USDA food reimbursements. Authority for the creation of this fund is NMSA 22-13-13.

**Athletics (22000).** To account for revenue and expenditures associated with the District's budgeted athletic activities. Authority for the creation of this fund is NMAC 6.20.2.

**Title I (24101)** To account for revenues and expenditures for a collaborative consortium of education, health, culture enrichment and social support system in rural communities. The fund was created by the authority of grant provisions.

**Title I Migrant (24103).** To account for a program funded by a federal grant whose purpose is to implement school wide bilingual education programs of special alternative instruction programs to improve, reform and upgrade relevant programs and operations within an entire local educational agency, that serve a significant number of children and youth of limited English proficiency in local educational agencies with significant concentrations of such children and youth. The fund was created by the authority of federal grant provisions. (Title VII, Section 7115 of the ESEA (20USC 7425)).

**Autism Spectrum Disorder Project (24108).** To account for revenue and expenditures for assistance with an autism student. Funding authorized by the Individuals with Disabilities Education Act, Part B, Section 619, as amended, Public Laws 94-142, 99-457, 100-630, 101-497, 101-476, and 102-119. The fund was created by the authority of federal grant provisions.

**IDEA Preschool (24109).** To account for a program funded by a Federal grant to assist the District in providing a free appropriate public education to preschool disabled children aged three through five years. Funding authorized by the Individuals with Disabilities Education Act, Part B, Section 619, as amended, Public Laws 94-142, 99-457, 100-630, 101-497, 101-476, and 102-119. The fund was created by the authority of federal grant provisions.

**IDEA B Risk Pool (24120).** To account for a program funded by a Federal grant to assist the District in providing free appropriate public education to all handicapped children. Funding authorized by the Individuals with Disabilities Education Act, Part B, Sections 611-620, as amended, Public Laws 91-230, 93-380, 94-142, 98-199, 99-457, 100-639, and 101-476, 20 U. S. C. 1411-1420. The fund was created by the authority of federal grant provisions.

**English Language Acquisition (24153).** To account for revenues and expenditures received from a federal grant provided to develop school-wide programs for limited English proficient students that reform, restructure, and upgrade all relevant programs. The fund was created by the authority of the Elementary and Secondary Education Act of 1965, as amended, Title VII, Part A.

**Teacher/Principal Training and Recruiting (24154).** To provide grants to State Education Agencies (SEAs) on a formula basis to increase student academic achievement through strategies such as improving teacher and principal quality and increasing the number of highly qualified teachers in the classroom and highly qualified principals and assistant principals in schools and hold local educational agencies and schools accountable for improvements in student academic achievement. The fund was created by the authority of the Elementary and Secondary Education Act of 1965, as amended, Title II, Part A (PL 107-110).

**Rural Education (24160).** To provide financial assistance to rural districts to carry out activities to help improve the quality of teaching and learning in their schools. The fund was created by the authority of the Elementary and Secondary Education Act, Title VI, Part B.

**Medicaid (25153).** To account for a program providing school-based screening, diagnostic services and other related health services and administrative activities in conformance with the approved Medicaid State Plan in order to improve health and developmental outcomes for children. The fund was created by the authority of federal grant provisions. (Title XIX Social Security Act).

**Dual Credit Instructional Materials (27103).** To provide financial assistance to purchased instructional materials for the college classes offered to students who are taking them for dual credits. The fund was created by the authority of state grant provisions.

**2012 GO Students Library (27107).** To account for revenues and expenditures from a state grant to provide for public school and juvenile detention libraries. The funding made available to update and expand library collections in order to circulate and provide access of materials to students and teachers. The fund was created by the authority of state grant provisions.

**NM Reads to Lead K-3 (27114).** To account for revenue and expenditures received from a state grant for the purpose of improving skills of young students in the area of reading. The fund was created by the authority of state grant provisions.

**Pre K Initiative (27149).** To account for revenues and expenditures from a state grant provided for the running of the Pre K program. The fund was created by the authority of state grant provisions.

**Breakfast for Elementary Students (27155).** To account for revenues and expenditures from a state grant for the purpose of providing a free breakfast to elementary students. The fund was created by the authority of state grant provisions.

**Pre K Plus (27166).** To account for revenues and expenditures from a state grant provided for the running of the Pre K program. The fund was created by the authority of state grant provisions.

**New Mexico Grown Fruits & Vegetables (27183).** To account for a state grant to purchase only NM grown fruit and vegetables to be used in the Food Service program. The fund was created by the authority of state grant provisions.

**Solar Farm (29135).** To account for revenue from the solar farm in lieu of property taxes. The fund was created by definition.

#### **Capital Projects Funds**

**Senate Bill Nine-Local (31701).** The revenues are derived from local ad-valorem taxes. Expenditures are restricted to capital improvements, maintenance of the facilities and supplies.

**Ed Tech Equipment (31900).** To account for proceeds received from the issuance of Educational Technology Notes to be used for the acquisition of education technology equipment for use in classrooms and library and media centers.

#### **Debt Service Funds**

**Deferred Sick Leave Fund (42000).** To account for the transfers from other funds. The expenditures are restricted to paying terminated employees their sick leave.

**Ed Tech Debt Service (43000).** To account for the accumulation of resources for, and the payment of, general long-term debt principal and interest. The resources of this fund are generated by a tax levy based upon property values.

State of New Mexico  
**Dexter Consolidated Schools**  
 Nonmajor Funds  
 Combining Balance Sheet  
 June 30, 2017

	Special Revenue Funds		
	Food Service 21000	Athletics 22000	Title I 24101
<b>Assets</b>			
Cash and Cash Equivalents	\$ 0	\$ 85,004	\$ 0
Receivables			
Taxes	0	0	0
Due From Grantor	21,355	0	13,061
Inventory	25,174	0	0
<b>Total Assets</b>	<b>\$ 46,529</b>	<b>\$ 85,004</b>	<b>\$ 13,061</b>
<b>Liabilities</b>			
Accounts Payable	\$ 4,130	\$ 0	\$ 0
Accrued Salaries and Benefits	0	0	0
Interfund Balances	21,355	0	13,061
<b>Total Liabilities</b>	<b>25,485</b>	<b>0</b>	<b>13,061</b>
<b>Deferred Inflows of Resources</b>			
Unavailable Revenue	0	0	0
<b>Total Deferred Inflows of Resources</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Fund Balance</b>			
Nonspendable-Inventory	25,174	0	0
Restricted for:			
Special Revenue Funds	0	85,004	0
Capital Projects	0	0	0
Debt Service	0	0	0
Unassigned	(4,130)	0	0
<b>Total Fund Balance</b>	<b>21,044</b>	<b>85,004</b>	<b>0</b>
<b>Total Liabilities, Deferred Inflows and Fund Balance</b>	<b>\$ 46,529</b>	<b>\$ 85,004</b>	<b>\$ 13,061</b>

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

State of New Mexico  
**Dexter Consolidated Schools**  
 Nonmajor Funds  
 Combining Balance Sheet  
 June 30, 2017

	Special Revenue Funds		
	Title I Migrant 24103	NM Autism Project 24108	IDEA Preschool 24109
<b>Assets</b>			
Cash and Cash Equivalents	\$ 0	\$ 0	\$ 0
Receivables			
Taxes	0	0	0
Due From Grantor	6,006	3,502	4,908
Inventory	0	0	0
Total Assets	<u>\$ 6,006</u>	<u>\$ 3,502</u>	<u>\$ 4,908</u>
<b>Liabilities</b>			
Accounts Payable	\$ 0	\$ 0	\$ 0
Accrued Salaries and Benefits	547	0	0
Interfund Balances	5,459	3,502	4,908
Total Liabilities	<u>6,006</u>	<u>3,502</u>	<u>4,908</u>
<b>Deferred Inflows of Resources</b>			
Unavailable Revenue	0	0	0
Total Deferred Inflows of Resources	<u>0</u>	<u>0</u>	<u>0</u>
<b>Fund Balance</b>			
Nonspendable-Inventory	0	0	0
Restricted for:			
Special Revenue Funds	0	0	0
Capital Projects	0	0	0
Debt Service	0	0	0
Unassigned	0	0	0
Total Fund Balance	<u>0</u>	<u>0</u>	<u>0</u>
<b>Total Liabilities, Deferred Inflows and Fund Balance</b>	<u>\$ 6,006</u>	<u>\$ 3,502</u>	<u>\$ 4,908</u>

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

State of New Mexico  
**Dexter Consolidated Schools**  
 Nonmajor Funds  
 Combining Balance Sheet  
 June 30, 2017

	Special Revenue Funds		
	English Language Acquisition 24153	Teacher/ Principal Training 24154	Rural Education 24160
<b>Assets</b>			
Cash and Cash Equivalents	\$ 0	\$ 0	\$ 0
Receivables			
Taxes	0	0	0
Due From Grantor	9,796	2,072	759
Inventory	0	0	0
Total Assets	<u>\$ 9,796</u>	<u>\$ 2,072</u>	<u>\$ 759</u>
<b>Liabilities</b>			
Accounts Payable	\$ 0	\$ 0	\$ 0
Accrued Salaries and Benefits	232	0	0
Interfund Balances	9,564	2,072	759
Total Liabilities	<u>9,796</u>	<u>2,072</u>	<u>759</u>
<b>Deferred Inflows of Resources</b>			
Unavailable Revenue	0	0	0
Total Deferred Inflows of Resources	<u>0</u>	<u>0</u>	<u>0</u>
<b>Fund Balance</b>			
Nonspendable-Inventory	0	0	0
Restricted for:			
Special Revenue Funds	0	0	0
Capital Projects	0	0	0
Debt Service	0	0	0
Unassigned	0	0	0
Total Fund Balance	<u>0</u>	<u>0</u>	<u>0</u>
<b>Total Liabilities, Deferred Inflows and Fund Balance</b>	<u>\$ 9,796</u>	<u>\$ 2,072</u>	<u>\$ 759</u>

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

State of New Mexico  
**Dexter Consolidated Schools**  
 Nonmajor Funds  
 Combining Balance Sheet  
 June 30, 2017

	Special Revenue Funds		
	Medicaid 25153	Dual Credit Instructional Materials 27103	GO Student Library 27107
<b>Assets</b>			
Cash and Cash Equivalents	\$ 10,250	\$ 0	\$ 0
Receivables			
Taxes	0	0	0
Due From Grantor	0	0	0
Inventory	0	0	0
Total Assets	<u>\$ 10,250</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b>Liabilities</b>			
Accounts Payable	\$ 0	\$ 0	\$ 0
Accrued Salaries and Benefits	0	0	0
Interfund Balances	0	0	1,796
Total Liabilities	<u>0</u>	<u>0</u>	<u>1,796</u>
<b>Deferred Inflows of Resources</b>			
Unavailable Revenue	0	0	0
Total Deferred Inflows of Resources	<u>0</u>	<u>0</u>	<u>0</u>
<b>Fund Balance</b>			
Nonspendable-Inventory	0	0	0
Restricted for:			
Special Revenue Funds	10,250	0	0
Capital Projects	0	0	0
Debt Service	0	0	0
Unassigned	0	0	(1,796)
Total Fund Balance	<u>10,250</u>	<u>0</u>	<u>(1,796)</u>
Total Liabilities, Deferred Inflows and Fund Balance	<u>\$ 10,250</u>	<u>\$ 0</u>	<u>\$ 0</u>

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



State of New Mexico  
**Dexter Consolidated Schools**  
 Nonmajor Funds  
 Combining Balance Sheet  
 June 30, 2017

	Special Revenue Funds		
	NM Reads to Lead 27114	Pre-K Initiative 27149	Breakfast for Elementary 27155
<b>Assets</b>			
Cash and Cash Equivalents	\$ 0	\$ 0	\$ 0
Receivables			
Taxes	0	0	0
Due From Grantor	11,568	0	0
Inventory	0	0	0
Total Assets	<u>\$ 11,568</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b>Liabilities</b>			
Accounts Payable	\$ 0	\$ 0	\$ 0
Accrued Salaries and Benefits	0	0	0
Interfund Balances	11,568	0	0
Total Liabilities	<u>11,568</u>	<u>0</u>	<u>0</u>
<b>Deferred Inflows of Resources</b>			
Unavailable Revenue	0	0	0
Total Deferred Inflows of Resources	<u>0</u>	<u>0</u>	<u>0</u>
<b>Fund Balance</b>			
Nonspendable-Inventory	0	0	0
Restricted for:			
Special Revenue Funds	0	0	0
Capital Projects	0	0	0
Debt Service	0	0	0
Unassigned	0	0	0
Total Fund Balance	<u>0</u>	<u>0</u>	<u>0</u>
Total Liabilities, Deferred Inflows and Fund Balance	<u>\$ 11,568</u>	<u>\$ 0</u>	<u>\$ 0</u>

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

State of New Mexico  
**Dexter Consolidated Schools**  
 Nonmajor Funds  
 Combining Balance Sheet  
 June 30, 2017

	Special Revenue Funds		
	K-3 Plus 27166	NM Grown Fruit and Vegetables 27183	Solar Farm 29135
<b>Assets</b>			
Cash and Cash Equivalents	\$ 0	\$ 0	\$ 14,805
Receivables			
Taxes	0	0	0
Due From Grantor	42,484	0	0
Inventory	0	0	0
Total Assets	<u>\$ 42,484</u>	<u>\$ 0</u>	<u>\$ 14,805</u>
<b>Liabilities</b>			
Accounts Payable	\$ 0	\$ 0	\$ 0
Accrued Salaries and Benefits	0	0	0
Interfund Balances	42,484	0	0
Total Liabilities	<u>42,484</u>	<u>0</u>	<u>0</u>
<b>Deferred Inflows of Resources</b>			
Unavailable Revenue	0	0	0
Total Deferred Inflows of Resources	<u>0</u>	<u>0</u>	<u>0</u>
<b>Fund Balance</b>			
Nonspendable-Inventory	0	0	0
Restricted for:			
Special Revenue Funds	0	0	14,805
Capital Projects	0	0	0
Debt Service	0	0	0
Unassigned	0	0	0
Total Fund Balance	<u>0</u>	<u>0</u>	<u>14,805</u>
Total Liabilities, Deferred Inflows and Fund Balance	<u>\$ 42,484</u>	<u>\$ 0</u>	<u>\$ 14,805</u>

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

State of New Mexico  
**Dexter Consolidated Schools**  
 Nonmajor Funds  
 Combining Balance Sheet  
 June 30, 2017

	<u>Capital Projects Funds</u>		<u>Debt Service Fund</u>
	Senate Bill Nine-Local 31701	Ed Tech Equipment 31900	Deferred Sick Leave Fund 42000
<b>Assets</b>			
Cash and Cash Equivalents	\$ 24,894	\$ 1,654	\$ 50,551
Receivables			
Taxes	10,402	0	0
Due From Grantor	0	0	0
Inventory	0	0	0
<b>Total Assets</b>	<b>\$ 35,296</b>	<b>\$ 1,654</b>	<b>\$ 50,551</b>
<b>Liabilities</b>			
Accounts Payable	\$ 2,294	\$	\$ 0
Accrued Salaries and Benefits	0	0	0
Interfund Balances	0	0	0
<b>Total Liabilities</b>	<b>2,294</b>	<b>0</b>	<b>0</b>
<b>Deferred Inflows of Resources</b>			
Unavailable Revenue	9,689	0	0
<b>Total Deferred Inflows of Resources</b>	<b>9,689</b>	<b>0</b>	<b>0</b>
<b>Fund Balance</b>			
Nonspendable-Inventory	0	0	0
Restricted for:			
Special Revenue Funds	0	0	0
Capital Projects	23,313	1,654	0
Debt Service	0	0	50,551
Unassigned	0	0	0
<b>Total Fund Balance</b>	<b>23,313</b>	<b>1,654</b>	<b>50,551</b>
<b>Total Liabilities, Deferred Inflows and Fund Balance</b>	<b>\$ 35,296</b>	<b>\$ 1,654</b>	<b>\$ 50,551</b>

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

State of New Mexico  
**Dexter Consolidated Schools**  
 Nonmajor Funds  
 Combining Balance Sheet  
 June 30, 2017

	Debt Service Fund Ed Tech Debt Service 43000	Total
<b>Assets</b>		
Cash and Cash Equivalents	\$ 213,150	\$ 400,308
Receivables		
Taxes	17,488	27,890
Due From Grantor	0	115,511
Inventory	0	25,174
Total Assets	<u>\$ 230,638</u>	<u>\$ 568,883</u>
<b>Liabilities</b>		
Accounts Payable	\$ 0	\$ 6,424
Accrued Salaries and Benefits	0	779
Interfund Balances	0	116,528
Total Liabilities	<u>0</u>	<u>123,731</u>
<b>Deferred Inflows of Resources</b>		
Unavailable Revenue	<u>16,533</u>	<u>26,222</u>
Total Deferred Inflows of Resources	<u>16,533</u>	<u>26,222</u>
<b>Fund Balance</b>		
Nonspendable-Inventory	0	25,174
Restricted for:		
Special Revenue Funds	0	110,059
Capital Projects	0	24,967
Debt Service	214,105	264,656
Unassigned	0	(5,926)
Total Fund Balance	<u>214,105</u>	<u>418,930</u>
 Total Liabilities, Deferred Inflows and Fund Balance	 <u>\$ 230,638</u>	 <u>\$ 568,883</u>

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

State of New Mexico  
**Dexter Consolidated Schools**  
 Nonmajor Funds  
 Combining Statement of Revenues, Expenditures and  
 Changes in Fund Balance  
 For the Year Ended June 30, 2017

	Special Revenue Funds		
	Food Service 21000	Athletics 22000	Title I 24101
<b>Revenues</b>			
Property Taxes	\$ 0	\$ 0	\$ 0
Fees	87,482	31,771	0
State & Local Grants	0	0	0
Federal Grants	704,066	0	176,278
<b>Total Revenues</b>	<b>791,548</b>	<b>31,771</b>	<b>176,278</b>
<b>Expenditures</b>			
<b>Current</b>			
Instruction	0	49,033	126,771
Support Services			
Students	0	0	0
General Administration	0	0	0
School Administration	0	0	3,500
Central Services	0	0	46,007
Operation of Plant	0	0	0
Food Service	790,108	0	0
Capital Outlay	0	0	0
Debt Service			
Principal	0	0	0
Interest	0	0	0
<b>Total Expenditures</b>	<b>790,108</b>	<b>49,033</b>	<b>176,278</b>
Excess (Deficiency) of Revenues Over Expenditures	1,440	(17,262)	0
Fund Balance Beginning of Year	19,604	102,266	0
Fund Balance End of Year	<b>\$ 21,044</b>	<b>\$ 85,004</b>	<b>\$ 0</b>

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

State of New Mexico  
**Dexter Consolidated Schools**  
 Nonmajor Funds  
 Combining Statement of Revenues, Expenditures and  
 Changes in Fund Balance  
 For the Year Ended June 30, 2017

	Special Revenue Funds		
	Title I Migrant 24103	NM Autism Project 24108	IDEA Preschool 24109
<b>Revenues</b>			
Property Taxes	\$ 0	\$ 0	\$ 0
Fees	0	0	0
State & Local Grants	0	0	0
Federal Grants	37,109	9,703	15,714
Total Revenues	<u>37,109</u>	<u>9,703</u>	<u>15,714</u>
<b>Expenditures</b>			
Current			
Instruction	26,932	8,495	3,228
Support Services			
Students	0	500	12,346
General Administration	0	0	0
School Administration	0	708	140
Central Services	10,177	0	0
Operation of Plant	0	0	0
Food Service	0	0	0
Capital Outlay	0	0	0
Debt Service			
Principal	0	0	0
Interest	0	0	0
Total Expenditures	<u>37,109</u>	<u>9,703</u>	<u>15,714</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	0
Fund Balance Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

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

State of New Mexico  
**Dexter Consolidated Schools**  
 Nonmajor Funds  
 Combining Statement of Revenues, Expenditures and  
 Changes in Fund Balance  
 For the Year Ended June 30, 2017

	Special Revenue Funds		
	English Language Acquisition 24153	Teacher/ Principal Training 24154	Rural Education 24160
<b>Revenues</b>			
Property Taxes	\$ 0	\$ 0	\$ 0
Fees	0	0	0
State & Local Grants	0	0	0
Federal Grants	11,062	34,544	5,590
<b>Total Revenues</b>	<b>11,062</b>	<b>34,544</b>	<b>5,590</b>
<b>Expenditures</b>			
Current			
Instruction	10,609	34,544	4,584
Support Services			
Students	0	0	0
General Administration	249	0	1,006
School Administration	204	0	0
Central Services	0	0	0
Operation of Plant	0	0	0
Food Service	0	0	0
Capital Outlay	0	0	0
Debt Service			
Principal	0	0	0
Interest	0	0	0
<b>Total Expenditures</b>	<b>11,062</b>	<b>34,544</b>	<b>5,590</b>
Excess (Deficiency) of Revenues Over Expenditures	0	0	0
Fund Balance Beginning of Year	0	0	0
Fund Balance End of Year	\$ 0	\$ 0	\$ 0

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

State of New Mexico  
**Dexter Consolidated Schools**  
 Nonmajor Funds  
 Combining Statement of Revenues, Expenditures and  
 Changes in Fund Balance  
 For the Year Ended June 30, 2017

	Special Revenue Funds		
	Medicaid 25153	Dual Credit Instructional Materials 27103	GO Student Library 27107
<b>Revenues</b>			
Property Taxes	\$ 0	\$ 0	\$ 0
Fees	81,795	0	0
State & Local Grants	0	5,510	0
Federal Grants	0	0	0
<b>Total Revenues</b>	<b>81,795</b>	<b>5,510</b>	<b>0</b>
<b>Expenditures</b>			
<b>Current</b>			
Instruction	0	5,510	0
Support Services			
Students	77,936	0	0
General Administration	0	0	1,796
School Administration	0	0	0
Central Services	0	0	0
Operation of Plant	0	0	0
Food Service	0	0	0
Capital Outlay	0	0	0
Debt Service			
Principal	0	0	0
Interest	0	0	0
<b>Total Expenditures</b>	<b>77,936</b>	<b>5,510</b>	<b>1,796</b>
Excess (Deficiency) of Revenues Over Expenditures	3,859	0	(1,796)
Fund Balance Beginning of Year	6,391	0	0
Fund Balance End of Year	\$ 10,250	\$ 0	\$ (1,796)

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



State of New Mexico  
**Dexter Consolidated Schools**  
 Nonmajor Funds  
 Combining Statement of Revenues, Expenditures and  
 Changes in Fund Balance  
 For the Year Ended June 30, 2017

	Special Revenue Funds		
	NM Reads to Lead 27114	Pre-K Initiative 27149	Breakfast for Elementary 27155
<b>Revenues</b>			
Property Taxes	\$ 0	\$ 0	\$ 0
Fees	0	0	0
State & Local Grants	236,718	126,439	25,041
Federal Grants	0	0	0
<b>Total Revenues</b>	<u>236,718</u>	<u>126,439</u>	<u>25,041</u>
<b>Expenditures</b>			
<b>Current</b>			
Instruction	139,895	126,439	0
Support Services			
Students	0	0	0
General Administration	0	0	0
School Administration	0	0	0
Central Services	0	0	0
Operation of Plant	0	0	0
Food Service	0	0	25,041
Capital Outlay	96,823	0	0
Debt Service			
Principal	0	0	0
Interest	0	0	0
<b>Total Expenditures</b>	<u>236,718</u>	<u>126,439</u>	<u>25,041</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	0
Fund Balance Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

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

State of New Mexico  
**Dexter Consolidated Schools**  
 Nonmajor Funds  
 Combining Statement of Revenues, Expenditures and  
 Changes in Fund Balance  
 For the Year Ended June 30, 2017

	Special Revenue Funds		
	K-3 Plus 27166	NM Grown Fruit and Vegetables 27183	Solar Farm 29135
<b>Revenues</b>			
Property Taxes	\$ 0	\$ 0	\$ 0
Fees	0	0	0
State & Local Grants	90,449	2,000	4,935
Federal Grants	0	0	0
<b>Total Revenues</b>	<u>90,449</u>	<u>2,000</u>	<u>4,935</u>
<b>Expenditures</b>			
<b>Current</b>			
Instruction	89,521	0	0
Support Services			
Students	928	0	0
General Administration	0	0	0
School Administration	0	0	0
Central Services	0	0	0
Operation of Plant	0	0	0
Food Service	0	2,000	0
Capital Outlay	0	0	0
Debt Service			
Principal	0	0	0
Interest	0	0	0
<b>Total Expenditures</b>	<u>90,449</u>	<u>2,000</u>	<u>0</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	0	0	4,935
<b>Fund Balance Beginning of Year</b>	<u>0</u>	<u>0</u>	<u>9,870</u>
<b>Fund Balance End of Year</b>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 14,805</u>

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

State of New Mexico  
**Dexter Consolidated Schools**  
 Nonmajor Funds  
 Combining Statement of Revenues, Expenditures and  
 Changes in Fund Balance  
 For the Year Ended June 30, 2017

	Capital Projects Funds		Debt Service Fund
	Senate Bill Nine-Local 31701	Ed Tech Equipment 31900	Deferred Sick Leave Fund 42000
<b>Revenues</b>			
Property Taxes	\$ 164,958	\$ 0	\$ 0
Fees	0	0	0
State & Local Grants	0	0	0
Federal Grants	0	0	0
<b>Total Revenues</b>	<u>164,958</u>	<u>0</u>	<u>0</u>
<b>Expenditures</b>			
<b>Current</b>			
Instruction	2,575	47,907	0
Support Services			
Students	0	0	0
General Administration	1,580	0	0
School Administration	0	0	0
Central Services	0	0	8,843
Operation of Plant	122,034	0	0
Food Service	0	0	0
Capital Outlay	0	0	0
Debt Service			
Principal	0	0	0
Interest	0	0	0
<b>Total Expenditures</b>	<u>126,189</u>	<u>47,907</u>	<u>8,843</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	38,769	(47,907)	(8,843)
<b>Fund Balance Beginning of Year</b>	<u>(15,456)</u>	<u>49,561</u>	<u>59,394</u>
<b>Fund Balance End of Year</b>	<u>\$ 23,313</u>	<u>\$ 1,654</u>	<u>\$ 50,551</u>

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

State of New Mexico  
**Dexter Consolidated Schools**  
 Nonmajor Funds  
 Combining Statement of Revenues, Expenditures and  
 Changes in Fund Balance  
 For the Year Ended June 30, 2017

	Debt Service Fund Ed Tech Debt Service 43000	Total
<b>Revenues</b>		
Property Taxes	\$ 216,633	\$ 381,591
Fees	0	201,048
State & Local Grants	0	491,092
Federal Grants	0	994,066
Total Revenues	<u>216,633</u>	<u>2,067,797</u>
<b>Expenditures</b>		
Current		
Instruction	0	676,043
Support Services		
Students	0	91,710
General Administration	2,078	6,709
School Administration	0	4,552
Central Services	0	65,027
Operation of Plant	0	122,034
Food Service	0	817,149
Capital Outlay	0	96,823
Debt Service		
Principal	135,000	135,000
Interest	3,488	3,488
Total Expenditures	<u>140,566</u>	<u>2,018,535</u>
Excess (Deficiency) of Revenues Over Expenditures	76,067	49,262
Fund Balance Beginning of Year	<u>138,038</u>	<u>369,668</u>
Fund Balance End of Year	<u>\$ 214,105</u>	<u>\$ 418,930</u>

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

**Required Supplemental Information**

**Dexter Consolidated Schools**

## Schedules of Required Supplementary Information and Notes for Pension Plan

**Schedule of the District's Proportionate Share of the Net Pension Liability**

Last 10 Fiscal Years\*

Fiscal Year Measurement Date	June 30,		
	2015 2014	2016 2015	2017 2016
District's proportion of the net pension liability	0.20451%	0.21082%	0.20983%
District's proportionate share of the net pension liability	\$ 11,668,781	\$ 13,655,373	\$ 15,100,277
District's covered-employee payroll	\$ 5,987,897	\$ 5,994,348	\$ 5,840,061
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	194.87%	227.80%	258.56%
Plan fiduciary net position as a percentage of the total	66.54%	63.97%	61.58%

\*Governmental Accounting Standards Board Statement No. 68 requires ten years of historical information be presented; however, until a full 10-year trend is compiled, the statement only requires presentation of information for those years that information is available. Complete information for the District is not available prior to fiscal year 2015, the year the statement's requirements became effective.

**Schedule of District's Contributions**

Last 10 Fiscal Years\*

	June 30,		
	2014	2015	2016
Contractually required contribution	\$ 832,318	\$ 833,214	\$ 811,768
Contributions in relation to the contractually required	832,318	833,214	811,768
Contribution deficiency (excess)	\$ 0	\$ (0)	\$ (0)
District's covered-employee payroll	\$ 5,987,897	\$ 5,994,348	\$ 5,840,061
Contributions as a percentage of covered-employee	13.90%	13.90%	13.90%

\*Governmental Accounting Standards Board Statement No. 68 requires ten years of historical information be presented; however, until a full 10-year trend is compiled, the statement only requires presentation of information for those years that information is available. Complete information for District is not available prior to fiscal year 2015, the year the statement's requirements became effective.

**Notes to Required Supplementary Information**

**Changes of benefit terms and assumptions.** There were no benefit or assumption changes adopted since the last actuarial valuation. However, the actual cost of living adjustment (COLA) was less than the expected 2.0%, which resulted in a net \$138 million decrease in the unfunded actuarial accrued liability.

## Other Supplemental Information

**Agency Fund**

**Activity Trust Fund**

To account for funds of various student groups that are custodial in nature.



State of New Mexico  
**Dexter Consolidated Schools**  
Agency Funds - Activity  
Schedule of Changes in Assets and Liabilities - Agency Funds  
For the Year Ended June 30, 2017

	Beginning Balance 6/30/16	Additions	Deductions	Ending Balance 6/30/17
<b>Assets</b>				
<b>Administration</b>				
23001 Book Fees	\$ 854	\$ 622	\$ 126	\$ 1,350
23002 Bus Fund	146,580	47,200	20,197	173,584
23003 Community Evening Class	3,463	0	0	3,463
23004 RIF	4,102	1,443	2,625	2,920
23006 Library Book Fund	1,271	854	487	1,638
23007 Crossfit	(113)	113	0	0
23009 Previous Senior Classes	1,759	0	0	1,759
23010 Miscellaneous	1,378	0	87	1,291
23011 RT Bible Scholarship	13,278	0	0	13,278
23012 Mehlhop Family Scholarship	28,184	0	0	28,184
23013 Administration	2,840	972	193	3,619
23014 Quiroz Memorial	550	0	0	550
23019 John Reid Memorial	120	0	0	120
	<u>204,268</u>	<u>51,204</u>	<u>23,715</u>	<u>231,757</u>
<b>Elementary</b>				
23100 Robb	107	4	21	90
23101 Duran	706	1,321	909	1,118
23102 Granados	638	1,102	936	803
23103 Regalado	246	1,278	1,105	419
23104 Saenz	468	1,302	1,050	720
23105 A Cobos	524	4,473	4,462	535
23110 B Jacquez	256	955	702	510
23111 Wagner	171	0	171	0
23112 Northrup	73	1,420	1,326	168
23113 Prudencio	239	1,068	782	526
23120 Henington	1,188	618	1,170	636
23121 Miranda	1,078	359	1,283	154
23122 Salayandia	382	1,507	1,280	609
23123 Perez	415	1,126	1,271	269
23131 Campos	114	1,820	1,564	371
23132 Gomez	225	3,295	3,480	39
23133 Deyoung	180	3,245	2,591	834
23134 Quiroz	210	2,848	2,094	964
23140 Blanco	1,038	4,173	3,438	1,773
23142 Pena	275	2,738	2,768	245
23143 Chavez	248	4,325	3,494	1,080
23150 Contreras	343	1,490	1,832	1
23151 Shipman	347	4,379	3,380	1,347
23152 Montoya	552	4,700	3,686	1,566
23153 Castro	219	0	219	0
23154 Reyes	265	2,602	2,366	501
23160 Elementary Office	2,268	7,498	6,395	3,371
23161 Elementary Miscellaneous	76	393	312	157
23162 Elementary Library	\$ 3,862	\$ 13,707	\$ 13,466	\$ 4,103

State of New Mexico  
**Dexter Consolidated Schools**  
Agency Funds - Activity  
Schedule of Changes in Assets and Liabilities - Agency Funds  
For the Year Ended June 30, 2017

	Beginning Balance 6/30/16	Additions	Deductions	Ending Balance 6/30/17
23163 SPED-Jacquez	\$ 65	\$ 191	\$ 0	\$ 256
23164 SPED-Ellis	1,206	222	1,093	335
23165 PE-Luikens	1,795	285	0	2,080
23167 Reading-Velasco	117	0	14	103
23168 Fine Arts	338	0	101	236
23169 May Celebration	3,035	310	1,058	2,288
23170 Intervention	667	259	577	349
23171 PTO	161	0	0	161
23172 Cafeteria	764	602	408	957
	<u>24,860</u>	<u>75,617</u>	<u>70,803</u>	<u>29,673</u>
<b>Middle School</b>				
23201 Office	423	4,985	4,110	1,298
23202 Miscellaneous	140	11,449	8,434	3,155
23203 Library	364	789	789	364
23206 Sixth Grade Team	3,266	3,468	2,935	3,799
23207 Seventh Grade Team	5,918	0	312	5,606
23212 Eighth Grade Team	1,700	0	82	1,618
	<u>11,812</u>	<u>20,691</u>	<u>16,663</u>	<u>15,840</u>
<b>High School</b>				
23301 Office	1,215	1,494	335	2,373
23302 Library	671	15	0	685
23303 Student Council	240	942	1,181	0
23305 National Honor Society	432	6,109	5,611	930
23306 Auto	241	1,370	1,391	221
23307 Yearbook	3,074	2,170	5,243	0
23309 BPA	4,267	4,036	6,637	1,666
23310 Art Club	990	0	0	990
23312 Class of 2016	78	0	0	78
23313 Class of 2017	6,471	0	4,344	2,127
23314 Class of 2018	2,504	15,227	15,509	2,221
23316 FFA	8,022	21,426	22,457	6,992
23319 Project Celebration	7	5,400	3,701	1,705
23320 Teens Needing Teens	26,258	4,974	15,379	15,852
23322 High School Business Class	660	0	0	660
23323 Science Department	327	0	0	327
23324 Class of 2019	0	10,490	4,038	6,452
23326 Integrated Fine Arts	466	410	239	637
23329 Band	4,154	3,130	2,563	4,721
23331 Letter Jackets	960	0	600	360
	<u>61,036</u>	<u>77,192</u>	<u>89,230</u>	<u>48,997</u>
<b>Athletics</b>				
23401 Athletic Playoffs	3,073	7,206	5,227	5,053
23402 Football	5,430	12,575	15,373	2,632
23403 Volleyball	1,167	4,624	4,782	1,010
23404 Boys Basketball	1,535	9,991	10,355	1,171
23405 Girls Basketball	\$ 615	\$ 400	\$ 0	\$ 1,015

State of New Mexico  
**Dexter Consolidated Schools**  
Agency Funds - Activity  
Schedule of Changes in Assets and Liabilities - Agency Funds  
For the Year Ended June 30, 2017

	Beginning Balance 6/30/16	Additions	Deductions	Ending Balance 6/30/17
23406 Baseball	\$ 7,351	\$ 14,900	\$ 13,560	\$ 8,690
23407 Softball	11,988	18,243	15,097	15,134
23408 Track	3,632	13,502	14,116	3,018
23409 Golf	372	771	851	291
23333 Varsity Cheerleaders	565	18,764	4,550	14,779
23411 Tournament Fund	3,072	9,348	7,665	4,755
23413 District Athletics	9,917	3,503	11,539	1,881
	<u>48,717</u>	<u>113,826</u>	<u>103,115</u>	<u>59,428</u>
<b>Total Assets</b>	<b>\$ 350,692</b>	<b>\$ 338,530</b>	<b>\$ 303,527</b>	<b>\$ 385,696</b>
<b>Liabilities</b>				
Deposits Held for Others	\$ 350,692	\$ 338,530	\$ 303,527	\$ 385,696
<b>Total Liabilities</b>	<b>\$ 350,692</b>	<b>\$ 338,530</b>	<b>\$ 303,527</b>	<b>\$ 385,696</b>

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

State of New Mexico  
**Dexter Consolidated Schools**  
Cash Reconciliations - All Funds  
For the Year Ended June 30, 2017

		Beginning Cash 6/30/16	Revenues	Expenditures	Ending Cash 6/30/17
Operational	11000	\$ 762,049	\$ 8,234,368	\$ 8,346,726	\$ 649,692
Transportation	13000	22,569	384,440	407,009	0
Instructional Materials	14000	98,983	61,052	85,897	74,138
Food Services	21000	(21,968)	748,426	747,813	(21,355)
Athletics	22000	102,267	31,771	49,033	85,005
Federal Flowthrough	24000	(172,271)	587,210	576,900	(161,961)
Federal Direct	25000	6,391	81,795	77,936	10,251
State Flowthrough	27000	(152,305)	584,656	488,198	(55,847)
Local Grants	29000	9,870	4,935	0	14,805
Bond Building	31100	691,642	1,503,883	414,847	1,780,678
Senate Bill Nine-State	31700	(109,364)	109,364	85,309	(85,309)
Senate Bill Nine-Local	31700	(122)	169,847	144,832	24,893
Ed Tech Capital Projects	31900	53,287	0	51,633	1,654
Debt Service	41000	650,825	725,312	713,199	662,937
Deferred Sick Leave	42000	59,393	0	8,844	50,549
Ed Tech Debt Service	43000	132,295	221,422	140,566	213,151
Agency Funds	23000	350,692	338,530	303,527	385,695
Total		\$ <u>2,484,232</u>	\$ <u>13,787,011</u>	\$ <u>12,642,268</u>	\$ <u>3,628,974</u>

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

## **Federal Compliance**

State of New Mexico  
**Dexter Consolidated Schools**  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2017

Federal Agency/Pass Through Grantor/Program Title	Federal CFDA Number	State ID Number	Total Federal Awards Expended
<u>U. S. Department of Agriculture</u>			
Pass-through State Public Education Department:			
School Breakfast Program	10.553	21000	\$ 252,988
National School Lunch Program	10.555	21000	411,295
Pass-through State Department of Human Services:			
Commodity Supplemental Food Program	10.565	21000	(1) 39,783
Total Child Nutrition Cluster			<u>704,066</u>
Direct Program			
Rural Development , Forestry, and Communities	10.672	11000	125
Total U. S. Department of Agriculture			<u>704,191</u>
<u>U. S. Department of Education</u>			
Pass-through State Public Education Department:			
Special Education Cluster			
Entitlement	84.027	24106	287,342
Preschool	84.173	24109	15,714
Total Special Education Cluster			<u>303,056</u>
Title I	84.010	24101	176,278
Title I Migrant	84.011	24103	37,109
Autism Spectrum Disorder Project	84.010	24108	9,703
English Language Acquisition	84.365	24153	11,062
Teacher/Principal Training and Recruiting	84.367	24154	34,544
Rural Education	84.358	24160	5,590
Total U. S. Department of Education			<u>577,342</u>
Total Federal Assistance			\$ <u>1,281,533</u>

(1) Non-cash assistance

See accompanying notes to the Schedule of Expenditures of Federal Awards

State of New Mexico

**Dexter Consolidated Schools**

Notes to the Schedule of Expenditures of Federal Awards

June 30, 2017

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Note 1: Significant Accounting Policies used in preparing the Schedule of Expenditure of Federal Awards

The modified accrual basis was used to prepare the Schedule of Expenditures of Federal Awards

Note 2: Insurance Requirements

There are no insurance requirements on the federal awards disclosed on the Schedule of Expenditures of Federal Awards

Note 3: Loans or Loan Guarantees

There were no loans or loan guarantees outstanding at year end.

Note 4: De Minimis Indirect Rate

The District did not elect to use the 10% de minimis indirect cost rate.

De'Aun Willoughby CPA, PC

Certified Public Accountant

225 Innsdale Terrace Clovis, NM 88101

(855) 253-4313

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

Independent Auditor's Report

Mr. Tim Keller  
State Auditor of the State of New Mexico  
Board Members of the Dexter Consolidated Schools

Mr. Keller and Members of the Board

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 the Dexter Consolidated Schools (District) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and the combining and individual funds and related budgetary comparisons of the District, presented as supplemental information, and have issued our report thereon dated October 19, 2017.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that are 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. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs, that we consider to be significant deficiencies. 2010-003, 2014-001, 2015-002, 2015-003, 2015-006, 2016-001, 2017-001.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of it's compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2010-003, 2014-001, 2015-002, 2015-003, 2015-006, 2016-001, 2017-001.

#### District's Responses to Findings

The District's responses to the findings identified in our audit as described in the accompanying Schedule of Findings and Questioned Cost. 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 results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

 CPA PC

Clovis, New Mexico  
October 19, 2017

De'Aun Willoughby CPA, PC

Certified Public Accountant

225 Innsdale Terrace Clovis, NM 88101

(855) 253-4313

Report on Compliance With Requirements  
Applicable To Each Major Program and Internal Control  
Over Compliance in Accordance With OMB Uniform Guidance

Independent Auditor's Report

Mr. Tim Keller  
State Auditor of the State of New Mexico  
Board Members of the Dexter Consolidated Schools

Mr. Keller and Members of the Board

Compliance

We have audited Dexter Consolidated Schools (District) compliance with the types of compliance requirements described in the *Title 2 U.S. CFR Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2017. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

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

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

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

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

*De'Ann Willoughby, CPA PC*

Clovis, New Mexico  
October 19, 2017

State of New Mexico  
**Dexter Consolidated Schools**  
 Schedule of Findings and Questioned Costs  
 For the Year Ended June 30, 2017

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**A. Summary of Audit Results**

Financial Statements

Type of auditor's report issued Unmodified

Internal control over financial reporting

\* Material weaknesses identified? No

\* Significant deficiencies identified? Yes

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

\* Material weaknesses identified? No

\* Significant deficiencies identified? No

Type of auditor's report issued on compliance for major programs Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133 No

Identification of major programs:

<u>CFDA Numbers)</u>	<u>Name of Federal Program of Cluster</u>
	Child Nutrition Cluster
10.553	School Breakfast Program
10.555	National School Lunch Program
10.565	Commodity Supplemental Food Program

Dollar threshold used to distinguish between type A and type B programs: \$ 750,000

Audited qualified as low risk Auditee Yes

**Federal Compliance Findings**

**Prior Year Audit Findings** None  
**Current Year Audit Findings** None

**Financial Statements Findings**

Prior Year Audit Findings	Status
<b>2010-003 PED Cash Reports</b>	Repeated & Modified
<b>2014-001 Cash Appropriations in Excess of Available Cash Balances</b>	Repeated & Modified
<b>2014-002 New Mexico New Hire Reporting</b>	Resolved
<b>2015-002 ERB &amp; RHCA</b>	Repeated & Modified
<b>2015-003 I-9's</b>	Repeated & Modified
<b>2015-006 Activity Receipts</b>	Repeated & Modified
<b>2016-001 State Unemployment</b>	Repeated & Modified

**Current Year Audit Findings**

**2010-003 PED Cash Reports-Compliance and Internal Control-Significant Deficiency Condition**

The District's submitted PED Cash Report at year end did not properly reflect the June 30, 2017 audited cash balances. The audited cash balance was \$24,747 more than what was reported to PED.

**Management is not making progress on this finding.**

**Criteria**

6.20.2.11 (B) (6) NMAC and Regulation SBE-6 the reports sent to the New Mexico Public Education Department (PED) must agree to the District's general ledger.

**Cause**

Management continues to allow bank reconciliation variances and continues to allow reconciliations to be performed more than 30 days after receipt of the bank statements.

**Effect**

The District is not in compliance with NMAC 6.20.2.11 (b) (6) and Regulation SBE-6. Noncompliance may result in poor decision making by the District's governing board.

**Recommendation**

We recommend the bank reconciliations are approved by the Board each month.

**Response**

The 6/30 PED cash report did not properly reflect reconciled cash balances with a difference of \$24,747.15. It was discovered that a refund was posted incorrectly in one fund, and an RfR was not properly submitted in another. Cash balance variances were adjusted to the audit in the new fiscal year as of 6/30/17. The district plans to better review numbers before they are submitted to PED, periodically reconciling with OBMS reports concerning RfRs.

The business manager is responsible for this finding and is working on having this finding resolved by the end of FY 18.

**2014-001 Cash Appropriations in Excess of Available Cash Balances-Compliance and Internal Control-Significant Deficiency Condition**

The District maintained a deficit budget in excess of available cash balance in the Operational Fund of \$(198,538).

**Management is not making progress on this finding**

**Criteria**

Section 2.2.210. (P) (1), NMAC, requires all school district funds, with the exception of agency funds, to be budgeted by the local governing body and submitted to the PED for approval. Cash balances budgeted to make up the deficit budgeted revenues that do not cover the budgeted expenditures, cannot exceed the actual cash balance available at the end of the prior year.

**Cause**

The District does not have a procedure in place to ensure sufficient beginning cash balances exist to absorb budget deficits.

**Effect**

The District will have to supplement the budget deficit with other funds, which may lead to financial difficulties and deplete the budget in other funds.

**Recommendation**

BARS should be issued shortly after audited cash balances are confirmed if estimated cash balances are more and cash was used to balance the budget.

**Response**

BARS were not submitted for audited cash balance. Auditor recommended a process that the district will use to test budget revenue numbers against audited cash and revenue.

The business manager is responsible for this finding and will resolve this finding by the end of FY 18.

**2015-002 ERB and RHCA - Compliance and Internal Control-Significant Deficiency**

**Condition**

During our testing of payroll we noted the following:

Two of 15 employees sampled were not paying into ERB and RHCA. The employee's portion of ERB due totals \$1,931.31 and the employer's portion due totals \$3,398.13. The employee's portion of RHCA due is \$244.47 and the employer's portion due is \$488.94.

**Management is making progress on this finding**

**Criteria**

As per ERB handbook any employee working .25 FTE or more is covered by ERB's retirement program. Also, the Office of the State Auditor has added NMRHCA to their 2010 State Auditor Rule under State Compliance, Section 2.2.2.10 (G) (19). The rule states: "Retiree Health Care Authority Act (Section 10-7C-1 to 10-7C-19 NMSA 1978). Auditors should test to ensure 100% of payroll is reported to NMRHCA. RHCA employer and employee contributions are set forth in Section 10-7C-15 NMSA 1978.

**Cause**

The setup in the software program was not correct.

**Effect**

Benefits were underpaid and the employee did not received credit for the earnings at ERB.

**Recommendation**

The setup should be reviewed for all employees before the first payroll is run at the beginning of the school year. The review should continue for each new employee.

**Response**

ERB and RHCA discrepancies resulted from employees whose full-time status was determined based upon the number of hours worked in one week. Because they were not working four hours per week, benefits were not applied. Auditors provided documentation regarding the different parameters set by NMPSIA and ERB in determining whether benefits should be applied. Those employees who work .25 FTE will have ERB and RHCA benefits applied to their compensation.

The business manager is responsible for this finding and is continually working with payroll personnel to resolve this by the end of FY 18.

**2015-003 I-9's-Compliance & Internal Control-Significant Deficiency**

**Condition**

Out of fifteen I-9s sampled, seven I-9's were incomplete, used expired forms, or had corrections made without the initials of the person changing the form.

**Management is not making progress on this finding**

**Criteria**

USCIS Form I-9, OMB No. 1615-0047, Instructions for Form I-9, Employment Eligibility Verification.

**Cause**

The Superintendent was told all I-9s had been updated but obviously they had not or the person updating the forms did not understand how the forms should be completed.

**Effect**

The District is subject to penalties. The penalties can include \$250 to \$3,000 for improper completion of the I-9 form. Improper completion, retention or making it available for inspection fines range from \$100 to \$1,100 for each I-9. Knowingly hiring or continuing to employ unauthorized workers fines range from \$250 up to \$11,000 per violation

**Recommendation**

We recommend additional training, supervision and review. All I-9 should be reviewed and updated as necessary.

**Response**

All I9s of current staff have been reviewed and updated, but mistakes were found again in the audit. Forms will be reviewed again to make sure street addresses are entered and proper documentation is viewed. The form expiration date will also be reviewed for each employee. The district will seek outside assistance to address and clarify the issue of I9s being completed prior to employees' first contract day.

The Superintendent is responsible for this finding and is working on having this resolved by the end of FY 18.

**2015-006 Activity Receipts-Compliance and Internal Control-Significant Deficiency**

**Condition**

From a sample of 13 deposits, 7 were held at the teacher's level longer than 24 hours causing the receipts to be deposited after the 24 hour window. One receipt did not have a name written on the received from line.

**Management has make progress on this finding**

**Criteria**

6.20.2.14 C. Cash Control Standards: Money received and receipted shall be deposited in the bank within twenty-four (24) hours or one banking day.

**Cause**

Although the Superintendent has been insisting money be receipted and turned in to the central office by the end of each day, some teachers and secretaries are not respecting her authority.

**Effect**

Activity funds pose a high risk of fraud making the implementation of a strong internal control system very important. Without a strong working control system, activity funds could easily be misappropriated.

**Recommendation**

The District should provide the personnel responsible for handling activity receipts with sufficient training and supervision to ensure compliance with internal control systems. There should be some type of consequence for failure to follow procedures.

**Response**

Staff issues receipts when they receive money, but it is very difficult to ensure that all students do the same when they receive money due to fundraisers. Staff and students are reminded of this requirement regularly. The district now must bank out of town, but staff will continue to strive to meet the 24-hour deposit rule. Management will address individual staff members as issues arise.

The superintendent is responsible for this finding and is working with the individuals to have this resolved by the end of FY 18.

**2016-001 State Unemployment - Compliance and Internal Control-Significant Deficiency**

**Condition**

Wages reported to Workforce Solutions were less than wages in the general ledger by \$69,123.29.

**Criteria**

New Mexico Department of Labor, Employment Security Division. State Unemployment (SUTA Form 903A). All wages are reported to Workforce Solutions.

**Cause**

There were errors when uploading files to Workforce Solutions. When an error occurs, the gross wages would be excluded.

**Effect**

Underreporting of wages can result in underpayment of unemployment taxes and data that distorts the economic recovery.

**Recommendation**

When uploading a payroll file to Workforce, when errors occur, they should be corrected.

**Response**

The district has contacted the financial software company to research this reporting error. Fortunately, there were no tax payments made as the district pays unemployment based on actual claims.

The payroll clerk is responsible for this finding. The payroll clerk has contacted Workforce Solutions and have determined what happened and is confident that this is resolved.

**2017-001 Budget Violations-Compliance and Internal Control-Significant Deficiency**

**Condition**

The District has maintained expenditures at the function level in which actual expenditures exceeded budgetary authority in the following funds:

General Fund-Operational-11000		Over Budget
Food Service	\$	<u>(15,294)</u>

**Criteria**

Sound financial management and state regulation 6.20.2.9 (A), NMAC and state statutes 22-8-5 through 22-8-12.2, NMSA 1978, require that budgets not be exceeded at the legal level of control. For school district's, the expenditure function is the legal level of control.

**Cause**

The District did not make the appropriate budgetary adjustments requests and transfers to the funds mentioned in the condition, which would alleviate over-expenditure within the functions prior to the year end.

**Effect**

As a result, the District is not in compliance with New Mexico law, and the control established by the use of budgets has been compromised. Continued over-spending of budgeted balances may result in unnecessary usage of operating funds to absorb over-expenditures.

**Recommendation**

The District must establish a policy of budgetary review before an expenditure is approved and make the necessary budget adjustments if required.

**Response**

The district was over budget in the food service function of the operational budget. Budget functions will be reviewed periodically and BARS will be submitted.

The business manager is responsible for this finding and will work on having this resolved by the end of FY 18.

**Financial Statement Preparation**

The financial statements were prepared by De'Aun Willoughby CPA. However, they are the responsibility of management.

**Exit Conference**

An exit conference was held on October 19, 2017. Those present were Lesa Dodd-Superintendent, Mike Gomez-Board Member, Nancy Miles-Board Member, Jeannie Harris-Business Manager and De'Aun Willoughby CPA.