

STATE OF NEW MEXICO  
DEXTER CONSOLIDATED SCHOOLS  
BASIC FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2018  
INDEPENDENT AUDITORS' REPORT

STATE OF NEW MEXICO  
DEXTER CONSOLIDATED SCHOOLS  
FOR THE YEAR ENDED JUNE 30, 2018  
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DEXTER CONSOLIDATED SCHOOLS  
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STATE OF NEW MEXICO  
DEXTER CONSOLIDATED SCHOOLS  
OFFICIAL ROSTER

**BOARD OF EDUCATION**

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Superintendent  
Business Manager



## INDEPENDENT AUDITORS' REPORT

Mr. Wayne Johnson  
State Auditor of the State of New Mexico  
Board Members of Dexter Consolidated Schools

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

We have audited the accompanying financial statements of the governmental activities, each major fund, the aggregate remaining fund information, and the budgetary comparison for the general fund and major special revenue funds of Dexter Consolidated Schools (the District), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

### **Auditors' Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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.

## **Opinion**

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, 2018, and the respective changes in financial position, and the respective budgetary comparisons for the general fund and major special revenue funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Management has omitted the Management's Discussion and Analysis which is required to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. 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 10 year schedules on pages 63 - 66 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 financial statements, the combining and individual fund financial statements, and any other schedules as listed in the Table of Contents that collectively comprise the District's basic financial statements.

The combining and individual nonmajor fund financial statements and any other schedule required by the Audit Rule are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and Supporting Schedules on pages 103 through 104 required by 2.2.2 NMAC are presented for purposes of additional analysis and are also not a required part of the basic financial statements.

The schedule of expenditures of federal awards and the Supporting Schedules on pages 103 through 104 required by Section 2.2.2 NMAC and any other schedules required by the Audit Rule are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and Supporting Schedules on pages 103 through 104 required by Section 2.2.2 NMAC are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2018 on our consideration of Dexter Consolidated Schools internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing in 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 Dexter Consolidated Schools internal control over financial reporting and compliance.

  
Beasley, Mitchell & Co., LLP  
Las Cruces, New Mexico  
November 15, 2018



## **BASIC FINANCIAL STATEMENTS**

STATE OF NEW MEXICO  
DEXTER CONSOLIDATED SCHOOLS  
STATEMENT OF NET POSITION  
JUNE 30, 2018

	<u>Governmental Activities</u>
<b>ASSETS AND DEFERRED OUTFLOWS</b>	
Current assets	
Cash and cash equivalents	\$ 4,074,919
Property taxes receivable	151,709
Other receivables	538,721
Inventory	<u>51,881</u>
Total current assets	4,817,230
Non-current assets	
Capital assets	43,069,627
Less accumulated depreciation	<u>(16,728,424)</u>
Total non-current assets	<u>26,341,203</u>
Total assets	31,158,433
Deferred outflows - OPEB	
Contributions - subsequent contributions	106,705
Deferred outflows - ERB	
Contributions - subsequent contributions	742,881
Change in assumption	6,653,936
Change in proportion	93,439
Net difference between projected and actual investments earnings on pension plan investments	<u>40,917</u>
Total deferred outflows	<u>7,637,878</u>
<b>Total assets and deferred outflows</b>	<u><b>\$ 38,796,311</b></u>

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO  
DEXTER CONSOLIDATED SCHOOLS  
STATEMENT OF NET POSITION  
JUNE 30, 2018

	<b>Governmental Activities</b>
<b>LIABILITIES AND DEFERRED INFLOWS</b>	
Current liabilities	
Accounts payable	\$ 31,962
Accrued Payroll	4,656
Accrued interest	50,361
Unearned revenue	-
Accrued compensated absences	74,265
Current portion of bonds payable	650,000
Total current liabilities	811,244
Long-term obligations	
Net pension liability	22,793,723
OPEB Liability	6,163,982
Bonds payable	3,630,000
Total long-term liabilities	32,587,705
Total liabilities	33,398,949
Deferred inflows - OPEB	
Deferred inflows	1,402,908
Deferred inflows - ERB	
Net difference between experience and actual	351,159
Change in proportion	258,403
Net difference between projected and actual investments earnings on pension plan investments	3,127
Total deferred inflows	2,015,597
Total liabilities and deferred inflows	35,414,546
<b>NET POSITION</b>	
Net investment in capital assets	22,010,842
Restricted for	
Cafeteria fund (inventory)	51,881
Special revenue	177,176
Capital projects	2,095,130
Debt service	1,041,572
Unrestricted	(21,994,836)
Total net position	3,381,765
<b>Total liabilities, deferred inflows, and net position</b>	<b>\$ 38,796,311</b>

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO  
DEXTER CONSOLIDATED SCHOOLS  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2018

FUNCTIONS/PROGRAMS	Program Revenues				Net (Expenses) Revenue and Changes Net Assets
	Expenses	Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions	
Expenses - Governmental Activities:					
Instruction	\$ 7,920,597	\$ 33,802	\$ 906,063	\$ -	\$ (6,980,732)
Support services	2,036,217	-	86,347	-	(1,949,870)
Central services	592,040	500	-	-	(591,540)
Operation and maintenance of plant	1,666,349	-	-	131,364	(1,534,985)
Student transportation	546,133	-	541,175	-	(4,958)
Food services	859,836	85,748	677,943	-	(96,145)
Interest on long-term debt	118,723	-	-	-	(118,723)
Depreciation	1,019,809	-	-	-	(1,019,809)
Total governmental activities	<u>\$ 14,759,704</u>	<u>\$ 120,050</u>	<u>\$ 2,211,528</u>	<u>\$ 131,364</u>	(12,296,762)
General Revenues:					
Taxes:					
Property taxes, levied for operating programs					32,963
Property taxes, levied for debt services					807,863
Property taxes, levied for capital projects					152,271
Other tax revenue					46,436
State equalization guarantee					8,317,856
Interest and investment earnings					4,425
Miscellaneous					<u>132,309</u>
Subtotal, general revenue					<u>9,494,123</u>
Change in net position					(2,802,639)
Net position - beginning of year as previously stated					13,506,232
Restatement					<u>(7,321,828)</u>
Net position - beginning of year, as restated					<u>6,184,404</u>
Net position - end of year					<u>\$ 3,381,765</u>

See independent auditors' report and accompanying notes to financial statements.

**GOVERNMENTAL FUNDS FINANCIAL STATEMENTS**

STATE OF NEW MEXICO  
DEXTER CONSOLIDATED SCHOOLS  
BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2018

	<b>General Fund</b>	<b>Entitlement IDEA - B</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 752,417	\$ -
Property taxes receivable	3,490	-
Due from other funds	539,943	-
Other receivables	13,164	85,088
	<u>1,309,014</u>	<u>85,088</u>
Total assets	<u>\$ 1,309,014</u>	<u>\$ 85,088</u>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>		
Liabilities:		
Accounts payable	\$ 31,962	\$ -
Accrued payroll	1,481	-
Due to other funds	-	85,088
	<u>33,443</u>	<u>85,088</u>
Total liabilities	33,443	85,088
Deferred inflows:		
Deferred inflows - property tax	3,280	-
	<u>3,280</u>	<u>-</u>
Total deferred inflows	3,280	-
Total liabilities and deferred inflows	36,723	85,088
Fund balances:		
Restricted, reported in:		
Special revenue fund	-	-
Debt service funds	-	-
Capital projects funds	-	-
Unassigned, reported in:		
General fund	1,272,291	-
	<u>1,272,291</u>	<u>-</u>
Total fund balances	1,272,291	-
Total liabilities, deferred inflows and fund balances	<u>\$ 1,309,014</u>	<u>\$ 85,088</u>

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO  
DEXTER CONSOLIDATED SCHOOLS  
BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)  
JUNE 30, 2018

	<b>Bond Building</b>	<b>Capital Improvements SB - 9</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 1,702,081	\$ -
Property taxes receivable	-	-
Due from other funds	-	-
Other receivables	-	131,364
	-	131,364
Total assets	\$ 1,702,081	\$ 131,364
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>		
Liabilities:		
Due to other funds	\$ -	\$ 131,364
	-	131,364
Total liabilities	-	131,364
Deferred inflows:		
Deferred inflows - property tax	-	-
	-	-
Total deferred inflows	-	-
Total liabilities and deferred inflows	-	131,364
Fund balances:		
Restricted, reported in:		
Special revenue fund	-	-
Debt service funds	-	-
Capital projects funds	1,702,081	-
Unassigned, reported in:		
General fund	-	-
	-	-
Total fund balances	1,702,081	-
Total liabilities, deferred inflows and fund balances	\$ 1,702,081	\$ 131,364

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO  
DEXTER CONSOLIDATED SCHOOLS  
BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)  
JUNE 30, 2018

	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 862,181	\$ 758,240	\$ 4,074,919
Property taxes receivable	107,047	41,172	151,709
Due from other funds	-	-	539,943
Other receivables	-	309,105	538,721
Inventory	-	51,881	51,881
	<u>          </u>	<u>          </u>	<u>          </u>
Total assets	<u>\$ 969,228</u>	<u>\$ 1,160,398</u>	<u>\$ 5,357,173</u>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ 31,962
Accrued payroll	-	3,175	4,656
Due to other funds	-	323,491	539,943
Unearned revenue	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities	-	326,666	576,561
Deferred inflows:			
Deferred inflows - property tax	100,593	38,689	142,562
	<u>          </u>	<u>          </u>	<u>          </u>
Total deferred inflows	100,593	38,689	142,562
Total liabilities and deferred inflows	100,593	365,355	719,123
Fund balances:			
Nonspendable -inventory	-	51,881	51,881
Restricted, reported in:			
Special revenue fund	-	177,176	177,176
Capital projects funds	-	393,049	2,095,130
Debt service	868,635	172,937	1,041,572
Unassigned, reported in:			
General fund	-	-	1,272,291
	<u>          </u>	<u>          </u>	<u>          </u>
Total fund balances	868,635	795,043	4,638,050
Total liabilities, deferred inflows, and fund balances	<u>\$ 969,228</u>	<u>\$ 1,160,398</u>	<u>\$ 5,357,173</u>

See independent auditors' report and accompanying notes to financial statements.



STATE OF NEW MEXICO  
DEXTER CONSOLIDATED SCHOOLS  
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2018

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

Fund balances - total governmental funds	\$ 4,638,050
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	26,341,203
Deferred outflows of resources related to pension, applicable to future periods and therefore, not reported in funds - ERB	7,531,173
Deferred outflows of resources related to pension, applicable to future periods and therefore, not reported in funds - OPEB	106,705
Deferred inflows of resources related to pension, applicable to future periods and therefore, not reported in funds - ERB	(612,689)
Deferred inflows of resources related to pension, applicable to future periods and therefore, not reported in funds - OPEB	(1,402,908)
Long-term assets are not available to pay for current-period expenditures and therefore, are deferred in the funds - property tax	142,562
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:	
Net pension liability	(22,793,723)
OPEB liability	(6,163,982)
Accrued interest	(50,361)
Compensated absences	(74,265)
General obligation bonds	<u>(4,280,000)</u>
Total net position - governmental funds	<u>\$ 3,381,765</u>

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO  
DEXTER CONSOLIDATED SCHOOLS  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2018

	<u>General Fund</u>	<u>Entitlement IDEA - B</u>
<b>REVENUES</b>		
Taxes	\$ 29,798	\$ -
Charges for services	9,634	-
State sources	8,347,765	-
Federal sources	4,441	273,927
Transportation distribution	541,175	-
Miscellaneous	110,100	-
	<hr/>	<hr/>
Total revenues	9,042,913	273,927
<b>EXPENDITURES</b>		
Current:		
Direct instruction	4,239,065	44,654
Instructional support	1,690,382	229,273
Central services	529,432	-
Operation and maintenance	1,273,705	-
Transportation	533,402	-
Food services	137,545	-
Capital outlay	-	-
Debt services:		
Principal payments	-	-
Interest	-	-
	<hr/>	<hr/>
Total expenditures	8,403,531	273,927
Excess (deficiency) of revenues over expenditures	639,382	-
Other financing sources (uses):		
Loan proceeds	-	-
	<hr/>	<hr/>
Net change in fund balance	639,382	-
Fund balance - beginning of year	632,909	-
	<hr/>	<hr/>
Fund balance - end of year	\$ 1,272,291	\$ -

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO  
DEXTER CONSOLIDATED SCHOOLS  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2018

	<b>Bond Building</b>	<b>Capital Improvements SB-9</b>
<b>REVENUES</b>		
Taxes	\$ -	\$ -
Charges for services	-	-
State sources	-	131,364
Federal sources	-	-
Transportation distribution	-	-
Miscellaneous	23,822	-
Total revenues	23,822	131,364
<b>EXPENDITURES</b>		
Current:		
Direct instruction	-	-
Instructional support	-	-
Central services	-	-
Operation and maintenance	102,417	46,200
Transportation	-	-
Food services	-	-
Capital outlay	-	85,164
Debt services:		
Principal payments	-	-
Interest	-	-
Total expenditures	102,417	131,364
Excess (deficiency) of revenues over expenditures	(78,595)	-
Other financing sources (uses):		
Loan proceeds	-	-
Net change in fund balance	(78,595)	-
Fund balance - beginning of year	1,780,676	-
Fund balance - end of year	\$ 1,702,081	\$ -

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO  
DEXTER CONSOLIDATED SCHOOLS  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total</u>
<b>REVENUES</b>			
Taxes	\$ 708,520	\$ 265,419	\$ 1,003,737
Charges for services	-	110,569	120,203
State sources	-	281,405	8,760,534
Federal sources	-	1,079,058	1,357,426
Transportation distribution	-	-	541,175
Miscellaneous	-	4,272	138,194
	<hr/>	<hr/>	<hr/>
Total revenues	708,520	1,740,723	11,921,269
<b>EXPENDITURES</b>			
Current:			
Direct instruction	-	488,528	4,772,247
Instructional support	6,743	109,819	2,036,217
Central services	-	62,608	592,040
Operation and maintenance	-	244,027	1,666,349
Transportation	-	12,731	546,133
Food services	-	722,291	859,836
Capital outlay	-	-	85,164
Debt services:			
Principal payments	385,000	170,000	555,000
Interest	114,117	4,606	118,723
	<hr/>	<hr/>	<hr/>
Total expenditures	505,860	1,814,610	11,231,709
Excess (deficiency) of revenues over expenditures	202,660	(73,887)	689,560
Other financing sources (uses):			
Loan proceeds	-	450,000	450,000
	<hr/>	<hr/>	<hr/>
Net change in fund balance	202,660	376,113	1,139,560
Fund balance - beginning of year	665,975	418,930	3,498,490
	<hr/>	<hr/>	<hr/>
Fund balance - end of year	<u>\$ 868,635</u>	<u>\$ 795,043</u>	<u>\$ 4,638,050</u>

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO  
DEXTER CONSOLIDATED SCHOOLS  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN THE FUND  
BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2018

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

Change in fund balances - total governmental funds	\$	1,139,560
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Capital outlay to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities. This is the amount by which depreciation expense exceeds capital outlays in the period.

Depreciation expense		(1,019,809)
Capital outlay		85,164

Governmental funds report District pension contributions as expenditures. However in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense:

Deferred outflow - ERB		5,117,042
Deferred outflow - OPEB		(10,081)
Deferred inflow - ERB		(422,485)
Deferred inflow - OPEB		(1,402,908)
Net pension liability		(7,693,446)
OPEB liability		1,274,632

Property taxes that do not provide current financial resources, made available to pay for the current period's expenditures, reported as deferred inflows in the funds.

35,796

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

Issuance of bond		(450,000)
Change in accrued interest		(948)
Change in accrued compensated absences		(10,156)
Principal payment on bond		555,000

Change in net position of governmental activities	\$	<u>(2,802,639)</u>
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See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO  
DEXTER CONSOLIDATED SCHOOLS  
GENERAL FUND COMBINED  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET (NON-  
GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
Revenues:				
Taxes	\$ 31,276	\$ 31,276	\$ 26,308	\$ (4,968)
Charges for services	7,236	7,236	9,634	2,398
State sources	8,218,278	8,347,842	8,334,601	(13,241)
Transportation distribution	541,175	541,175	541,175	-
Federal sources	-	-	4,441	4,441
Miscellaneous	83,683	85,296	110,100	24,804
	<u>8,881,648</u>	<u>9,012,825</u>	<u>9,026,259</u>	<u>13,434</u>
Total revenues				
Expenditures:				
Current:				
Direct instruction	4,937,009	4,869,300	4,239,065	630,235
Instructional support	2,091,887	2,161,887	1,690,382	471,505
Central services	546,222	547,696	495,989	51,707
Operation and maintenance	1,143,020	1,273,705	1,273,705	-
Transportation	541,175	541,175	533,402	7,773
Food services	219,400	219,400	137,545	81,855
	<u>9,478,713</u>	<u>9,613,163</u>	<u>8,370,088</u>	<u>1,243,075</u>
Total expenditures				
Excess (deficiency) of revenues over expenditures	<u>(597,065)</u>	<u>(600,338)</u>	<u>656,171</u>	<u>1,256,509</u>
Net change in fund balance	(597,065)	(600,338)	656,171	1,256,509
Fund balance - beginning of year	<u>632,909</u>	<u>632,909</u>	<u>632,909</u>	<u>-</u>
Fund balance - end of year	<u>\$ 35,844</u>	<u>\$ 32,571</u>	<u>\$ 1,289,080</u>	<u>\$ 1,256,509</u>
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ 656,171	
Net revenue accruals			16,654	
Net expenditure accruals			<u>(33,443)</u>	
Net changes in fund balance GAAP basis			<u>\$ 639,382</u>	

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO  
DEXTER CONSOLIDATED SCHOOLS  
ENTITLEMENT IDEA - B SPECIAL REVENUE FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET (NON-GAAP  
BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
Revenues:				
Federal sources	\$ 317,420	\$ 357,039	\$ 188,839	\$ (168,200)
Expenditures:				
Current:				
Direct instruction	79,860	98,229	44,654	53,575
Instructional support	237,560	258,810	229,273	29,537
Total expenditures	<u>317,420</u>	<u>357,039</u>	<u>273,927</u>	<u>83,112</u>
Net change in fund balances	-	-	(85,088)	(85,088)
Fund balance - beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (85,088)</u>	<u>\$ (85,088)</u>
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ (85,088)	
Net revenue accruals			85,088	
Net expenditure accruals			<u>-</u>	
Net changes in fund balance GAAP basis			<u>\$ -</u>	

See independent auditors' report and accompanying notes to financial statements.

**FIDUCIARY FUND FINANCIAL STATEMENTS**



STATE OF NEW MEXICO  
DEXTER CONSOLIDATED SCHOOLS  
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES - AGENCY FUND  
JUNE 30, 2018

**ASSETS**

Current assets

Cash \$ 564,595

Total assets \$ 564,595

**LIABILITIES**

Current liabilities

Deposits held in trust for others \$ 564,595

Total liabilities \$ 564,595

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO  
DEXTER CONSOLIDATED SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2018

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

This summary of significant accounting policies of the District is presented to assist in the understanding of the District's financial statements. The financial statements and notes are the representation of Dexter Consolidated Schools management who is responsible for their integrity and objectivity. The financial statements and disclosures of the 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.

**A. Reporting Entity**

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

The basic-but not the only-criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the

STATE OF NEW MEXICO  
DEXTER CONSOLIDATED SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2018

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**A. Reporting Entity (Continued)**

existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Finally, the nature and significance of a potential component unit to the primary government could warrant its inclusion within the reporting entity. Based upon the application of these criteria, the District has no component units, and is not a component unit of another governmental agency.

**B. Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by State Equalization Guarantee, taxes and intergovernmental revenues.

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

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

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

STATE OF NEW MEXICO  
DEXTER CONSOLIDATED SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2018

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Measurement Focus, Basis of Accounting**

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

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

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Property taxes are accrued as receivable when levied, net of estimated refund and uncollectible amounts. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. All other revenue items are considered to be measurable and available only when cash is received by the government.

The District reports the following major governmental funds:

**General Fund** is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. Revenues are provided by district school tax levy, state equalization and transportation funds, state instructional material allocations, and earnings from investments. Expenditures include all costs associated with the daily operations of the schools except for those items included in other funds.

STATE OF NEW MEXICO  
DEXTER CONSOLIDATED SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2018

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Measurement Focus, Basis of Accounting (Continued)**

**IDEA-B ENTITLEMENT SPECIAL (24106), (24206 FEDERAL STIMULUS)** - This fund is used to account for a program funded by a Federal grant to assist the District in providing free appropriate public education to all handicapped children. Funding authorized by Individuals with Disabilities Education Act, Part B, Section 611-620, as amended, Public Laws 91-230, 93-380, 94-142, 98-199, 99-457, 100,639, and 101-476, 20 U.S.C. 1411-1420.

**Bond Building fund** is used to accounts for the revenue received from bonds sold by the District to be used for improvements and additions to school owned property.

**Capital Improvements SB-9 Fund** is used to account for resources received through Senate Bill 9 and local tax levies obtained for the purpose of building, remodeling, and equipping classroom facilities. Also to account for resources received from the State of New Mexico General Fund.

**Debt Service Fund** is used 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.

Additionally, the District reports the following agency fund:

**Fiduciary Funds** account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds.

STATE OF NEW MEXICO  
DEXTER CONSOLIDATED SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2018

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity**

**Deposits and Investments** - The District's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. State statutes authorize the District to invest in Certificates of Deposit, obligations of the U.S. Government, and the State Treasurer's Investment Pool.

Investments for the District are reported at fair value. The State Treasurer's Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

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

**Deferred Outflows** - In the government-wide fund financial statements, deferred outflows are contributions to a pension plan after the measurement date, and the change in assumption.

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

STATE OF NEW MEXICO  
DEXTER CONSOLIDATED SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2018

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity (Continued)**

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

The District receives monthly income from a tax levy in Chaves County. The funds are collected by the County Treasurers and are remitted to the District the following month.

Under the modified accrual method of accounting, the amount remitted by the County Treasurers in July and August 2018 is considered measurable and available and, accordingly, is recorded as revenue in the governmental fund statements during the year ended June 30, 2018.

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

**Inventory** - The District uses the consumption method of accounting for inventory. Under the consumption approach, governments report inventories they purchase as an asset and defer the recognition of the expenditures until the period in which the inventories actually are consumed.

Inventory is valued at cost utilizing the consumption basis of accounting. Inventory in the Food Service Fund consists of U.S.D.A. commodities and other purchased food and non-food supplies. The cost of purchased food is recorded as an expenditure at the time individual inventory items are consumed.

U.S.D.A. commodities consumed during the year are reported as revenues and expenditures; unused commodities are reported as inventories. Non-commodity inventories are equally offset by a fund balance reserve, which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets. No deferred revenue was recorded for unused commodity inventory as of June 30, 2018.

STATE OF NEW MEXICO  
DEXTER CONSOLIDATED SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2018

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity (Continued)**

**Capital Assets** - Capital assets, which include property, plant, and equipment, are reported in the applicable governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Information Technology Equipment including software is being capitalized and included in furniture, fixtures and equipment in accordance with NMAC 2.20.1.9 C(5). The District was a phase II government for purposes of implementing GASB 34 however, the District does not have any infrastructure asset to report. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. No interest was included as part of the cost of capital assets under construction.

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

<u>Assets</u>	<u>Years</u>
Building and improvements	20-50
Furniture, Equipment Vehicles and Library Books	3-15

**Unearned Revenues and Deferred Inflows of Resources** - Under both accrual and the modified accrual basis of accounting, revenue may be recognized only when it is earned. If assets are recognized in connection with a transaction before the earnings process is complete, those assets must be offset by corresponding liability for unearned revenue. Accounting principles generally accepted in the United States of America require that grant revenue be recognized at the time the related expense is made if the expenditure of funds is the prime factor for determining eligibility for reimbursement; therefore, amounts received and not expended in the Special Revenue Funds are shown as unearned revenues. In addition, property taxes receivable but uncollected within sixty (60) days of year end are classified as deferred inflow.



STATE OF NEW MEXICO  
DEXTER CONSOLIDATED SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2018

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity (Continued)**

**Compensated Absences** - Twelve month employees are entitled to twelve days paid annual leave earned at the rate of one (1) day per month served as a twelve month employee but with the provision that annual leave cannot be earned while the employee is on another leave without pay. Upon termination, resignation, retirement or death, any twelve month employee are entitled to and paid for a maximum of twenty four days of earned and unused annual leave.

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

**Deferred Inflows** - Within the governmental funds, revenues must be available in order to be recognized. Revenues such as real estate taxes that are not available are recorded as deferred inflows and reflected within the balance sheet.

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

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

STATE OF NEW MEXICO  
DEXTER CONSOLIDATED SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2018

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity (Continued)**

**Fund Balance of Fund Financial Statements** - In the fund financial statements, governmental funds are classified as follows:

**Nonspendable** - fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example, inventories and prepaid amounts. It also includes amounts to be held in perpetuity.

**Restricted** - Fund balance should be reported when constraints placed on the use of resources are either:

- a. Externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments;  
or
- b. Imposed by law through constitutional provisions or enabling legislation. Enabling legislation, as the term is used in this Statement, authorizes the government to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that a government can be compelled by an external party-such as citizens, public interest groups, or the judiciary - to use resources created by enabling legislation only for the purposes specified by the legislation.

**Unassigned** - fund balance is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The general fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

STATE OF NEW MEXICO  
DEXTER CONSOLIDATED SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2018

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity (Continued)**

The District's policy is to apply restricted resources first, committed sources second, assigned resources third, and unassigned resources last when an expense is incurred for purposes for which all or any fund balance classification is available.

**Equity Classifications**

Government-Wide Statements

Equity is classified as net position and displayed in three components:

- a. Net position invested in capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulation of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Net position - All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

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

STATE OF NEW MEXICO  
DEXTER CONSOLIDATED SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2018

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity (Continued)**

**E. Revenues**

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

A school district's program costs are determined through the use of various formulas using program units' which take into consideration 1) early childhood education; 2) basic education; 3) special education; 4) bilingual-multicultural education; 5) size, etc. Payment is made from the public school fund under the authority of the Director of Public School Finance. The District received \$8,317,856 in state equalization guarantee distributions during the year ended June 30, 2018.

**Tax Revenues** - The District receives mill levy and ad-valorem tax revenues primarily for debt service and capital outlay purposes. Property taxes are assessed on January 1st of each year and are payable in two equal installments, on November 10th of the year in which the tax bill is prepared and April 10th of the following year with the levies becoming delinquent 30 days (one month) thereafter. The District recognizes tax revenues in the period for which they are levied in the government-wide financial statements. The District records only the portion of the taxes considered 'measurable' and 'available' in the governmental fund financial statements. The District recognized \$957,301 in tax revenues in the governmental fund financial statements during the year ended June 30, 2018. Descriptions of the individual debt service and capital outlay funds contained in these financial statements include information regarding the authority for the collection and use of these taxes. The School collects property tax from Chaves County.

STATE OF NEW MEXICO  
DEXTER CONSOLIDATED SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2018

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**E. Revenues (Continued)**

**Transportation Distribution** - School districts in the State of New Mexico receive student transportation distributions. The transportation distribution is allocated to each school district in accordance with formulas developed by the State Transportation Director and the Director of Public School Finance. The funds shall be used only for the purpose of making payments to each school district for the to-and-from school transportation costs of students in grades K through twelve attending public school within the school district. The District received \$541,175 in transportation distributions during the year ended June 30, 2018.

**Public School Capital Outlay** - Under the provisions of Chapter 22, Article 24, a public school capital outlay fund was created. The money in the fund may be used for capital expenditures deemed by the public school capital outlay council necessary for an adequate educational program per Section 22-24-4(B), core administrative function of the public school facilities authority and for project management expenses upon approval of the council per Section 22-24-4 (0); and for the purpose of demolishing abandoned school district facilities, upon application by a school district to the council, per Section 22-24-4(L).

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

STATE OF NEW MEXICO  
DEXTER CONSOLIDATED SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2018

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**F. New Pronouncements**

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

In April 2018, GASB No. 88, Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements, was issued. Effective date: The provisions of this Statement are effective for financial statements for the objective of this Statement is to improve the information that is disclosed in

notes to government financial statements related to debt, including direct borrowings and direct placements related to debt for periods beginning after June 15, 2018. Furthermore, GASB No. 88 clarifies which liabilities governments should include when disclosing information. Earlier application is encouraged. The District is still evaluating how this pronouncement will affect the financial statements.

In June 2018, GASB No. 89, Accounting for Interest Cost Incurred Before the End of a Construction Period, was issued. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The requirements of this Statement should be applied prospectively. The District is still evaluating how this pronouncement will affect the financial statements.

In December 2018, GASB No. 90, Majority Equity Interests, was issued. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that

STATE OF NEW MEXICO  
DEXTER CONSOLIDATED SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2018

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**F. New Pronouncements (Continued)**

meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value.

For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit.

This Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. Transactions presented in flows statements of the component unit in that circumstance should include only transactions that occurred subsequent to the acquisition. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. The District is still evaluating how this pronouncement will affect the financial statements.

**2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

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

These budgets are prepared on the Non-GAAP cash basis. Budgeted expenditures exclude encumbrances and the budget secures appropriation of funds for only one year. Carryover funds must be re-appropriated in the budget of the subsequent fiscal year. Because the budget process in the State of New Mexico requires that the beginning cash balance be appropriated in the budget of the subsequent fiscal year, when the budget is approved those funds are legally restricted and shown as reserved fund balance.

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**2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)**

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

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

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

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

The School Board may approve amendments to the appropriated budget, which are required when a change is made affecting budgeted ending fund balance. New Mexico Administrative Code 6.20.2.9 prohibits the District from exceeding budgetary control at the function level.



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**2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)**

The District is required to balance its budgets each year. Accordingly, amounts that are excess or deficient are presented as changes in cash designated for expenditures, not as an excess or deficiency of revenues over expenditures.

The reconciliation between the Non-GAAP budgetary basis amounts and the financial statements on the GAAP basis for each governmental fund is included in each individual budgetary comparison.

**3. DEPOSIT AND INVESTMENTS**

State statutes authorize the investment of District funds in a wide variety of instruments including certificates of deposit and other similar obligations, state investment pool, money market accounts, and United States Government obligations. All invested funds of the District properly followed State investment requirements as of June 30, 2018.

Deposits of funds may be made in interest or non-interest bearing checking accounts in one or more banks or savings and loan associations within the geographical boundaries of the District. The financial institution must provide pledged collateral for 50% of the deposit amount in excess of the deposit insurance.

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

The types of collateral allowed are limited to direct obligations of the United States Government or agency, districts or political subdivisions of the States of New Mexico.

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

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**3. DEPOSIT AND INVESTMENTS (CONTINUED)**

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

	<u>Wells Fargo</u>	<u>New Mexico Finance Authority</u>	<u>Total</u>
Cash on deposit at June 30, 2018	\$ 3,118,801	\$ 1,663,734	\$ 4,782,535
FDIC coverage	<u>(250,000)</u>	<u>(1,663,734)</u>	<u>(1,913,734)</u>
Total uninsured public funds	<u>\$ 2,868,801</u>	<u>\$ -</u>	<u>\$ 2,868,801</u>
Pledged collateral	\$ 1,663,523	\$ -	\$ 1,663,523
Collateral requirement (50% of uninsured public funds)	<u>1,434,401</u>	<u>-</u>	<u>1,434,401</u>
Over collateralization	<u>\$ 229,122</u>	<u>\$ -</u>	<u>\$ 229,122</u>

**Custodial Credit Risk-Deposits** - Custodial Credit Risk is the risk that in the event of bank failure, the School's deposits may not be returned to it. The School does not have a deposit policy for custodial credit risk other than following state statutes as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978). As of June 30, 2018, \$2,868,801 of the District's bank balance of \$3,118,801 was exposed to custodial credit risk because or was uninsured and the collateral was held by the pledging bank's trust department, not in the District's name. At June 30, 2018, the carrying amount of these deposits was \$4,639,514.

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**3. DEPOSIT AND INVESTMENTS (CONTINUED)**

**Reconciliation of Cash and Cash Equivalents**

Cash and cash equivalents per Governmental Funds - balance sheet	\$ 2,411,185
Restricted cash and cash equivalents - balance sheet	<u>1,663,734</u>
Total	<u>4,074,919</u>
Statement of Fiduciary Net Assets - cash	<u>564,595</u>
Total cash and cash equivalents	4,639,514
Add outstanding checks and other reconciling items	<u>153,568</u>
Bank balance of deposits and investments	<u>\$ 4,793,082</u>
Cash source:	
Wells Fargo	\$ 3,118,801
New Mexico Finance Authority	<u>1,663,734</u>
Total cash and cash equivalents	<u>\$ 4,782,535</u>

**Credit and Interest Rate Risk**

Interest Rate Risk - As a means of limiting its exposure to fair value losses arising from rising interest rates, the School District's investment policy limits the School District's investment portfolio to maturities of less than one year.

**4. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

The District records temporary interfund receivables and payables to enable the funds to operate until grant monies are received.

The composition of interfund balances during the year ended June 30, 2018 is as follows:

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**4. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (CONTINUED)**

<b>Governmental Activities</b>	<b>Due from other funds</b>	<b>Due to other funds</b>
	<u>          </u>	<u>          </u>
General fund	\$ 539,943	\$ -
Title I IASA	-	46,906
Migrant Children Education (Title I Migrant)	-	24,980
Entitlement IDEA - B	-	85,088
NM Autism Project	-	7,619
Preschool IDEA - B	-	2,658
Homeless Education	-	8,769
RDA IDEA B Results	-	13,250
English Language Acquisition	-	16,942
Teacher Principal Training & Recruiting	-	3,429
Rural and Low Income Schools	-	29,006
Dual Credit IM/HB2	-	901
GoBond Student Library SB-66	-	1,080
Recruitment Support	-	3,334
Pre - K Initiative	-	39,658
Elementary Breakfast Program	-	3,775
K3 Plus	-	70,278
4 & 5 Pilot for K3 Plus	-	12,057
Capital Improvements SB-9	-	131,364
ED Technology Equipment Act	-	38,849
Total	<u>\$ 539,943</u>	<u>\$ 539,943</u>

All interfund balances are to be repaid within one year. There were no operating transfers for the year ended June 30, 2018.

**5. ACCOUNTS RECEIVABLE**

Accounts receivable as of June 30, 2018, are as follows:

	<b>General</b>	<b>Major Governmental Funds</b>	<b>Non-Major Governmental Funds</b>	<b>Total</b>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Government grants	\$ 13,164	\$ 287,821	\$ 237,736	\$ 538,721
Property taxes	3,490	107,047	41,172	151,709
Total	<u>\$ 16,654</u>	<u>\$ 394,868</u>	<u>\$ 278,908</u>	<u>\$ 690,430</u>

The above receivables are deemed 100% collectible.

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**6. CAPITAL ASSETS**

A summary of capital assets and changes occurring during the year ended June 30, 2018 is as follows:

	<b>Balance June 30, 2017</b>	<b>Additions</b>	<b>Retirements</b>	<b>Transfer</b>	<b>Balance June 30, 2018</b>
Governmental Activities:					
Capital assets not being depreciated:					
Land	\$ 67,557	\$ -	\$ -	\$ -	\$ 67,557
Total capital assets not being depreciated	67,557	-	-	-	67,557
Capital assets being depreciated:					
Buildings & building improvements	35,804,571	54,119	-	-	35,858,690
Equipment, vehicles, information technology equipment, software & books	<u>7,414,283</u>	<u>31,045</u>	<u>(301,948)</u>	<u>-</u>	<u>7,143,380</u>
Total capital assets being depreciated	43,218,854	85,164	(301,948)	-	43,002,070
Less accumulated depreciation for:					
Buildings & building improvements	10,770,242	771,254	-	-	11,541,496
Equipment, vehicles, information technology equipment, software & books	<u>5,240,321</u>	<u>248,555</u>	<u>(301,948)</u>	<u>-</u>	<u>5,186,928</u>
Total accumulated depreciation	<u>16,010,563</u>	<u>1,019,809</u>	<u>(301,948)</u>	<u>-</u>	<u>16,728,424</u>
Total capital assets being depreciated, net	<u>27,208,291</u>	<u>(934,645)</u>	<u>-</u>	<u>-</u>	<u>26,273,646</u>
Governmental activities capital assets, net	<u>\$ 27,275,848</u>	<u>\$ (934,645)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,341,203</u>

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**6. CAPITAL ASSETS (CONTINUED)**

For the year ended June 30, 2018, depreciation was charged to the following functions:

<b>Governmental Activities</b>	
Instruction	<u>\$ 1,019,809</u>
Total	<u>\$ 1,019,809</u>

**7. LONG-TERM OBLIGATIONS**

The District issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. The original amount of general obligation bonds issued was \$4,230,000. General obligation bonds are direct obligations and pledge the full faith and credit of the District. These bonds are issued with varying terms and varying amounts of principal maturing each year. All general obligation bonds as of June 30, 2018 are for governmental activities.

Bonds outstanding at June 30, 2018, are comprised of the following:

	<b>Series 2008</b>	<b>NMFA 2008</b>	<b>NMFA 2009</b>
Original issue	\$1,300,000	\$700,000	\$1,530,000
Maturity	8/1/2021	8/1/2022	8/1/2023
Principal	August 1	August 1	August 1
Interest rate	3.50% -5%	1.320% -3.800%	0.400% - 3.280%
Interest	August 1 & February 1	August 1 & February 1	August 1 & February 1

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**7. LONG-TERM OBLIGATIONS (CONTINUED)**

	<b>NMFA 2010</b>	<b>NMFA 2011</b>	<b>NMFA 2012</b>	
Original issue	\$425,000	\$450,000	\$425,000	
Maturity	8/1/2024	8/1/2024	8/1/2026	
Principal	August 1	August 1	August 1	
Interest rate	0.881% - 3.000%	0.6196% -2.730%	0.5622% - 3.8700%	
Interest	February 1 & August 1	August 1 & February 1	August 1 & February 1	

  

	<b>NMFA 2014</b>	<b>NMFA 2015</b>	<b>NMFA 2016</b>	<b>NMFA 2017</b>
Original issue	\$500,000	\$300,000	\$1,500,000	\$450,000
Maturity	8/1/2026	8/1/2024	8/1/2029	8/1/2022
Principal	August 1	August 1	August 1	August 1
Interest rate	0.52% - 3.02%	0.53% -2.47%	1.26% -3.07%	1.28 - 2.00%
Interest	February 1 & August 1	August 1 & February 1	August 1 & February 1	August 1 & February 1

The following is a summary of the long-term debt and the activity for the year ended June 30, 2018:

	<b>Balance June 30, 2017</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance June 30, 2018</b>	<b>Due Within One Year</b>
Governmental Activities:					
Bonds payable	\$ 4,385,000	\$ 450,000	\$ 555,000	\$ 4,280,000	\$ 650,000
Compensated absences	64,109	55,731	45,575	74,265	74,265
Total governmental activities	<u>\$ 4,449,109</u>	<u>\$ 505,731</u>	<u>\$ 600,575</u>	<u>\$ 4,354,265</u>	<u>\$ 724,265</u>

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**7. LONG-TERM OBLIGATIONS (CONTINUED)**

The annual requirements to amortize the Series 2008 general obligation bond outstanding as of June 30, 2018, including interest payments are as follows:

<b>Years ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2019	\$ 150,000	\$ 30,813	\$ 180,813
2020	150,000	23,500	173,500
2021	195,000	14,875	209,875
2022	<u>200,000</u>	<u>5,000</u>	<u>205,000</u>
	<u>\$ 695,000</u>	<u>\$ 74,188</u>	<u>\$ 769,188</u>

The annual requirements to amortize the NMFA - 08 general obligation bond outstanding as of June 30, 2018, including interest payments are as follows:

<b>Years ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2019	\$ 50,000	\$ 8,624	\$ 58,624
2020	50,000	6,952	56,952
2021	50,000	5,209	55,209
2022	50,000	3,395	53,395
2023	<u>65,000</u>	<u>1,235</u>	<u>66,235</u>
	<u>\$ 265,000</u>	<u>\$ 25,415</u>	<u>\$ 290,415</u>



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**7. LONG-TERM OBLIGATIONS (CONTINUED)**

The annual requirements to amortize the NMFA - 09 general obligation bond outstanding as of June 30, 2018, including interest payments are as follows:

Years ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 80,000	\$ 7,113	\$ 87,113
2020	55,000	5,549	60,549
2021	55,000	4,146	59,146
2022	50,000	2,672	52,672
2023	30,000	1,458	31,458
Thereafter	<u>30,000</u>	<u>492</u>	<u>30,492</u>
	<u>\$ 300,000</u>	<u>\$ 21,430</u>	<u>\$ 321,430</u>

The annual requirements to amortize the NMFA - 10 general obligation bond outstanding as of June 30, 2018, including interest payments are as follows:

Years ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 15,000	\$ 9,170	\$ 24,170
2020	25,000	8,675	33,675
2021	50,000	7,644	57,644
2022	50,000	6,167	56,167
2023	50,000	4,650	54,650
Thereafter	<u>130,000</u>	<u>3,900</u>	<u>133,900</u>
	<u>\$ 320,000</u>	<u>\$ 40,206</u>	<u>\$ 360,206</u>

The annual requirements to amortize the NMFA - 11 general obligation bond outstanding as of June 30, 2018, including interest payments are as follows:

Years ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 20,000	\$ 2,982	\$ 22,982
2020	20,000	2,640	22,640
2021	20,000	2,243	22,243
2022	20,000	1,796	21,796
2023	20,000	1,304	21,304
Thereafter	<u>40,000</u>	<u>797</u>	<u>40,797</u>
	<u>\$ 140,000</u>	<u>\$ 11,762</u>	<u>\$ 151,762</u>

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**7. LONG-TERM OBLIGATIONS (CONTINUED)**

The annual requirements to amortize the NMFA - 12 general obligation bond outstanding as of June 30, 2018, including interest payments are as follows:

Years ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 25,000	\$ 7,393	\$ 32,393
2020	15,000	6,997	21,997
2021	15,000	6,639	21,639
2022	10,000	6,298	16,298
2023	30,000	5,678	35,678
Thereafter	<u>145,000</u>	<u>11,753</u>	<u>156,753</u>
	<u>\$ 240,000</u>	<u>\$ 44,758</u>	<u>\$ 284,758</u>

The annual requirements to amortize the NMFA - 14 general obligation bond outstanding as of June 30, 2018, including interest payments are as follows:

Years ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 25,000	\$ 4,942	\$ 29,942
2020	25,000	4,581	29,581
2021	25,000	4,142	29,142
2022	25,000	3,637	28,637
2023	25,000	3,068	28,068
Thereafter	<u>100,000</u>	<u>5,709</u>	<u>105,709</u>
	<u>\$ 225,000</u>	<u>\$ 26,079</u>	<u>\$ 251,079</u>

The annual requirements to amortize the NMFA - 15 general obligation bond outstanding as of June 30, 2018, including interest payments are as follows:

Years ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 20,000	\$ 2,702	\$ 22,702
2020	20,000	2,435	22,435
2021	20,000	2,112	22,112
2022	20,000	1,736	21,736
2023	20,000	1,312	21,312
Thereafter	<u>45,000</u>	<u>1,164</u>	<u>46,164</u>
	<u>\$ 145,000</u>	<u>\$ 11,461</u>	<u>\$ 156,461</u>

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**7. LONG-TERM OBLIGATIONS (CONTINUED)**

The annual requirements to amortize the NMFA - 16 general obligation bond outstanding as of June 30, 2018, including interest payments are as follows:

Years ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 150,000	\$ 32,813	\$ 182,813
2020	165,000	30,658	195,658
2021	75,000	28,834	103,834
2022	75,000	27,526	102,526
2023	100,000	25,828	125,828
Thereafter	<u>935,000</u>	<u>94,206</u>	<u>1,029,206</u>
	<u>\$ 1,500,000</u>	<u>\$ 239,865</u>	<u>\$ 1,739,865</u>

The annual requirements to amortize the NMFA - 17 general obligation bond outstanding as of June 30, 2018, including interest payments are as follows:

Years ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 115,000	\$ 6,517	\$ 121,517
2020	50,000	5,440	55,440
2021	95,000	4,373	99,373
2022	95,000	2,774	97,774
2023	<u>95,000</u>	<u>9,500</u>	<u>104,500</u>
	<u>\$ 450,000</u>	<u>\$ 28,604</u>	<u>\$ 478,604</u>

**Compensated Absences** - Administrative employees of the District are able to accrue a limited amount of vacation and other compensatory time during the year. During fiscal year June 30, 2018, compensated absences increased a net of \$10,156 from the prior year accrual. In prior years, the general fund was typically used to liquidate long-term liabilities other than debt.

**8. RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors omissions; and natural disasters, for which the District is a member of the New Mexico Public School Insurance Authority (NMPSIA). The Authority was created to provide comprehensive core insurance programs by expanding the pool of subscribers to maximize cost containment opportunities for required insurance coverage. The District pays an annual premium to the NMPSIA based on claim experience and the status of the pool. The Risk Management

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**8. RISK MANAGEMEN (CONTINUED)**

Program includes Workers Compensation, General and Automobile Liability, Automobile Physical Damage, and Property and Crime coverage. Also included under the risk management program are Boiler, Machinery and Student Accident Insurance.

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

In case the NMPSIA's assets are not sufficient to meet its liability claims, the agreement provides that subscribers, including the District, cannot be assessed additional premiums to cover the shortfall. As of June 30, 2018, there have been no claims that have exceeded insurance coverage.

**9. PENSION PLAN- EDUCATIONAL RETIREMENT BOARD**

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

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**9. PENSION PLAN- EDUCATIONAL RETIREMENT BOARD (CONTINUED)**

***Funding Policy***

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

Employer Contributions - Dexter Consolidated Schools contributed 13.9% of gross covered salary.

The contribution requirements of plan members and the Dexter Consolidated Schools are established in State statute under Chapter 22, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. Dexter Consolidated School's contributions to ERB for the fiscal years ending June 30, 2018 was \$742,881, which equal the amount of the required contributions for the fiscal year.

*GASB 68, Accounting and Financial Reporting for Pensions*, requires contributing employers of cost-sharing multiple employer defined benefit pension plans to include the net pension liability, pension expense, and pension-related deferred inflows and outflows of resources related to their share of the pension plan in their government-wide financial statement presentation. ERB engaged their financial statement auditors to prepare a schedule allocating these obligations to the contributing employers as of the year ended June 30, 2016. As part of adopting GASB 68, the District recognized a Net Pension Liability (NPL), which represents the District's share of the underfunded pension obligation at June 30, 2018.

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**9. PENSION PLAN- EDUCATIONAL RETIREMENT BOARD (CONTINUED)**

For the year ended June 30, 2018, the District recognized pension expense of \$4,688. At the June 30, 2018, 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
	<u>                    </u>	<u>                    </u>
Differences between expected and actual experience	\$ 40,917	\$ 351,159
Changes in assumptions	6,653,936	-
Net difference between projected and actual earnings on pension plan investments	-	3,127
Difference between expected and actual experience	-	-
District contributions subsequent to the measurement date	742,881	-
Change in proportion and differences between employer contributions and proportionate share of contributions	<u>93,439</u>	<u>258,403</u>
Total	<u>\$ 7,531,173</u>	<u>\$ 612,689</u>

\$742,881 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date of June 30, 2017, will be recognized as a reduction of the net pension liability in the year ended June 30, 2018.

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**9. PENSION PLAN- EDUCATIONAL RETIREMENT BOARD (CONTINUED)**

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2019	\$	2,401,237
2020		2,470,082
2021		1,491,973
2022		(187,689)
Thereafter		-

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

1. All members with an annual salary of more than \$20,000 will contribute 10.70% during the fiscal year ending June 30, 2015 and thereafter.
2. Members hired after June 30, 2013 will have an actuarially reduced retirement benefit if they retire before age 55 and their COLA will be deferred until age 67.
3. COLAs for most retirees are reduced until ERB attains a 100% funded status.
4. For the purposes of projecting future benefits, it is assumed that the full COLA is paid in all future years.

STATE OF NEW MEXICO  
DEXTER CONSOLIDATED SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2018

**9. PENSION PLAN- EDUCATIONAL RETIREMENT BOARD (CONTINUED)**

The actuarial methods and assumptions used to determine contributions rates included in the measurement are as follows:

Actuarial Cost Method	Entry Age Normal
Average of Expected Remaining Service Lives	3.77 years
Asset Valuation Method	5 year smooth market for funding valuation (fair value for financial valuation)
Inflation	3.00%
Salary Increases	Composition: 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%
Retirement Age	Experience based table of age and service rates
Mortality	Healthy males: RP-2000 Combined Mortality Table with White Collar Adjustment, generational mortality improvements with Scale BB Healthy females: GRS Southwest Region Teacher Mortality Table, set back one year, generational mortality improvements in accordance with Scale BB from the table's base year of 2012

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

Discount rate: A single discount rate of 5.90% was used to measure the total ERB pension liability as of June 30, 2017. This single discount rate was based on the expected rate of return on pension plan investments of 5.90%. Based on the stated assumptions and the projection of cash flows, the Plan's fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current pension plan members. Therefore the long term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.



STATE OF NEW MEXICO  
DEXTER CONSOLIDATED SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2018

**9. PENSION PLAN- EDUCATIONAL RETIREMENT BOARD (CONTINUED)**

The projection of cash flows used to determine this single discount rate assumed that Plan contributions will be made at the current statutory levels. Additionally, contributions received through the Alternative Retirement Plan (ARP), ERB's defined contribution plan, are included in the projection of cash flows.

ARP contributions are assumed to remain at a level percentage of ERB payroll, where the percentage of payroll is based on the most recent five year contribution history.

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate. The following table shows the sensitivity of the net pension liability to changes in the discount rate as of the fiscal year end 2017. In particular, the table presents the (employer's) net pension liability under the current single rate assumption, as if it were calculated using a discount rate one percentage point lower (4.90%) or one percentage point higher (6.90%) than the single discount rate.

	1% Decrease (4.90%)	Current Discount Rate (5.90%)	1% Increase (6.90%)
District's proportionate share of net pension	\$ 29,671,759	\$ 22,793,723	\$ 17,171,488

**Pension plan fiduciary net position** Detailed information about the pension plan's fiduciary net position is available in the separately issued audited financial statements as of and for June 30, 2018 and June 30, 2017 which are publicly available at [www.nmerb.org](http://www.nmerb.org).

Payables to the pension plan. The District remits the legally required employer and employee contributions on a monthly basis to ERB. The ERB requires that the contributions be remitted by the 15th day of the month following the month for which contributions are withheld. At June 30, 2018 the District did not owe ERB any funds.

STATE OF NEW MEXICO  
DEXTER CONSOLIDATED SCHOOLS  
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JUNE 30, 2018

**10. POST-EMPLOYMENT BENEFITS - STATE RETIREE HEALTH CARE PLAN**

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

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

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

**Funding Policy** - The Retiree Health Care Act (Section 10-7C-13 NMSA 1978) authorized 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 for the plan. The monthly premium rate schedule can be obtained from the RHCA or viewed on their website at [www.nmrhca.state.nm.us](http://www.nmrhca.state.nm.us).

STATE OF NEW MEXICO  
DEXTER CONSOLIDATED SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2018

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

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

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. For employees that were members of an enhanced retirement plan (state police and adult correctional officer member coverage plan 1; municipal police member coverage plans 3, 4 or 5; municipal fire member coverage 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, 2016, 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, 2016, the statute required each participating employer to contribute 2.0% of each participating employee's annual salary; each participating employee was required to contribute 1.0% of their salary. In addition, pursuant to Section 10-7C-15(G) NMSA 1978, at the first session of the Legislature following July 1, 2013, the legislature shall review and adjust the distributions pursuant to Section 7-1-6.1 NMSA 1978 and the employer and employee contributions to the authority in order to ensure the actuarial soundness of the benefits provided under the Retiree Health Care Act.

Dexter Consolidated Schools Schools contributions to the RHCA for the years ended June 30, 2018, 2017 and 2016 were \$106,703, \$116,785 and \$120,123, respectively, which equal the required contributions for each year.

Postemployment Benefits Other Than Pensions (OPEB). For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the New Mexico Retiree Health Care Authority (NMRHCA) and additions to and deductions from NMRHCA's fiduciary net position have been determined on the same basis as they are reported by NMRHCA. For this purpose, NMRHCA recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value.

STATE OF NEW MEXICO  
DEXTER CONSOLIDATED SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2018

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

**General Information about the OPEB**

**Plan description.** Employees of the District are provided with OPEB through the Retiree Health Care Fund (the Fund)—a cost-sharing multiple-employer defined benefit OPEB plan administered by the New Mexico Retiree Health Care Authority (NMRHCA). NMRHCA was formed February 13, 1990, under the New Mexico Retiree Health Care Act (the Act) of New Mexico Statutes Annotated, as amended (NMSA 1978), to administer the Fund under Section 10-7C-1-19 NMSA 1978. The Fund was created to provide comprehensive group health insurance coverage for individuals (and their spouses, dependents and surviving spouses) who have retired or will retire from public service in New Mexico.

NMRHCA is an independent agency of the State of New Mexico. The funds administered by NMRHCA are considered part of the State of New Mexico financial reporting entity and are OPEB trust funds of the State of New Mexico. NMRHCA's financial information is included with the financial presentation of the State of New Mexico.

**Benefits provided.** The Fund is a multiple employer cost sharing defined benefit healthcare plan that provides eligible retirees (including terminated employees who have accumulated benefits but are not yet receiving them), their spouses, dependents and surviving spouses and dependents with health insurance and prescription drug benefits consisting of a plan, or optional plans of benefits, that can be contributions to the Fund and by co-payments or out-of-pocket payments of eligible retirees.

**Employees covered by benefit terms** – At June 30, 2017, the Fund's measurement date, the following employees were covered by the benefit terms:

Plan membership	
Current retirees and surviving spouses	\$ 51,208
Inactive and eligible for deferred benefit	11,478
Current and active members	<u>97,349</u>
	\$ 160,035
Active Membership	
State general	\$ 19,593
State police and corrections	1,886
Municipal general	21,004
Municipal police	3,820
Municipal FTRE	2,290
Educational Retirement Board	<u>48,756</u>
	\$ 97,349

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

Contributions – Employer and employee contributions to the Fund total 3% for non-enhanced retirement plans and 3.75% of enhanced retirement plans of each participating employee's salary as required by Section 10-7C-15 NMSA 1978. The contributions are established by statute and are not based on an actuarial calculation. All employer and employee contributions are non-refundable under any circumstance, including termination of the employer's participation in the Fund. Contributions to the Fund from the District were \$106,703 for the year ended June 30, 2018.

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

At June 30, 2018, the District reported a liability of \$6,163,982 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB liability was based on actual contributions provided to the Fund for the year ending June 30, 2017. At June 30, 2017, the District's proportion was 0.13602 percent.

For the year ended June 30, 2018, the District recognized OPEB expense of \$245,062. At June 30, 2018 the School reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	\$ -	\$ 236,541
Changes of assumptions	-	1,077,694
Difference between actual and projected earnings on OPEB plan investments	-	88,673
Contributions made after the measurement date	\$ 106,705	-
Total	\$ 106,705	\$ 1,402,908

STATE OF NEW MEXICO  
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**10. POST-EMPLOYMENT BENEFITS - STATE RETIREE HEALTH CARE PLAN (CONTINUED)**

Deferred outflows of resources totaling represent District contributions to the Fund made subsequent to the measurement date and will be recognized as a reduction of net OPEB liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

**Year ended June 30:**

	2019	\$	(298,268)
	2020		(298,268)
	2021		(298,268)
	2022		(298,268)
	2023		(209,836)
	Total	<u>\$</u>	<u>(1,402,908)</u>

**Actuarial assumptions.** The total OPEB liability was determined by an actuarial valuation using the following actuarial assumptions:

Valuation Date	June 30, 2017
Actuarial cost method	Entry age normal, level percent of pay, calculated on individual employee basis
Asset valuation method	Market value of assets
Actuarial assumptions:	
Inflation	2.50% for ERB; 2.25% for PERA
Projected payroll increases	3.50%
Investment rate of return	7.25%, net of OPEB plan investment expense and margin for adverse deviation including inflation
Health care cost trend rate	8% graded down to 4.5% over 14 years for Non-Medicare medical plan costs and 7.5% graded down to 4.5% over 12 for Medicare medical plan costs

**Rate of Return.** The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which the expected future real rates of return (net of investment fees and inflation) are developed for each major asset class. These returns 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, adding expected inflation and subtracting expected investment expenses and a risk margin. The target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before investment expenses, used in the derivation of the long-term expected investment rate of return assumptions.

STATE OF NEW MEXICO  
DEXTER CONSOLIDATED SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2018

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

The best estimates for the long-term expected rate of return is summarized as follows:

<b>Asset Class</b>	<b>Long - Term Rate of Return</b>
U.S. core fixed income	4.1%
U.S. equity - large cap	9.1
Non U.S. - emerging markets	12.2
Non U.S. - developed equities	9.8
Private equity	13.8
Credit and structured finance	7.3
Real estate	6.9
Absolute return	6.1
U.S. equity - small/mid cap	9.1

**Discount Rate.** The discount rate used to measure the Fund's total OPEB liability is 3.81% as of June 30, 2017. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at rates proportional to the actuary determined contribution rates. For this purpose, employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries are not included. Based on those assumptions, the Fund's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members through the fiscal year ending June 30, 2028. Thus, the 7.25% discount rate was used to calculate the net OPEB liability through 2029. Beyond 2029, the index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher. Thus, 3.81% is the blended discount rate.

**Sensitivity of the net OPEB liability to changes in the discount rate and healthcare cost trend rates.** The following presents the net OPEB liability of the School, as well as what the School's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.81 percent) or 1-percentage-point higher (4.81 percent) than the current discount rate:

	1% Decrease (2.81%)	Current Discount (3.81%)	1% Increase (4.81%)
District's proportionate share of OPEB Liability	\$ 7,476,814	\$ 6,163,982	\$ 5,133,947

STATE OF NEW MEXICO  
DEXTER CONSOLIDATED SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2018

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

The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Current Trend Rates	1% Increase
District's proportionate share of OPEB Liability	\$ 5,242,891	\$ 6,163,982	\$ 6,882,205

**OPEB plan fiduciary net position.** Detailed information about the OPEB plan's fiduciary net position is available in NMRHCA's audited financial statements for the year ended June 30, 2017.

**Payable Changes in the Net OPEB Liability.** At June 30, 2018, the District reported a payable of \$0 for outstanding contributions due to NMRHCA for the year ended June 30, 2018.

**11. LOSS CONTINGENCIES**

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

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

**12. ANALYSIS FOR IMPAIRMENT**

Management reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. In management's opinion, there are no impaired assets at June 30, 2018.

**13. SUBSEQUENT EVENTS**

Management has evaluated subsequent events through November 15, 2018, the date the financial statements were available to be issued.



STATE OF NEW MEXICO  
DEXTER CONSOLIDATED SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2018

**14. 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, 2018, \$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 disclosurer, were not provided to the district.

**15. 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.

**16. RESTATEMENT**

The District has restated the beginning net position for the following reasons:

<b>Restatement</b>	<b>Amount</b>
Recognition of net OPEB liability	\$ (7,438,614)
Recognition of net OPEB deferred outflows of resources	116,786
	\$ (7,321,828)

**REQUIRED SUPPLEMENTARY INFORMATION**

STATE OF NEW MEXICO  
DEXTER CONSOLIDATED SCHOOLS  
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
EDUCATIONAL RETIREMENT BOARD (ERB) PLAN  
LAST 10 FISCAL YEARS\*  
FOR THE YEAR ENDED JUNE 30, 2018

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
The Dexter Consolidated Schools' proportion of the net pension liability	\$ 11,668,781	\$ 13,655,373	\$ 15,100,277	\$ 22,793,723
The Dexter Consolidated Schools' proportionate share of the net pension liability	0.2045%	0.2108%	0.2098%	0.2051%
The Dexter Consolidated Schools' covered-employee payroll	\$ 5,987,897	\$ 5,994,348	\$ 5,840,061	\$ 5,344,659
The Dexter Consolidated Schools's proportionate share of the net pension liability as a percentage of its covered-employee payroll	194.87 %	227.80 %	258.56 %	426.48 %
Plan fiduciary net position as a percentage of the total pension liability	66.54 %	63.97 %	61.58 %	52.95 %

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

See independent auditors' report

STATE OF NEW MEXICO  
DEXTER CONSOLIDATED SCHOOLS  
SCHEDULE OF CONTRIBUTIONS  
EDUCATIONAL RETIREMENT BOARD (ERB) PLAN  
LAST 10 FISCAL YEARS\*  
FOR THE YEAR ENDED JUNE 30, 2018

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Contractually required contribution	\$ 832,318	\$ 833,214	\$ 811,768	\$ 742,881
Contributions in relation to the contractually required contribution	<u>832,318</u>	<u>833,214</u>	<u>811,768</u>	<u>742,881</u>
Contribution deficiency (excess)	-	-	-	-
The Dexter Consolidated Schools' covered-employee payroll	<u>\$ 5,987,897</u>	<u>\$ 5,994,348</u>	<u>\$ 5,840,061</u>	<u>\$ 5,344,659</u>
Contributions as a percentage of covered-employee payroll	<u>13.90 %</u>	<u>13.90 %</u>	<u>13.90 %</u>	<u>13.90 %</u>

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

See independent auditors' report

STATE OF NEW MEXICO  
DEXTER CONSOLIDATED SCHOOLS  
SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY  
LAST 10 FISCAL YEARS  
FOR THE YEAR ENDED JUNE 30, 2018

**SCHEDULE OF EMPLOYER'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY**

	<u>2018</u>
The Dexter Consolidated Schools' proportion of the net OPEB liability	0.13602%
The Dexter Consolidated Schools' proportionate share of the net OPEB liability	\$6,163,982
Employer covered-employee payroll	\$ 5,666,114
Employer's proportionate share of the net OPEB liability as a percentage of its covered - employee payroll	108.79 %
Plan fiduciary net position as a percentage of the total OPEB liability	11.34 %

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

See independent auditors' report

STATE OF NEW MEXICO  
DEXTER CONSOLIDATED SCHOOLS  
SCHEDULE OF CONTRIBUTIONS  
NEW MEXICO RETIREE HEALTH CARE AUTHORITY (NMRHCA)  
LAST 10 FISCAL YEARS\*  
FOR THE YEAR ENDED JUNE 30, 2018

**SCHEDULE OF EMPLOYER'S CONTRIBUTIONS**

	<b>2018</b>
Contractually required contribution	\$ 431,927
Contributions in relation to the contractually required contribution	216,779
Contribution deficiency (excess)	215,148
The Dexter Consolidated Schools's covered-employee payroll	\$ 5,666,114
Contributions as a percentage of covered-employee payroll	3.83 %

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

**SUPPLEMENTARY INFORMATION**

**NONMAJOR GOVERNMENTAL FUNDS**



STATE OF NEW MEXICO  
DEXTER CONSOLIDATED SCHOOLS  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2018

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Debt Service Funds</u>	<u>Total</u>
<b>ASSETS</b>				
Cash on deposit	\$ 155,888	\$ 430,450	\$ 171,902	\$ 758,240
Property taxes receivable	-	24,013	17,159	41,172
Accounts receivable	309,105	-	-	309,105
Inventory, at cost	<u>51,881</u>	<u>-</u>	<u>-</u>	<u>51,881</u>
Total assets	<u>\$ 516,874</u>	<u>\$ 454,463</u>	<u>\$ 189,061</u>	<u>\$ 1,160,398</u>
<b>LIABILITIES DEFERRED INFLOWS, AND FUND BALANCES</b>				
Liabilities:				
Due to other funds	\$ 284,642	\$ 38,849	\$ -	\$ 323,491
Accrued Payroll	3,175	-	-	3,175
Total liabilities	287,817	38,849	-	326,666
Deferred inflows:				
Property tax	<u>-</u>	<u>22,565</u>	<u>16,124</u>	<u>38,689</u>
Total deferred inflows	<u>-</u>	<u>22,565</u>	<u>16,124</u>	<u>38,689</u>
Total deferred inflows and liabilities	287,817	61,414	16,124	365,355
Fund balances:				
Nonspendable - inventory	51,881	-	-	51,881
Restricted, reported in:				
Special revenue funds	177,176	-	-	177,176
Capital project funds	-	393,049	-	393,049
Debt service	<u>-</u>	<u>-</u>	<u>172,937</u>	<u>172,937</u>
Total fund balance	<u>229,057</u>	<u>393,049</u>	<u>172,937</u>	<u>795,043</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 516,874</u>	<u>\$ 454,463</u>	<u>\$ 189,061</u>	<u>\$ 1,160,398</u>

See independent auditors' report

STATE OF NEW MEXICO  
DEXTER CONSOLIDATED SCHOOLS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2018

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Debt Service Funds</u>	<u>Total</u>
Revenues:				
Taxes	\$ 4,935	\$ 159,353	\$ 101,131	\$ 265,419
Charges for services	110,569	-	-	110,569
State sources	281,405	-	-	281,405
Federal sources	1,079,058	-	-	1,079,058
Miscellaneous	-	4,272	-	4,272
Total revenues	<u>1,475,967</u>	<u>163,625</u>	<u>101,131</u>	<u>1,740,723</u>
Expenditures:				
Current:				
Direct instruction	488,528	-	-	488,528
Central services	45,307	-	17,301	62,608
Instructional support	107,360	1,516	943	109,819
Food services	722,291	-	-	722,291
Operating and maintenance	-	244,027	-	244,027
Transportation	12,731	-	-	12,731
Debt services:				
Principal payments	-	-	170,000	170,000
Interest	-	-	4,606	4,606
Total expenditures	<u>1,376,217</u>	<u>245,543</u>	<u>192,850</u>	<u>1,814,610</u>
Excess (deficiency) of revenues over expenditures	99,750	(81,918)	(91,719)	(73,887)
Bond proceeds	<u>-</u>	<u>450,000</u>	<u>-</u>	<u>450,000</u>
Net changes in fund balances	99,750	368,082	(91,719)	376,113
Fund balance - beginning of year	<u>129,307</u>	<u>24,967</u>	<u>264,656</u>	<u>418,930</u>
Fund balance - end of year	<u>\$ 229,057</u>	<u>\$ 393,049</u>	<u>\$ 172,937</u>	<u>\$ 795,043</u>

See independent auditors' report

**SPECIAL REVENUE FUNDS**

STATE OF NEW MEXICO  
DEXTER CONSOLIDATED SCHOOLS  
SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2018

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

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

**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.

**Education of Homeless Children and Youth (24113)** - To account for a federal grant to assist the district in supporting the education of homeless children in accordance with federal regulations at 2 C.F.R. § 200.331 (a).

**IDEA-B Results Driven Accountability (24132)** - To account for a program funded by a Federal grant to assist the district in supporting school improvement, with the focus on student with disabilities in grades K-3, through the implementation of evidence-based practices in accordance with federal regulations.

**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.

STATE OF NEW MEXICO  
DEXTER CONSOLIDATED SCHOOLS  
SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2018

**TEACHER/PRINCIPAL TRAINING & RECRUITING (24154)** - To account for grant funds to increase student academic achievement through strategies such as improving teacher and principal quality. Financing and authority is Elementary and Secondary Education Act of 1965 as amended, Title II, Part A, Public Law 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.

**Recruitment Support Fund (27128)** - The funding under this award must be used for teacher recruitment efforts such as signing bonuses for new teachers, covering the costs of travel to a recruiting/hiring event

**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.

**K-3 Plus 4&5 PILOT program (27198)** - To account for a program funded by a state grant to provide additional educational time for students in fourth and fifth grade with at least 25 instructional days, beginning up to two months earlier than the regular school year.

STATE OF NEW MEXICO  
DEXTER CONSOLIDATED SCHOOLS  
SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2018

**IRB Payment in Lieu of Taxes (29135)** - Funds received from the City of Roswell as payments from an energy company with a Solar Facility partially located in the District.

**Food Service (21000)** - This program provides financing for school hot lunch program. Funding is provided from fees from patrons and USDA food reimbursements, under the National School Lunch Act of 1946, as amended, Public Law 79-396, Sections 2-12, 60 Stat. 230, 42 U.S.C. 1751 et seq.; 80 stat. 889, as amended; 84 Stat. 270; and the Child Nutrition Act of 1966, as amended, Sections 4 and 10. Public Law 89-642, 80 Stat. 886, 889, 42 U.S.C. 1773, 1779; Public Law 99-591, 100 Stat. 3341; Public Law 100-71, 101 Stat. 430. Also State Law NMSA 22-13-13.

**TITLE I IASA (24101 ENTITLEMENT), (24201 FEDERAL STIMULUS)** - The Title I project provides remedial instruction in language arts for educationally deprived students in low income areas. The project is funded by the Federal Government through the New Mexico State Department of Education, under the Elementary and Secondary Education Act of 1965, Title I, Chapter 1, Part A, 20 U.S.C. 2701 et seq.

**Pre- K Initiative (27149)** - The pre-k program shall address the total development needs of preschool children, including physical, cognitive, social and emotional needs, and shall include health care, nutrition, safety and multicultural sensitivity.

**K-3-Plus Fund (27166)** - To account for funds received to provide the opportunity for the district to address early literacy. The full-day kindergarten program is the first step in the implementation of a sequential early literacy approach to teaching reading.

STATE OF NEW MEXICO  
DEXTER CONSOLIDATED SCHOOLS  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2018

	<b>Special Revenue Funds</b>						
	<b>Athletics 22000</b>	<b>Migrant Children Education 24103</b>	<b>NM Autism Project 24108</b>	<b>Preschool IDEA - B 24109</b>	<b>Homeless Education 24113</b>	<b>RDA IDEA B Results 24132</b>	<b>English Language Acquisition 24153</b>
<b>ASSETS</b>							
Cash on deposit	\$ 109,754	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable	-	24,980	7,619	2,658	8,769	13,250	16,942
Total assets	<u>\$ 109,754</u>	<u>\$ 24,980</u>	<u>\$ 7,619</u>	<u>\$ 2,658</u>	<u>\$ 8,769</u>	<u>\$ 13,250</u>	<u>\$ 16,942</u>
<b>LIABILITIES AND FUND BALANCES</b>							
Liabilities:							
Due to other funds	<u>\$ -</u>	<u>\$ 24,980</u>	<u>\$ 7,619</u>	<u>\$ 2,658</u>	<u>\$ 8,769</u>	<u>\$ 13,250</u>	<u>\$ 16,942</u>
Total liabilities	-	24,980	7,619	2,658	8,769	13,250	16,942
Fund balances:							
Nonspendable - inventory	-	-	-	-	-	-	-
Restricted, reported in:							
Special revenue funds	<u>109,754</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balance	<u>109,754</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 109,754</u>	<u>\$ 24,980</u>	<u>\$ 7,619</u>	<u>\$ 2,658</u>	<u>\$ 8,769</u>	<u>\$ 13,250</u>	<u>\$ 16,942</u>

STATE OF NEW MEXICO  
DEXTER CONSOLIDATED SCHOOLS  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)  
JUNE 30, 2018

	<b>Special Revenue Funds</b>						
	<b>Teacher Principal Training &amp; Recruiting 24154</b>	<b>Rural &amp; Low Income Schools 24160</b>	<b>Medicaide 25153</b>	<b>Dual Credit IM/HB2 27103</b>	<b>GoBond Student Library SB-66 27107</b>	<b>NM Reads to Lead K-3 27114</b>	<b>Recruitment Support 27128</b>
<b>ASSETS</b>							
Cash on deposit	\$ -	\$ -	\$ 16,274	\$ -	\$ -	\$ -	\$ -
Accounts receivable	3,429	29,006	-	901	1,080	-	3,334
Inventory, at cost	-	-	-	-	-	-	-
Total assets	<u>\$ 3,429</u>	<u>\$ 29,006</u>	<u>\$ 16,274</u>	<u>\$ 901</u>	<u>\$ 1,080</u>	<u>\$ -</u>	<u>\$ -</u>
<b>LIABILITIES AND FUND BALANCES</b>							
Liabilities:							
Due to other funds	<u>\$ 3,429</u>	<u>\$ 29,006</u>	<u>\$ -</u>	<u>\$ 901</u>	<u>\$ 1,080</u>	<u>\$ -</u>	<u>\$ 3,334</u>
Total liabilities	3,429	29,006	-	901	1,080	-	-
Fund balances:							
Nonspendable - inventory	-	-	-	-	-	-	-
Restricted, reported in:							
Special revenue funds	<u>-</u>	<u>-</u>	<u>16,274</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balance	<u>-</u>	<u>-</u>	<u>16,274</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 3,429</u>	<u>\$ 29,006</u>	<u>\$ 16,274</u>	<u>\$ 901</u>	<u>\$ 1,080</u>	<u>\$ -</u>	<u>\$ -</u>



STATE OF NEW MEXICO  
DEXTER CONSOLIDATED SCHOOLS  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)  
JUNE 30, 2018

	<b>Special Revenue Funds</b>							<b>Total Special Revenue Funds</b>
	<b>Elementary Breakfast Program 27155</b>	<b>4&amp;5 Pilot For K3 Plus 27198</b>	<b>IRB Payment in Lieu of Taxes 29135</b>	<b>Food Services 21000</b>	<b>Title I - IASA 24101</b>	<b>Pre - K Initiative 27149</b>	<b>K3 Plus 27166</b>	
<b>ASSETS</b>								
Cash on deposit	\$ -	\$ -	\$ 19,740	\$ 10,120	\$ -	\$ -	\$ -	\$ 155,888
Accounts receivable	3,775	12,057	-	24,463	46,906	39,658	70,278	309,105
Inventory, at cost	-	-	-	51,881	-	-	-	51,881
						-		
						-		
<b>Total assets</b>	<b><u>\$ 3,775</u></b>	<b><u>\$ 12,057</u></b>	<b><u>\$ 19,740</u></b>	<b><u>\$ 86,464</u></b>	<b><u>\$ 46,906</u></b>	<b><u>\$ 39,658</u></b>	<b><u>\$ 70,278</u></b>	<b><u>\$ 516,874</u></b>
<b>LIABILITIES AND FUND BALANCES</b>								
Liabilities:								
Due to other funds	\$ 3,775	\$ 12,057	\$ -	\$ -	\$ 46,906	\$ 39,658	\$ 70,278	\$ 284,642
Accrued Payroll	-	-	-	3,175	-	-	-	3,175
<b>Total liabilities</b>	<b>3,775</b>	<b>12,057</b>	<b>-</b>	<b>3,175</b>	<b>46,906</b>	<b>39,658</b>	<b>70,278</b>	<b>287,817</b>
Fund balances:								
Nonspendable - inventory	-	-	-	51,881	-	-	-	51,881
Restricted, reported in:								
Special revenue funds	-	-	19,740	31,408	-	-	-	177,176
<b>Total fund balance</b>	<b>-</b>	<b>-</b>	<b>19,740</b>	<b>83,289</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>229,057</b>
<b>Total liabilities and fund balances</b>	<b><u>\$ 3,775</u></b>	<b><u>\$ 12,057</u></b>	<b><u>\$ 19,740</u></b>	<b><u>\$ 86,464</u></b>	<b><u>\$ 46,906</u></b>	<b><u>\$ 39,658</u></b>	<b><u>\$ 70,278</u></b>	<b><u>\$ 516,874</u></b>

STATE OF NEW MEXICO  
DEXTER CONSOLIDATED SCHOOLSS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2018

	<b>Special Revenue Funds</b>						
	<b>Athletics 22000</b>	<b>Migrant Children Education 24103</b>	<b>NM Autism Project 24108</b>	<b>IDEA-B Preschool 24109</b>	<b>Homeless Education 24113</b>	<b>RDA IDEA B Results 24132</b>	<b>English Language Acquisition 24153</b>
Revenues:							
Charges for services	\$ 24,821	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal sources	-	41,521	8,008	10,252	8,769	34,858	18,920
Total revenues	24,821	41,521	8,008	10,252	8,769	34,858	18,920
Expenditures:							
Current:							
Direct instruction	71	35,246	4,386	1,483	1,808	34,858	16,275
Instructional support	-	2,747	3,622	8,769	6,961	-	2,645
Central services	-	3,528	-	-	-	-	-
Total expenditures	71	41,521	8,008	10,252	8,769	34,858	18,920
Net changes in fund balances	24,750	-	-	-	-	-	-
Fund balance - beginning of	85,004	-	-	-	-	-	-
Fund balance - end of year as restated	\$ 109,754	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

STATE OF NEW MEXICO  
DEXTER CONSOLIDATED SCHOOLS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)  
JUNE 30, 2018

	<b>Special Revenue Funds</b>						
	<b>Teacher Principal Training &amp; Recruiting 24154</b>	<b>Rural &amp; Low Income Schools 24160</b>	<b>Medicaide 25153</b>	<b>Dual Credit IM/HB2 27103</b>	<b>GoBond Student Library SB-66 27107</b>	<b>NM Reads To Lead K-3 27114</b>	<b>Recruitment Support 27128</b>
Revenues:							
Charge for services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	6,007	2,876	-	3,334
Federal sources	32,183	29,006	86,347	-	-	-	-
Total revenues	32,183	29,006	86,347	6,007	2,876	-	3,334
Expenditures:							
Current:							
Direct instruction	32,183	28,224	-	6,007	-	-	-
Instructional support	-	782	80,323	-	1,080	-	-
Central services	-	-	-	-	-	-	3,334
Total expenditures	32,183	29,006	80,323	6,007	1,080	-	3,334
Net changes in fund balances	-	-	6,024	-	1,796	-	-
Fund balance - beginning	-	-	10,250	-	(1,796)	-	-
Fund balance - end of year	\$ -	\$ -	\$ 16,274	\$ -	\$ -	\$ -	\$ -

STATE OF NEW MEXICO  
DEXTER CONSOLIDATED SCHOOLS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)  
JUNE 30, 2018

	<b>Special Revenue Funds</b>							<b>Total Special Revenue Funds</b>
	<b>Elementary Breakfast Program 27155</b>	<b>4&amp;5 Pilot for K3 Plus 27198</b>	<b>IRB Payment in Lieu of Taxes 29135</b>	<b>Food Services 21000</b>	<b>Title I - IASA 24101</b>	<b>Pre - K Initiative 27149</b>	<b>K3 Plus 27166</b>	
Revenues:								
Taxes	\$ -	\$ -	\$ 4,935	\$ -	\$ -	\$ -	\$ -	\$ 4,935
Charge for services	-	-	-	85,748	-	-	-	110,569
State sources	20,845	12,057	-	-	-	117,594	118,692	281,405
Federal sources	-	-	-	677,943	131,251	-	-	1,079,058
<b>Total revenues</b>	<b>20,845</b>	<b>12,057</b>	<b>4,935</b>	<b>763,691</b>	<b>131,251</b>	<b>117,594</b>	<b>118,692</b>	<b>1,475,967</b>
Expenditures:								
Current:								
Direct instruction	-	9,428	-	-	92,375	112,595	113,589	488,528
Instructional support	-	-	-	-	431	-	-	107,360
Food services	20,845	-	-	701,446	-	-	-	722,291
Central services	-	-	-	-	38,445	-	-	45,307
Transportation	-	2,629	-	-	-	4,999	5,103	12,731
<b>Total expenditures</b>	<b>20,845</b>	<b>12,057</b>	<b>-</b>	<b>701,446</b>	<b>131,251</b>	<b>117,594</b>	<b>118,692</b>	<b>1,376,217</b>
Net changes in fund balances	-	-	4,935	62,245	-	-	-	99,750
Fund balance - beginning	-	-	14,805	21,044	-	-	-	129,307
Fund balance - end of year	\$ -	\$ -	\$ 19,740	\$ 83,289	\$ -	\$ -	\$ -	\$ 229,057

STATE OF NEW MEXICO  
DEXTER CONSOLIDATED SCHOOLS  
NONMAJOR CAPITAL PROJECTS FUNDS  
FOR THE YEAR ENDED JUNE 30, 2018

**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

**EDUCATION TECHNOLOGY EQUIPMENT ACT (31900)** - To ensure that American children have the skills they need to succeed in the information-intensive 21st century, the federal government is committed to working with the private sector to promote four major developments in American education: making modern computer technology an integral part of every classroom; creation of this fund is the Federal Property and Administrative Services Act of 1949., Ch. 288, 63 Stat 377, and the National Defense Authorization Act for the fiscal year 1996, Public Law 104-106.

STATE OF NEW MEXICO  
DEXTER CONSOLIDATED SCHOOLS  
COMBINING BALANCE SHEET  
NONMAJOR CAPITAL PROJECTS FUNDS  
JUNE 30, 2018

	<b>Senate Bill Nine - Local 31701</b>	<b>ED Technology Equipment Act 31900</b>	<b>Total</b>
<b>ASSETS</b>			
Cash on deposit	\$ 92,661	\$ 337,789	\$ 430,450
Taxes receivable	24,013	-	24,013
	<u>\$ 116,674</u>	<u>\$ 337,789</u>	<u>\$ 454,463</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Due to other funds	-	38,849	38,849
	<u>-</u>	<u>38,849</u>	<u>38,849</u>
Total liabilities	-	38,849	38,849
Deferred inflows:			
Deferred inflows - property tax	22,565	-	22,565
Total deferred inflows	22,565	-	22,565
	<u>22,565</u>	<u>-</u>	<u>22,565</u>
Total liabilities and deferred inflows	22,565	38,849	61,414
Fund balances:			
Restricted, reported in:			
Capital projects funds	94,109	298,940	393,049
	<u>94,109</u>	<u>298,940</u>	<u>393,049</u>
Total fund balance	94,109	298,940	393,049
	<u>94,109</u>	<u>298,940</u>	<u>393,049</u>
Total liabilities and fund balances	<u>\$ 116,674</u>	<u>\$ 337,789</u>	<u>\$ 454,463</u>

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO  
DEXTER CONSOLIDATED SCHOOLS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR CAPITAL PROJECTS FUNDS  
JUNE 30, 2018

	<b>Senate Bill Nine - Local 31701</b>	<b>ED Technology Equipment Act 31900</b>	<b>Total</b>
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Revenues:			
Taxes	\$ 159,353	\$ -	\$ 159,353
Miscellaneous	<u>          -</u>	<u>          4,272</u>	<u>          4,272</u>
Total revenues	159,353	4,272	163,625
Expenditures:			
Current:			
Instructional support	1,516	-	1,516
Operation and maintenance	<u>     87,041</u>	<u>    156,986</u>	<u>    244,027</u>
Total expenditures	<u>     88,557</u>	<u>    156,986</u>	<u>    245,543</u>
Excess (deficiency) of revenues over expenditures	70,796	(152,714)	(81,918)
Other financing sources (uses):			
Bond proceeds	<u>          -</u>	<u>     450,000</u>	<u>     450,000</u>
Net changes in fund balances	70,796	297,286	368,082
Fund balance - beginning of year	<u>     23,313</u>	<u>      1,654</u>	<u>     24,967</u>
Fund balance - end of year	<u>\$     94,109</u>	<u>\$    298,940</u>	<u>\$    393,049</u>

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO  
DEXTER CONSOLIDATED SCHOOLS  
DEBT SERVICE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2018

**DEFERRED SICK LEAVE FUND (42000)** - To account for the transfers from other funds. The expenditures are restricted to paying terminated employees their sick leave.

**EDUCATION TECHNOLOGY 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.

See independent auditors' report and accompanying notes to financial statements.



STATE OF NEW MEXICO  
DEXTER CONSOLIDATED SCHOOLS  
COMBINING BALANCE SHEET  
NONMAJOR DEBT SERVICE FUNDS  
JUNE 30, 2018

	<b>Deferred Sick Leave Fund Fund 42000</b>	<b>Education Technology Debt Service 43000</b>	<b>Total</b>
	<u>          </u>	<u>          </u>	<u>          </u>
<b>ASSETS</b>			
Cash on deposit	\$ 33,250	\$ 138,652	\$ 171,902
Taxes receivable	-	17,159	17,159
	<u>          </u>	<u>          </u>	<u>          </u>
Total assets	<u>\$ 33,250</u>	<u>\$ 155,811</u>	<u>\$ 189,061</u>
 <b>LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES</b>			
Deferred inflows:			
Property tax	-	16,124	16,124
	<u>          </u>	<u>          </u>	<u>          </u>
Total deferred inflows	<u>-</u>	<u>16,124</u>	<u>16,124</u>
Fund balances:			
Restricted, reported in:			
Retirement of long-term debt	33,250	139,687	172,937
	<u>          </u>	<u>          </u>	<u>          </u>
Total fund balance	<u>33,250</u>	<u>139,687</u>	<u>172,937</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 33,250</u>	<u>\$ 155,811</u>	<u>\$ 189,061</u>

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO  
DEXTER CONSOLIDATED SCHOOLS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR DEBT SERVICE FUND  
JUNE 30, 2018

	<b>Deferred Sick Leave Fund Fund 42000</b>	<b>Education Technology Debt Service 43000</b>	<b>Total</b>
	<u>          </u>	<u>          </u>	<u>          </u>
Revenues:			
Taxes	\$ -	\$ 101,131	\$ 101,131
Total revenues	-	101,131	101,131
Expenditures:			
Current:			
Central services	17,301	-	17,301
Support services	-	943	943
Debt service:			
Bond	-	170,000	170,000
Interest	-	4,606	4,606
Total expenditures	<u>17,301</u>	<u>175,549</u>	<u>192,850</u>
Net changes in fund balances	(17,301)	(74,418)	(91,719)
Fund balance - beginning of year	<u>50,551</u>	<u>214,105</u>	<u>264,656</u>
Fund balance - end of year	<u>\$ 33,250</u>	<u>\$ 139,687</u>	<u>\$ 172,937</u>

See independent auditors' report and accompanying notes to financial statements.

**GENERAL FUND**

STATE OF NEW MEXICO  
DEXTER CONSOLIDATED SCHOOLS  
COMBINING BALANCE SHEET  
GENERAL FUND  
JUNE 30, 2018

	<u>Operational 11000</u>	<u>Teacherage 12000</u>	<u>Transportation 13000</u>	<u>Instructional Material 14000</u>	<u>Total</u>
<b>ASSETS</b>					
Cash	\$ 673,598	\$ -	\$ -	\$ 78,819	\$ 752,417
Taxes receivable	3,490	-	-	-	3,490
Due from other funds	539,943	-	-	-	539,943
Other receivables	<u>13,164</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,164</u>
 Total assets	 <u>\$ 1,230,195</u>	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ 78,819</u>	 <u>\$ 1,309,014</u>
<b>LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ 31,962	\$ -	\$ -	\$ -	\$ 31,962
Accrued payroll	1,481	-	-	-	1,481
Unearned revenue	<u>3,280</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,280</u>
 Total liabilities	 <u>36,723</u>	 <u>-</u>	 <u>-</u>	 <u>-</u>	 <u>36,723</u>
Deferred inflows:					
Property tax	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Total deferred inflows	 <u>-</u>	 <u>-</u>	 <u>-</u>	 <u>-</u>	 <u>-</u>
Fund balances:					
Unassigned, reported in:					
General fund	<u>1,193,472</u>	<u>-</u>	<u>-</u>	<u>78,819</u>	<u>1,272,291</u>
 Total fund balances	 <u>1,193,472</u>	 <u>-</u>	 <u>-</u>	 <u>78,819</u>	 <u>1,272,291</u>
 Total liabilities, deferred inflows, and fund balances	 <u>\$ 1,230,195</u>	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ 78,819</u>	 <u>\$ 1,309,014</u>

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO  
DEXTER CONSOLIDATED SCHOOLS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2018

	<b>Operational 11000</b>	<b>Teacherage 12000</b>	<b>Transportation 13000</b>	<b>Instructional Material 14000</b>	<b>Total</b>
<b>REVENUES</b>					
Taxes	\$ 29,798	\$ -	\$ -	\$ -	\$ 29,798
Charges for services	9,634	-	-	-	9,634
State sources	8,317,856	-	-	29,909	8,347,765
Federal sources	4,441	-	-	-	4,441
Transportation distribution	-	-	541,175	-	541,175
Miscellaneous	110,100	-	-	-	110,100
	<u>8,471,829</u>	<u>-</u>	<u>541,175</u>	<u>29,909</u>	<u>9,042,913</u>
Total revenues	8,471,829	-	541,175	29,909	9,042,913
<b>EXPENDITURES</b>					
Current:					
Direct instruction	4,213,836	-	-	25,229	4,239,065
Instructional support	1,690,382	-	-	-	1,690,382
Central services	529,432	-	-	-	529,432
Operation and maintenance	1,273,705	-	-	-	1,273,705
Transportation	-	-	533,402	-	533,402
Food services	137,545	-	-	-	137,545
	<u>7,844,900</u>	<u>-</u>	<u>533,402</u>	<u>25,229</u>	<u>8,403,531</u>
Total expenditures	7,844,900	-	533,402	25,229	8,403,531
Net change in fund balance	626,929	-	7,773	4,680	639,382
Fund balance at beginning of year	<u>566,543</u>	<u>-</u>	<u>(7,773)</u>	<u>74,139</u>	<u>632,909</u>
Fund balance at end of year	<u>\$ 1,193,472</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 78,819</u>	<u>\$ 1,272,291</u>

See independent auditors' report and accompanying notes to financial statements.

**SUPPLEMENTAL INFORMATION**

STATE OF NEW MEXICO  
DEXTER CONSOLIDATED SCHOOLS  
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2018

		<u>Beginning</u>	<u>Deposited</u>	<u>Used</u>	<u>Ending</u>
23001	BOOK FEES	1,350.00	522.00	(137.00)	1,735.00
23002	BUS FUND	173,584.00	51,113.00	(44,550.00)	180,147.00
23003	DEXTER ALUMNI	3,463.00	-	-	3,463.00
23004	RIF	2,920.00	130.00	(1,640.00)	1,410.00
23006	LIBRARY BOOK FUND	1,638.00	589.00	(104.00)	2,123.00
23008	NMPSIA	205,706.00	1,229,926.00	(1,256,552.00)	179,080.00
23009	PRIOR SENIOR CLASSES	1,759.00	79.00	-	1,838.00
23010	MISC (INTEREST)	1,291.00	-	(1,291.00)	-
23011	RT BIBLE SCHOLARSHIP	13,278.00	-	-	13,278.00
23012	MELHOP SCHOLARSHIP	28,170.00	14.00	-	28,184.00
23013	ADMIN	3,619.00	1,024.00	(1,722.00)	2,921.00
23014	QUIROZ MEMORIAL	550.00	-	-	550.00
23019	JOHN REID MEMORIAL	120.00	-	-	120.00
23020	CENTRAL OFFICE	-	4,969.00	-	4,969.00
23100	PRESCHOOL ROBB	90.00	21.00	-	111.00
23101	KINDERGARTEN DURAN	1,118.00	641.00	(1,344.00)	415.00
23102	KINDERGARTEN MALDONA	803.00	1,910.00	(2,139.00)	574.00
23103	KINDERGARTEN REGALADC	419.00	2,092.00	(2,120.00)	391.00
23104	KINDERGARTEN SAENZ	720.00	2,711.00	(2,939.00)	492.00
23105	KINDERGARTEN A COBOS	535.00	-	(535.00)	-
23110	FIRST GRADE WOOD	510.00	2,524.00	(2,653.00)	381.00
23111	FIRST GRADE DURAN	-	3,355.00	(2,638.00)	717.00
23112	FIRST GRADE NORTHRUP	168.00	1,778.00	(1,600.00)	346.00
23113	FIRST GRADE PRUDENCIO	526.00	-	(526.00)	-
23120	SECOND GRADE SOSA	636.00	-	(636.00)	-
23121	SECOND GRADE CASTRO	154.00	2,783.00	(2,870.00)	67.00
23122	SECOND GRADE SALAYANI	609.00	2,778.00	(2,948.00)	439.00
23123	SECOND GRADE GRANADO	269.00	-	(269.00)	-
23131	THIRD GRADE CAMPOS	371.00	3,625.00	(3,372.00)	624.00
23132	THIRD GRADE GOMEZ	39.00	2,808.00	(2,395.00)	452.00
23133	THIRD GRADE DEYOUNG	834.00	2,784.00	(2,732.00)	886.00
23134	THIRD GRADE QUIROZ	964.00	2,629.00	(2,998.00)	595.00
23140	FOURTH GRADE BLANCO	1,773.00	2,892.00	(4,142.00)	523.00
23141	FOURTH GRADE H. AMARO	-	3,227.00	(2,341.00)	886.00
23142	FOURTH GRADE PENA	245.00	3,751.00	(3,792.00)	204.00
23143	FOURTH GRADE CHAVEZ	1,080.00	2,248.00	(2,952.00)	376.00
23150	PRESCHOOL CONTRERAS	1.00	2,824.00	(2,540.00)	285.00
23151	FIFTH GRADE SHIPMAN	1,347.00	840.00	(2,170.00)	17.00
23152	FIFTH GRADE MONTOYA	1,566.00	2,380.00	(3,802.00)	144.00
23153	FIFTH GRADE - FREELAND	-	2,279.00	(2,260.00)	19.00
23154	FIFTH GRADE REYES	501.00	-	(456.00)	45.00
23160	ELEM OFFICE	3,371.00	10,230.00	(8,753.00)	4,848.00

STATE OF NEW MEXICO  
DEXTER CONSOLIDATED SCHOOLS  
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2018

		<u>Beginning</u>	<u>Deposited</u>	<u>Used</u>	<u>Ending</u>
23161	ELEM MISC	157.00	623.00	(650.00)	130.00
23162	ELEM LIBRARY	4,103.00	9,729.00	(10,675.00)	3,157.00
23163	SPED JACQUEZ	256.00	128.00	(170.00)	214.00
23164	SPED ELLIS	335.00	148.00	-	483.00
23165	PE LUIKENS	2,080.00	1,002.00	(223.00)	2,859.00
23167	READING VELASCO	103.00	103.00	(206.00)	-
23168	FINE ARTS	236.00	-	(206.00)	30.00
23169	MAY CELEBRATION	2,288.00	-	(103.00)	2,185.00
23170	LEAD TEACHER/INTERVENTI	349.00	-	(349.00)	-
23171	PTO	161.00	-	(161.00)	-
23172	ELEM CAFETERIA	957.00	724.00	(489.00)	1,192.00
23201	MS OFFICE	1,298.00	2,421.00	(1,777.00)	1,942.00
23202	MS MISC	3,155.00	-	(1,201.00)	1,954.00
23203	MS LIBRARY	364.00	1,341.00	(1,222.00)	483.00
23206	DISCOVERY CLASSES	3,799.00	5,194.00	(5,643.00)	3,350.00
23207	DRAMA/GIFTED	5,606.00	104.00	(647.00)	5,063.00
23212	MS SPANISH	1,618.00	-	(79.00)	1,539.00
23301	HS OFFICE	2,373.00	1,661.00	(176.00)	3,858.00
23302	HS LIBRARY	685.00	96.00	-	781.00
23003	HS STUDENT COUNCIL	-	1,310.00	(1,310.00)	-
23304	CRIMINAL JUSTICE SOCIETY	-	2,076.00	-	2,076.00
23305	NATIONAL HONOR SOCIETY	930.00	7,659.00	(7,861.00)	728.00
23306	AUTO (VICA)	221.00	300.00	(200.00)	321.00
23307	YEARBOOK	-	1,520.00	(609.00)	911.00
23309	BPA	1,666.00	-	(1,666.00)	-
23310	ART FUND	990.00	-	(987.00)	3.00
23311	CLASS OF 2021 (FRESHMAN	-	4,555.00	(261.00)	4,294.00
23312	CLASS OF 2016	78.00	7,403.00	(2,924.00)	4,557.00
23313	CLASS OF 2017 (SENIORS)	2,127.00	-	-	2,127.00
23314	CLASS OF 2018 (JUNIORS)	2,221.00	84.00	(1,608.00)	697.00
23316	FFA	6,992.00	44,355.00	(38,263.00)	13,084.00
23319	PROJECT CELEBRATION	1,705.00	9,775.00	(9,886.00)	1,594.00
23320	TNT-TEENS NEEDING TEENS	15,852.00	10,509.00	(18,443.00)	7,918.00
23322	HS BUSINESS CLASS	660.00	-	(660.00)	-
23323	SCIENCE FUND	327.00	-	(287.00)	40.00
23324	CLASS OF 2019 (SOPHOMOR	6,452.00	15,808.00	(13,380.00)	8,880.00
23326	INTEGRATED FINE ARTS	637.00	-	-	637.00
23329	BAND	4,721.00	4,465.00	(3,628.00)	5,558.00
23331	LETTER JACKETS	360.00	-	-	360.00
23333	CHEER	14,779.00	23,211.00	(34,889.00)	3,101.00
23401	ATHLETIC PLAYOFFS	5,053.00	4,657.00	(6,990.00)	2,720.00
23402	FOOTBALL	2,632.00	4,876.00	(4,850.00)	2,658.00
23403	VOLLEYBALL	1,010.00	5,433.00	(4,887.00)	1,556.00



STATE OF NEW MEXICO  
DEXTER CONSOLIDATED SCHOOLS  
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2018

		<u>Beginning</u>	<u>Deposited</u>	<u>Used</u>	<u>Ending</u>
23404	BOYS BASKETBALL	1,171.00	5,531.00	(4,626.00)	2,076.00
23405	GIRLS BASKETBALL	1,015.00	600.00	(1,022.00)	593.00
23406	BASEBALL	8,690.00	12,996.00	(13,741.00)	7,945.00
23407	SOFTBALL	15,134.00	19,877.00	(23,496.00)	11,515.00
23408	TRACK	3,018.00	15,342.00	(12,541.00)	5,819.00
23409	GOLF	291.00	1,557.00	(1,532.00)	316.00
23410	GOLF	200.00	-	(400.00)	(200.00)
23411	TOURNAMENT FUND	4,755.00	8,216.00	(6,372.00)	6,599.00
23413	DISTRICT ATHLETICS	1,881.00	4,773.00	(3,417.00)	3,237.00
Total activity funds		<u>\$ 591,588</u>	<u>\$ 1,591,638</u>	<u>\$ (1,618,631)</u>	<u>\$ 564,595</u>
<b>Liabilities</b>					
Deposits held for others		<u>\$ 591,588</u>	<u>\$ 1,591,638</u>	<u>\$ (1,618,631)</u>	<u>\$ 564,595</u>
Total liabilities		<u>\$ 591,588</u>	<u>\$ 1,591,638</u>	<u>\$ (1,618,631)</u>	<u>\$ 564,595</u>

STATE OF NEW MEXICO  
DEXTER CONSOLIDATED SCHOOLS  
SCHEDULE OF PLEDGED COLLATERAL  
JUNE 30, 2018

**Wells Fargo Bank**

Description of Pledge Collateral	<b>Market Value</b>	<b>Maturity Date</b>	<b>CSIP#</b>
<b>Tiered Maturities</b>			
FNMA FNMS 3.000%	1,656,655	06/01/2046	3138WHER9
FNMA FNMS 3.000%	<u>6,868</u>	03/01/2043'	3138WMXJ5
Total	<u>\$ 1,663,523</u>		

Dexter Consolidated Schools secures their public monies in United States Securities as listed above. The District in compliance as disclosed in Note 3.

STATE OF NEW MEXICO  
DEXTER CONSOLIDATED SCHOOLS  
SCHEDULE OF DEPOSITS AND INVESTMENT ACCOUNTS  
JUNE 30, 2018

	Account Type	Amount Per Bank	Net Reconciling Items	Balance Per Books
<b>Wells Fargo</b>				
General operational	Checking	\$ 2,425,651	\$ (135,583)	\$ 2,290,068
Athletic fund	Checking	109,754	-	109,754
Activity account	Checking	<u>583,396</u>	<u>(17,985)</u>	<u>565,411</u>
Total		3,118,801	(153,568)	2,965,233
<b>New Mexico Finance Authority</b>				
Restricted cash	Restricted	<u>1,663,734</u>	<u>-</u>	<u>1,663,734</u>
Total NMFA		<u>1,663,734</u>	<u>-</u>	<u>1,663,734</u>
Total deposits		<u>\$ 4,782,535</u>	<u>\$ (153,568)</u>	<u>\$ 4,628,967</u>

STATE OF NEW MEXICO  
DEXTER CONSOLIDATED SCHOOLS  
CASH RECONCILIATION  
JUNE 30, 2018

	<b>Operational 11000</b>	<b>Transportation 13000</b>	<b>Instructional Materials 14000</b>	<b>Food Service 21000</b>	<b>Athletics Account 22000</b>	<b>Federal Flowthrough 24000</b>	<b>Federal Direct 25000</b>	<b>State Flowthrough 27000</b>	
Cash, June 30, 2017	\$ 649,692	\$ -	\$ 74,138	\$ (21,355)	\$ 85,005	\$ (161,961)	\$ 10,251	(55,847)	
Cash receipts, 2017-2018	8,471,829	541,175	29,909	763,691	24,821	588,695	-	277,754	
Cash disbursements, 2017-2018	<u>(8,447,923)</u>	<u>(541,175)</u>	<u>(25,228)</u>	<u>(732,216)</u>	<u>(72)</u>	<u>(426,734)</u>	<u>6,023</u>	<u>(221,907)</u>	
Cash balance, June 30, 2018	<u>\$ 673,598</u>	<u>\$ -</u>	<u>\$ 78,819</u>	<u>\$ 10,120</u>	<u>\$ 109,754</u>	<u>\$ -</u>	<u>\$ 16,274</u>	<u>\$ -</u>	
	<b>Local Grants 29000</b>	<b>Bond Building 31100</b>	<b>Senate Bill Nine - State 31700</b>	<b>Senate Bill Nine - State 31700</b>	<b>Ed. Tech. Debt Capital Projects 31900</b>	<b>Debt Service 41000</b>	<b>Deferred Sick Leave 42000</b>	<b>Ed. Tech. Debt Service 43000</b>	<b>Total</b>
Cash, June 30, 2017	\$ 14,805	\$ 1,780,678	\$ (85,309)	\$ 24,893	\$ 1,654	\$ 662,937	\$ 50,549	\$ 213,151	3,243,281
Cash receipts, 2017-2018	4,935	288,599	131,364	159,353	98,643	708,520	-	101,131	12,190,419
Cash disbursements, 2017-2018	<u>-</u>	<u>(367,196)</u>	<u>(46,055)</u>	<u>(91,585)</u>	<u>237,492</u>	<u>(509,276)</u>	<u>(17,292)</u>	<u>(175,630)</u>	<u>(11,358,774)</u>
Cash balance, June 30, 2018	<u>\$ 19,740</u>	<u>\$ 1,702,081</u>	<u>\$ -</u>	<u>\$ 92,661</u>	<u>\$ 337,789</u>	<u>\$ 862,181</u>	<u>\$ 33,257</u>	<u>\$ 138,652</u>	<u>4,074,926</u>

## COMPLIANCE SECTION



# Beasley, Mitchell & Co.

Certified Public Accountants

Donald A. Beasley, CPA, Partner  
Christine Wright, CPA, Partner  
Beth Fant, EA, Partner  
Brad Beasley, CPA, Partner  
Tony Morán, CPA, Partner  
Christopher Salcido, CPA, Partner  
J. David Beasley, J.D., Partner

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

Mr. Wayne Johnson  
State Auditor of the State of New Mexico  
Board of Directors of Dexter Consolidated Schools

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, the aggregate remaining fund information, the budgetary comparisons of the general fund and major special revenue funds of Dexter Consolidated Schools (the District), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and the combined and individual funds and related budgetary comparisons presented as supplementary information, and have issued our report thereon dated November 15, 2018.

### Internal Control Over Financial Reporting

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be significant deficiencies. (2010-003, 2017-001, 2018-001, 2018-002, 2018-003, 2018-004, 2018-005, 2018-006)

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Management Responses to Findings**

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

### **Purpose of this Report**

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



Beasley, Mitchell & Co., LLP  
Las Cruces, New Mexico  
November 15, 2018



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

Mr. Wayne Johnson  
State Auditor of the State of New Mexico  
Board of Directors of Dexter Consolidated Schools

**Report on Compliance for Each Major Federal Program**

We have audited Dexter Consolidated Schools's compliance with the types of compliance requirements described in the Uniform Grant Guidance that could have a direct and material effect on each of Dexter Consolidated Schools's major federal programs for the year ended June 30, 2018. Dexter Consolidated Schools'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.

**Auditors' Responsibility**

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

### **Opinion on Each Major Federal Program**

In our opinion, Dexter Consolidated Schools 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, 2018.

### **Other Matters**

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

### **Report on Internal Control over Compliance**

Management of Dexter Consolidated Schools is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Dexter Consolidated Schools' 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 Dexter Consolidated Schools' 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.

*Beasley Mitchell & Co LLP*  
Beasley, Mitchell & Co., LLP  
Las Cruces, New Mexico  
November 15, 2018

STATE OF NEW MEXICO  
DEXTER CONSOLIDATED SCHOOLS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2018

<b>Federal Grantor Program Title</b>	<b>Federal CFDA Number</b>	<b>State ID Number</b>	<b>Federal Program Expenses</b>
<b><u>U.S. Department of Agriculture</u></b>			
Pass-through State Public Education Department			
School Breakfast Program	10.553	21000	\$ 264,068
National School Lunch Program	10.555	21000	370,850
Pass-through State Public Human Services			
Commodity Supplemental Food Program	10.565	21000 (1)	43,025
Direct Program			
Rural Development, Forestry, and Communities	10.672	11000	<u>1,613</u>
Total U.S. Department of Agriculture			679,556
<b><u>U.S. Department of Education</u></b>			
Pass-through State Public Education			
Special Education Cluster			
Entitlement IDEA-B	84.027A	24106	273,927
New Mexico Autism Project	84.027A	24108	8,008
New Mexico Results Plan (Title I Schools)	84.027A	24132	34,858
Preschool IDEA-B	84.173	24109	<u>10,252</u>
Total Special Education Cluster			327,045
Title I	84.010	24101	131,251
Migrant	84.011	24103	41,521
Education of Homeless	84.196A	24113	8,769
English Language Acquisition	84.365A	24153	18,920
Teacher/Principal Training & Recruiting	84.367A	24154	32,183
Rural & Low Income Schools	84.358B	24160	29,006
Title XIX Medicaid 3/21Years		25153	<u>80,323</u>
Total Department of Education			<u>669,018</u>
Total Federal Financial Assistance			<u>\$ 1,348,574</u>

\* Indicates a major program

(1) Non- cash assistance

STATE OF NEW MEXICO  
DEXTER CONSOLIDATED SCHOOLS  
NOTES TO THE EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2018

**1 BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Dexter Consolidated Schools for the year ended June 30, 2018 and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the schedule only presents a selected portion of the operations of the Clinic, it is not intended to and does not present the financial position or changes in net position of the Dexter Consolidated Schools.

**2 NON-CASH ASSISTANCE**

The District did not receive non-cash federal assistance for the year ended June 30, June 30, 2018.

**3 SUB RECIPIENTS**

The District provided no federal awards to sub recipients for the year ended June 30, June 30, 2018.

**4 COST RATE**

The Clinic did not use the 10% de minimis cost rate for the current year.

STATE OF NEW MEXICO  
DEXTER CONSOLIDATED SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2018

**Section 1 - Summary of Auditors' Results**

**Financial Statements**

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- Material weakness (es) identified? No
- Significant deficiencies identified that are not considered to be material weaknesses? Yes

Noncompliance material to financial statements noted? No

**Federal Awards**

Type of auditors' report issued: Unmodified

Internal control over major programs

- Material weakness (es) identified? No
- Significant deficiencies identified that are not considered to be material weaknesses? No

Type of auditors' report issued on compliance with major programs: Unmodified

- Any audit findings disclosed that are required to be reported in accordance with the Uniform Grant Guidance? No

Identification of Major Programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
84.027 & 84.173	Special Education Cluster

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

Auditee qualified as low-risk auditee Yes

STATE OF NEW MEXICO  
DEXTER CONSOLIDATED SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2018

**Federal Awards:**

None

**Financial Statements:**

<b>PRIOR AUDIT FINDINGS</b>		<b>Current status</b>
2010-003	PED Cash Reports - Significant Deficiency	Revised and Repeated
2014-001	Cash Appropriations in Excess of Available Cash Balances - Significant Deficiency	Resolved
2015-002	ERB and RHCA - Significant Deficiency	Resolved
2015-003	I - 9's - Compliance and Internal Control - Significant	Resolved
2015-006	Activity Reports - Significant Deficiency	Resolved
2016-001	State Unemployment - Significant Deficiency	Resolved
2017-001	Budget Violations - Significant Deficiency	Revised and Repeated
<b>CURRENT AUDIT FINDINGS</b>		<b>Current status</b>
2018-001	Lack of Proper Approval and Segregation of Duties	New
2018-002	Invalid Use of Approval Signatures	New
2018-003	Bank Reconciliation - Internal Control	New
2018-004	No Written Approval of Adjusting Entries	New
2018-005	Quote Unavailable for the Drilling of the Well	New
2018-006	Cash not Reported Accurately in Fiscal Year 2017 Audited Financial statements	New

STATE OF NEW MEXICO  
DEXTER CONSOLIDATED SCHOOLS  
FINANCIAL STATEMENT PREPARATION  
FOR THE YEAR ENDED JUNE 30, 2018

**PED Cash Reports (Significant Deficiency) - 2010-003**

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<b>CONDITION</b>	The PED Cash report submitted by the district at the year end did not properly reflect the June 30, 2018 audited cash balances. The audited cash balance was \$48,656 less than what was reported to PED. The school had not made any progress from the prior year.
<b>CRITERIA</b>	6.20.2.11 (B) (6) NMAC requires that the reports sent to NM PED must agree to the district's general ledger.
<b>CAUSE</b>	The cash balances have been inaccurately reported in the PED cash reports since prior years which has not been corrected.
<b>EFFECT</b>	The district is not in compliance with NMAC 6.20.2.11 (b) (6).
<b>RECOMMENDATION</b>	We recommend that that the cash balances submitted in the PED cash report match with the bank reconciliations and general ledger.
<b>RESPONSE</b>	The district has continued to have issue with the amount recorded for payroll liabilities. The district has documentation regarding payroll liabilities for the FY18 year and will make adjustment.

**EXPECTED COMPLETION: 06/30/2019**

**Responsible Employee: Business Manager**

STATE OF NEW MEXICO  
DEXTER CONSOLIDATED SCHOOLS  
FINANCIAL STATEMENT PREPARATION  
FOR THE YEAR ENDED JUNE 30, 2018

**Expenditures in Excess of Budget (Significant Deficiency) - 2017-001**

**CONDITION** Management reviewed the final budget reports to identify funds with expenditures in excess of budget. However, budget adjustment requests were not made timely for two of the funds in fiscal year 2018. The district did not make any progress on this finding. The following funds remitted payments for goods and services in excess of the adopted budget as follows:

Fund	Reason	Budget Expenses	Actual Expenses	Difference
Debt Service Fund	General Administration	5,000	6,743	1,743
NM Autism Project	Instructional Support	<u>466</u>	<u>3,392</u>	<u>2,926</u>
Totals		<u>\$ 5,466</u>	<u>\$ 10,135</u>	<u>\$ 4,669</u>

**CRITERIA** As per PSAB Supplement - budget, planning, preparation and maintenance, "Budget amendments or adjustments are mandated by the Public Education Department for budgeted funds where the reallocation may be necessary to address unanticipated needs or new programs, etc."

**CAUSE** The school did not have enough time to make a resolution for budget adjustment at the end of the year.

**EFFECT** The district is in non compliance with the state, since all funds must be budgeted for. Non-compliance with New Mexico state statutes could subject officials and employees to penalties and fines required by state statutes.

**RECOMMENDATION** Both the Superintendent and the Business Manager devote sufficient time to review the final budget reports to identify any funds with expenditures in excess of budget. A budget resolution should be prepared for excess expenditures.

**RESPONSE** Fund 31100 was over expended in the 2300 function where the Chaves County administrative fees are recorded, and fund 24108 was over expended in the 2000 Support Services function. A BAR was not submitted by PED's deadline. The district will review function balances in April in order to meet PED BAR deadlines.

**EXPECTED COMPLETION: 06/30/2019**

**Responsible Employee: Business Manager**



STATE OF NEW MEXICO  
DEXTER CONSOLIDATED SCHOOLS  
FINANCIAL STATEMENT PREPARATION  
FOR THE YEAR ENDED JUNE 30, 2018

**Lack of Proper Approval and Segregation of Duties (Significant Deficiency) - 2018-001**

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<b>CONDITION</b>	The district does not have proper segregation of duties. Currently, the Accounts Payable (AP) Personnel gets invoices from the mail box, enters invoices into the accounting software. The AP Personnel also has access to electronic signatures and paper checks and mails out the checks. Additionally, invoices and signed checks do not get reviewed before it is mailed out. Only purchase orders get reviewed by the district manager. The board reviews a list of all the checks issued but this review is after the checks have been mailed out. Likewise, Payroll Bookkeeper has access to checks and electronic signatures. The payroll reports do not get reviewed by anyone before the payroll is processed. Payroll registers are not reviewed after processing, not reconciled to control totals and are not approved by an appropriate level of management.
<b>CRITERIA</b>	According to Section 6.20.2.11 of NMAC - "Each school district shall develop, establish and maintain a structure of internal accounting controls and written procedures to provide for segregation of duties, a system of authorization and recording procedures, and sound accounting practices in performance of duties and functions. The duties to be segregated are the authorization to execute a transaction, recording the transaction, and custody of assets involved in the transaction."
<b>CAUSE</b>	The District was unaware of the risk resulting from the lack of segregation of duties.
<b>EFFECT</b>	Lack of segregation of duties and proper approval may result in improper accounting, and increases the risk of error or theft.
<b>RECOMMENDATION</b>	The District should implement internal controls and segregation of duties to mitigate risk.
<b>RESPONSE</b>	To mitigate risk, several changes will take place. A/P will not have software permission to enter or modify vendors. A different individual will review PO, invoice and documentation prior to checks being cut. In payroll, a different individual will review the payroll register, new employees and deductions prior to checks being cut.

**EXPECTED COMPLETION: 06/30/2019**

**Responsible Employee: Business Manager**

STATE OF NEW MEXICO  
DEXTER CONSOLIDATED SCHOOLS  
FINANCIAL STATEMENT PREPARATION  
FOR THE YEAR ENDED JUNE 30, 2018

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**Invalid Use of Approval Signatures (Significant Deficiency) - 2018-002**

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<b>CONDITION</b>	Superintendent of the school district is the designated Chief Procurement Officer. Electronic signatures of the Superintendent is used by the Business Manager for the approval of the purchase orders instead of the Superintendent.
<b>CRITERIA</b>	According to Section 6.20.2.11 of NMAC - "Each school district shall develop, establish and maintain a structure of internal accounting controls and written procedures to provide for segregation of duties, a system of authorization and recording procedures, and sound accounting practices in performance of duties and functions. The duties to be segregated are the authorization to execute a transaction, recording the transaction, and custody of assets involved in the transaction."
<b>CAUSE</b>	The district does not have enough staff to perform duties.
<b>EFFECT</b>	Lack of segregation of duties and proper approval may result in improper accounting, and increases the risk of error or theft.
<b>RECOMMENDATION</b>	The District should implement internal controls and segregation of duties to mitigate risk.
<b>RESPONSE</b>	We understand that the CPO, whose signature is on purchase orders, should review purchase orders. Our options are for the superintendent, the current CPO, to review all purchase orders, or for the Business Manager to become certified as CPO. One of these changes will be made.

**EXPECTED COMPLETION: 06/30/2019**

**Responsible Employee: Business Manager**

STATE OF NEW MEXICO  
DEXTER CONSOLIDATED SCHOOLS  
FINANCIAL STATEMENT PREPARATION  
FOR THE YEAR ENDED JUNE 30, 2018

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**Bank Reconciliation - Internal Control (Significant Deficiency) - 2018-003**

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<b>CONDITION</b>	The Business Manager prepares the bank reconciliations, and they are not reviewed. The Business Manager has access to paper checks and electronic signatures.
<b>CRITERIA</b>	Criteria: Per Section 6-6-3 NMSA 1978, every local public body shall: 1) Keep all the books, records, and accounts in their respective offices in the form prescribed by the local government division; 2) Make all reports as may be required by the local government division; and 3) Conform to the rules and regulations adopted by the local government division. Within Title 2, Chapter 20, Part 5, Public Finance Accounting by Governmental Entities of the New Mexico Administrative Code, The Department of Finance and Administration requires all accounting systems, including subsidiary systems, record transactions timely, completely, and accurately.
<b>CAUSE</b>	The District was unaware of this requirement.
<b>EFFECT</b>	This leads to inappropriate approvals causing possible error or theft.
<b>RECOMMENDATION</b>	The District should ensure that the bank reconciliations are reviewed on a monthly basis.
<b>RESPONSE</b>	Bank reconciliations will be reviewed either by the superintendent or bookkeeper as they are completed by the business manager. Software permissions will be administered by non-business office staff to ensure that the individual performing the reconciliation does not have permission to apply electronic signature to checks.

**EXPECTED COMPLETION: 06/30/2019**

**Responsible Employee: Business Manager**

STATE OF NEW MEXICO  
DEXTER CONSOLIDATED SCHOOLS  
FINANCIAL STATEMENT PREPARATION  
FOR THE YEAR ENDED JUNE 30, 2018

**No Written Approval of Adjusting Entries (Significant Deficiency) - 2018-004**

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<b>CONDITION</b>	All the ten judgmentally selected manual journal entries did not have a written approval.
<b>CRITERIA</b>	Good accounting practice requires that manual adjusting entries be authorized and reviewed by someone other than the person initiating the adjusting entry.
<b>CAUSE</b>	The District was unaware of this requirement.
<b>EFFECT</b>	There may be unauthorized adjustments made, leaving room for error and management override.
<b>RECOMMENDATION</b>	The District should implement a review process for all transactions to mitigate risk of error, or manipulation.
<b>RESPONSE</b>	Journal entries will be approved by another member of the business office. Those pertaining to payroll will be reviewed by the payroll bookkeeper, and those pertaining to other expenditures will be reviewed by the accounts payable bookkeeper. The superintendent may also be asked to review journal entries and documentation.

**EXPECTED COMPLETION: 06/30/2019**

**Responsible Employee: Business Manager**

STATE OF NEW MEXICO  
DEXTER CONSOLIDATED SCHOOLS  
FINANCIAL STATEMENT PREPARATION  
FOR THE YEAR ENDED JUNE 30, 2018

**Quote Unavailable for the Drilling of the Well (Significant Deficiency) - 2018-005**

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<b>CONDITION</b>	The District contracted a vendor to drill an Elementary school well for a total cost of \$21,288.03. However, the three required quotes could not be located.
<b>CRITERIA</b>	As per the Regulations Governing the Procurement Code Regulations (1.4.1.51) "Quotation to be obtained - Insofar as it is practical for small purchases of nonprofessional services, construction or items of tangible personal property having a value exceeding twenty thousand dollars (\$20,000) but not exceeding sixty thousand dollars (\$60,000), and in accordance with any procedures or processes set forth by the state purchasing agent, no fewer than three businesses shall be solicited via written requests containing the specifications for the procurement to submit written quotations that are recorded and placed in the procurement file."
<b>CAUSE</b>	The district was unaware of this requirement
<b>EFFECT</b>	Because the district is not compliant with the the Regulations Governing the Procurement Code Regulations (1.4.1.51), fraud, waste and abuse could possibly take place.
<b>RECOMMENDATION</b>	The district should begin complying with the Procurement Code Regulations.
<b>RESPONSE</b>	The district was of the understanding that procurement for services up to \$60,000 was considered a small purchase after reading NMAC 1.4.1.52. However, NMAC 1.4.1.51 applied in this situation and quotes should have been obtained. Quotes will be obtained for purchases of tangible property, construction and non-professional services that exceed \$20,000.

**EXPECTED COMPLETION: 06/30/2019**

**Responsible Employee: Business Manager**

STATE OF NEW MEXICO  
DEXTER CONSOLIDATED SCHOOLS  
FINANCIAL STATEMENT PREPARATION  
FOR THE YEAR ENDED JUNE 30, 2018

**Cash not reported accurately in Fiscal Year 2017 Audited Financial statements -  
Significant Deficiency - 2018-006**

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<b>CONDITION</b>	In Fiscal year 2017, general ledger cash balance of Fund 23008 – NMPSIA had a cash balance of \$179,080. This was also included in districts bank reconciliations for June 2017. However, this cash balance could not be located in Fiscal year 2017 audited financial statements.
<b>CRITERIA</b>	As per NMAC 6.20.2.13 Financial Standards - "Financial statements are the responsibility of the school district. The school district shall maintain adequate accounting records, prepare financial statements in accordance with GAAP (specifically, GASB 34), and provide complete, accurate, and timely information to the independent public accountant (IPA) as requested. If there are differences between the financial statements, school district records and department records, the IPA should provide the adjusting entries to the school district to reconcile the report to the school district records. All efforts should be made by the school district to assist the IPA with financial statement preparation."
<b>CAUSE</b>	This was caused due to oversight. The district did not catch this issue until after the audit was submitted.
<b>EFFECT</b>	The cash balance was not accurately reported in Fiscal Year 2017 audited financial statements.
<b>RECOMMENDATION</b>	The district should ensure all the cash balances are accurately reflected in the audited financial statements.
<b>RESPONSE</b>	Until receiving the completed 2017 audit report, the district was not aware that fund 23008 was not included on the financial statement. At that time, it was too late for the auditor to make the revision. This year a draft report was provided to the district before submittal, and accounts were reviewed.

**EXPECTED COMPLETION: 06/30/2019**

**Responsible Employee: Business Manager**

STATE OF NEW MEXICO  
DEXTER CONSOLIDATED SCHOOLS  
FINANCIAL STATEMENT PREPARATION  
FOR THE YEAR ENDED JUNE 30, 2018

The financial statements of Dexter Consolidated Schools as of, and for the year ended June 30, 2018 were prepared by Beasley, Mitchell & Co., LLP, with the aid of responsible District personnel. Official responsible personnel agree that the presentations are made with their knowledge and agreement.

STATE OF NEW MEXICO  
DEXTER CONSOLIDATED SCHOOLS  
EXIT CONFERENCE  
FOR THE YEAR ENDED JUNE 30, 2018

An entrance conference was conducted October 8, 2018 in a closed meeting of the Dexter Consolidated Schools pursuant to Section 12-6-5 NMSA, 1978 with the following individuals in attendance:

Dexter Consolidated Schools

Mike Gomez	Board Member
Lesa Dodd	Superintendent
Jeannie Harris	Business Manager

Beasley, Mitchell & Co., LLP

Avi Chettry	Senior Auditor
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An exit conference was conducted November 14, 2018 in a closed meeting of the Dexter Consolidated Schools pursuant to Section 12-6-5 NMSA, 1978 with the following individuals in attendance:

Dexter Consolidated Schools

Mike Gomez	Board Member
Lesa Dodd	Superintendent
Jeannie Harris	Business Manager
Monica Carlos	Accounts Payable Clerk
Nancy Gonzalez	Payroll Clerk

Beasley, Mitchell & Co., LLP

Avi Chettry	Senior Auditor
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