

**STATE OF NEW MEXICO**  
**ESPANOLA PUBLIC SCHOOL DISTRICT**  
**ANNUAL FINANCIAL REPORT**  
**JUNE 30, 2017**

**Harshwal & Company LLP**  
**Certified Public Accountants**  
**6739 Academy Road NE, Suite 130**  
**Albuquerque NM 87109**  
**(505) 814-1201**

## **INTRODUCTORY SECTION**

**STATE OF NEW MEXICO  
 ESPANOLA PUBLIC SCHOOL DISTRICT  
 TABLE OF CONTENTS**

<b>INTRODUCTORY SECTION</b>	<b><u>Page</u></b>
Table of Contents.....	I
Official Roster.....	1
 <b>FINANCIAL SECTION</b>	
Independent Auditor’s Report.....	3
Management's Discussion and Analysis.....	6
Basic Financial Statements	
Government - wide Financial Statements:	
Statement of Net Position.....	17
Statement of Activities.....	19
Governmental Fund Financial Statements:	
Balance Sheet - Governmental Funds.....	21
Reconciliation of the Balance Sheet Governmental Funds to the Statement of Net Position.....	24
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.....	25
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	28
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget (Non- GAAP Budgetary Basis) and Actual –	
Operational Fund - 11000.....	30
Pupil Transportation Fund - 13000.....	32
Total Instructional Materials Subfund - 14000.....	33
Title I IASA - 24101.....	34
Statement of Fiduciary Assets and Liabilities – Agency Funds.....	35
Notes to the Financial Statements.....	36
 <b>SUPPLEMENTARY INFORMATION</b>	
Nonmajor Governmental Funds	
Combining Balance Sheet – Nonmajor Governmental Funds.....	73
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds.....	74

**STATE OF NEW MEXICO  
ESPANOLA PUBLIC SCHOOL DISTRICT  
TABLE OF CONTENTS**

<b>SUPPLEMENTARY INFORMATION - (Cont'd)</b>	<b><u>Page</u></b>
Special Revenue Funds	
Nonmajor Governmental Funds description.....	76
Combining Balance Sheet – Nonmajor Special Revenue Funds.....	83
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Special Revenue Funds.....	106
Capital Project Funds	
Nonmajor Governmental Funds description.....	130
Combining Balance Sheet – Nonmajor Capital Project Funds.....	131
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Capital Project Funds.....	135
Debt Service Funds	
Nonmajor Governmental Funds description.....	139
Combining Balance Sheet – Nonmajor Debt Service Funds.....	140
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Debt Service Funds.....	141
 <b>SUPPORTING SCHEDULES</b>	
Schedule of Changes in Assets and Liabilities - Agency Funds.....	143
Schedule of Collateral Pledged by Depository.....	144
Schedule of Cash and Temporary Investment Accounts.....	145
Cash Reconciliation.....	146
Schedule of the Espanola Public School District's proportionate share of the Net Pension Liability.....	152
Schedule of the Espanola Public School District's Contributions.....	153
Notes to Required Supplementary Information.....	154

**STATE OF NEW MEXICO  
ESPANOLA PUBLIC SCHOOL DISTRICT  
TABLE OF CONTENTS**

<b>SUPPLEMENTARY INFORMATION - (Cont'd)</b>	<b><u>Page</u></b>
<b>COMPLIANCE SECTION</b>	
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	156
<b>FEDERAL FINANCIAL ASSISTANCE</b>	
Report on Compliance for Each Major Program and on Internal Control over Compliance Required by Uniform Guidance Independent Auditor's Report.....	159
Schedule of Expenditures of Federal Awards.....	162
<b>SCHEDULE OF FINDINGS AND QUESTIONED COSTS</b> .....	164
<b>OTHER DISCLOSURES</b> .....	182
<b>OTHER INFORMATION</b> .....	183

**STATE OF NEW MEXICO**  
**ESPANOLA PUBLIC SCHOOL DISTRICT**  
OFFICIAL ROSTER  
JUNE 30, 2017

<b>Name</b>	<b>Title</b>
<b>Board of Education</b>	
Ruben Archuleta	President
Yolanda M. Salazar	Vice President
Gilbert A. Serrano	Secretary
Patrick Herrera	Member
Pablo E. Luján	Member
<b>School Officials</b>	
Bobbie Gutierrez	Superintendent
Maria Fidalgo	PED Appointed Licensed Business Official

## **FINANCIAL SECTION**

## INDEPENDENT AUDITOR'S REPORT

Mr. Wayne Johnson,  
New Mexico State Auditor  
The Office of Management and Budget  
The Governing Board  
Espanola Public School District  
Espanola, New Mexico

### **Report on Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the general fund and major special revenue funds of Espanola Public School District (the "District"), as of and for the year ended June 30, 2017, and the related notes to the financial statements which collectively comprise the District's basic financial statements as listed in the table of contents. We did not audit the 2016 Schedule of Employer Allocations and Pension Amounts of the State of New Mexico Educational Retirement Board (ERB), the administrator of the cost sharing pension plan for the District. The schedules and statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the District, is based solely on the report of the other auditors.

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

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

### **Auditor's Responsibility**

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



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

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

### **Opinions**

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

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require the Management's Discussion and Analysis on pages 6 through 14, Schedule of Proportionate Share of the Net Pension Liability, Contributions and Notes to Required Supplementary Information on pages 152 through 154 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Other Information**


Our audit was conducted for the purpose of forming opinions on the District's financial statements, that collectively comprise the District's basic financial statements. The combining and individual fund financial statements, the schedule of expenditures of federal awards 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 required by Section 2.2.2 NMAC are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements, the Schedule of Expenditures of federal awards and Supporting Schedules required by Section 2.2.2 NMAC are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the 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 themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements, the Schedule of Expenditures of Federal Awards and Supporting Schedules 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 February 14, 2018 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

**Harshwal & Company LLP  
Certified Public Accountants**



**Albuquerque, New Mexico  
February 14, 2018**

**STATE OF NEW MEXICO  
ESPANOLA PUBLIC SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(REQUIRED SUPPLEMENTARY INFORMATION)  
FOR THE YEAR ENDED JUNE 30, 2017**

This Management Discussion and Analysis of the fiscal performance of the Espanola Public School District for the period ending June 30, 2017 is an objective and simplified general discussion of the District's financial activities. This information aligns with requirements of the Governmental Accounting Standards Board (GASB) that establishes accounting and reporting standards for governmental entities. With the issuance of GASB's Statement 34, a written narrative discussion and analysis of the financial performance of the District is included.

The discussion and analysis, as well as the Statement of Net Position and Statement of Activities, provide a review of the District's overall financial activities, using the accrual basis of accounting, for the year ending June 30, 2017. Fund financial statements are reported on a modified accrual basis of accounting. Rather than looking at specific areas of performance, this discussion and analysis focuses on the financial performance of the District. Whenever possible, this discussion and analysis will provide the reader multi-year pictures of financial performance and other pertinent information through the use of tables and other resource information. Changes in reporting requirements according to GASB 67 & 68 are discussed briefly in regards to Pension and the related New Mexico Educational Retirement Board. Other additional reporting requirements according to the NM Office of the State Auditor may be discussed briefly.

In addition to the new reporting, this annual report consists of a series of detailed, audited financial statements and the notes to those statements. Also included is the Independent Auditor's Report, The Independent Auditor's report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards, Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with *Uniform Guidance*, and a Schedule of Findings and Questioned Costs.

**About Espanola Public School District**

To completely understand the financial discussion of Espanola Public School District it is important to understand the nature of the city of Espanola and the District. The city of Espanola is located primarily in Rio Arriba County. A portion of the central and eastern part of the city is located in Santa Fe County.

As of the most recent census, there were 40,246 people, 15,768 households, and 10,477 families residing in the county. The population density was 6.9 inhabitants per square mile (2.7/km<sup>2</sup>). There were 19,638 housing units at an average density of 3.4 per square mile (1.3/km<sup>2</sup>). The racial makeup of the county was 51.6% white, 16.0% American Indian, 0.5% black or African American, 0.4% Asian, 28.0% from other races, and 3.3% from two or more races. Those of Hispanic or Latino origin made up 71.3% of the population.

Of the 15,768 households, 33.6% had children under the age of 18 living with them, 42.3% were married couples living together, 16.0% had a female householder with no husband present, 33.6% were non-families, and 28.2% of all households were made up of individuals. The average household size was 2.53 and the average family size was 3.09. The median age was 39.0 years.

**STATE OF NEW MEXICO  
ESPANOLA PUBLIC SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(REQUIRED SUPPLEMENTARY INFORMATION)  
FOR THE YEAR ENDED JUNE 30, 2017**

The median income for a household in the county was \$41,437 and the median income for a family was \$47,840. Males had a median income of \$39,757 versus \$31,657 for females. The per capita income for the county was \$19,913. About 15.7% of families and 19.7% of the population were below the , including 20.6% of those under age 18 and 18.3% of those age 65 or over.

The Espanola Public Schools is made up of 10 elementary schools, one kindergarten center, one middle school, one comprehensive high school and three early childhood programs located within the schools. The school district has approximately 3,687 students and approximately 550 full and part-time employees. The district recognizes it needs systems and structures, and a stronger focus on CORE instruction (to ensure the educational goals of the district and the Common Core Standards are implemented with fidelity) to meet the Public Education Department's state law requirements regarding assessment. The district uses I station short cycle assessments and summative assessments. The district's curriculum is aligned with Common Core Standards and New Mexico State Standards. In general, the district's academic achievement is low with English Language Arts achievement slightly above the state average and Math achievement below the state average. Many of the district's high school students have to re-test on the PARCC exam in order to have the score necessary to meet graduation requirements. The district currently has a graduation rate of 64%, which has increased gradually over the past four years. The school district receives money from the Federal Government and there is a strong focus in the Federal Programs department on math literacy and math achievement for Espanola Public Schools students.

The district is working hard to restore the public's trust in the school district, and has engaged in creating community partnerships to support the district through a Foundation (Espanola Public Schools Educational Foundation), a strong partnership with Northern NM College for Upward Bound, planning of an Early College High School, and dual enrollment classes for high school students.

### **Introduction**

The financial performance of the Espanola Public School District for the fiscal year ended June 30, 2017 will be the subject of this discussion and analysis. The purpose is to look at the financial performance as a whole; however, readers may also utilize the accompanying financial statements and notes for comprehensive information.

### **Financial Highlights**

Key events for the fiscal year 2017 are:

- Total Assets of Governmental Activities was \$77,823,641.
- Total Liabilities of Governmental Activities was \$76,929,104.
- Net Position of Governmental Activities was \$5,513,259.
- During the 2017 fiscal year, the District's total net position decreased by \$6,184,495.
- Total Governmental Fund Expenditures exceeded Revenues by \$2,247,720 resulting in a year-end fund balance of \$10,478,500.

**STATE OF NEW MEXICO  
 ESPANOLA PUBLIC SCHOOL DISTRICT  
 MANAGEMENT'S DISCUSSION AND ANALYSIS  
 (REQUIRED SUPPLEMENTARY INFORMATION)  
 FOR THE YEAR ENDED JUNE 30, 2017**

**Basic Financial Statements**

This annual report introduces the District's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements.

**District Wide Financial Statements**

**Statement of Net Position:**

The Statement of Net Position is prepared using the accrual method of accounting. This is a District-wide statement including all assets and liabilities. This basis of accounting, similar to private sector business, includes all of the current year's revenues and expenses regardless of when actual cash was received or paid. Differences between assets plus deferred outflows and liabilities plus deferred inflows are reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District as a whole is improving or weakening. All categories of the District (deferred outflows, deferred inflows, net position) have been modified according to GASB 68.

	<b>Statement of Net Position</b>					
<b>Assets</b>	<b>06/30/2012</b>	<b>06/30/2013</b>	<b>06/30/2014</b>	<b>06/30/2015</b>	<b>06/30/2016</b>	<b>06/30/2017</b>
Current Assets	\$ 20,641,527	\$ 14,739,719	\$ 18,601,182	\$ 16,295,978	\$ 15,092,596	\$ 11,864,191
Capital Assets	\$ 150,138,244	\$ 161,329,459	\$ 162,011,712	\$ 66,612,166	\$ 149,805,228	\$ 150,724,194
Less Accumulated Depreciation	\$ 103,558,925	\$ (102,961,702)	\$ 104,888,581	\$ 95,915,470	\$ (79,249,643)	\$ (84,764,744)
Other Noncurrent Assets	\$ 92,302	\$ 87,712	\$	\$	\$	\$
<b>Total Assets</b>	<b>\$ 67,313,148</b>	<b>\$ 73,195,188</b>	<b>\$ 75,724,313</b>	<b>\$ 86,992,674</b>	<b>\$ 85,648,181</b>	<b>\$ 77,823,641</b>
Deferred Outflows of Resources				\$ 2,739,207	\$ 4,248,874	\$ 6,921,388
<b>Total Assets and Deferred Outflows of Resources</b>				<b>\$ 89,731,881</b>	<b>\$ 89,897,055</b>	<b>\$ 84,745,029</b>
<b>Liabilities</b>						
Account Payable	\$ 236,953	\$ 4,053,603	\$ 19,858	\$ 128,672	\$ 284,531	\$ 234,827
Accrued Interest	\$ 80,447	\$ 148,364	\$ 95,608	\$ 88,639	\$ 88,639	\$ 94,750
Other Current Liabilities	\$ 7,152,423	\$ 2,612,443	\$ 2,158,933	\$ 2,349,611	\$ 2,932,177	\$ 4,064,089
Net pension Liabilities	\$	\$	\$	\$ 40,966,568	\$ 44,882,921	\$ 49,036,498
Other Long Term Liabilities	\$ 16,885,515	\$ 24,393,891	\$ 30,800,416	\$ 28,792,399	\$ 26,674,090	\$ 23,498,940
Total Liabilities	\$ 24,355,338	\$ 31,208,301	\$ 33,074,815	\$ 72,325,889	\$ 74,862,358	\$ 76,929,104
<b>Deferred Inflows</b>						
<b>Total Deferred Inflows of Resources</b>				<b>\$ 6,033,980</b>	<b>\$ 3,336,943</b>	<b>\$ 2,302,666</b>
<b>Net Position</b>						
Net Investment in Capital Assets	\$ 44,064,578	\$ 31,967,757	\$ 24,588,131	\$ 40,106,696	\$ 42,005,585	\$ 39,509,450
Restricted	\$ 11,950,146	\$ 8,603,977	\$ 16,191,897	\$ 12,610,219	\$ 10,602,372	\$ 9,443,338
Unrestricted	\$ (13,056,914)	\$ 1,415,153	\$ 1,869,470	\$ 41,344,903	\$ (40,910,203)	\$ (43,439,529)
Total Net Position	\$ 42,957,810	\$ 41,986,887	\$ 42,649,498	\$ 11,372,012	\$ 11,697,754	\$ 5,513,259
<b>Total Liabilities, Deferred Inflows, and Net Position</b>				<b>\$ 89,731,881</b>	<b>\$ 89,897,055</b>	<b>\$ 84,745,029</b>

**STATE OF NEW MEXICO  
ESPANOLA PUBLIC SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(REQUIRED SUPPLEMENTARY INFORMATION)  
FOR THE YEAR ENDED JUNE 30, 2017**

As a result of GASB 68, a few new sections have been added to the statement of Net position. A brief description of the new sections and categories is as follows:

- *Deferred Outflows of Resources*: a consumption of net assets by the district that is applicable to a future reporting period. For example, NMERB contributions made during the 2016-17 fiscal year.
- *Net Pension Liability*: an actuarial of the liability required for funding the full pension at fiscal year-end based on fair market value. For example, if the pension funds were required to cover all liabilities for current employees.
- *Deferred Inflows of Resources*: an acquisition of net assets by the government that is applicable to a future reporting period. For example, deferred revenue that may be generated based on the maturity of investments.

A change in the net position for fiscal year 2017 for the district is based mainly on the reporting requirements as defined by GASB 68.

**Statement of Activities**

The Statement of (Governmental) Activities is prepared using the accrual method of accounting. This is a Districtwide statement that reports how the District's net position changed during the fiscal year. This report compliments the Statement of Net Position by showing the overall change in the District's net position for the fiscal year ending June 30, 2017. A change in the reporting requirements for the net pension liability required a significant change to the overall net position in the Statement of Activities.

**STATE OF NEW MEXICO  
ESPANOLA PUBLIC SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(REQUIRED SUPPLEMENTARY INFORMATION)  
FOR THE YEAR ENDED JUNE 30, 2017**

	<b>Statement of Activities</b>					
	06/30/2012	06/30/2013	06/30/2014	06/30/2015	06/30/2016	06/30/2017
Revenues for Governmental Activities						
Charges for Services	\$ 287,724	\$ 310,131	\$ 165,178	\$ 379,107	\$ 160,002	\$ 121,148
Operating Grants and Contributions	\$ 9,814,545	\$ 8,988,942	\$ 9,808,877	\$ 9,959,767	\$ 10,295,744	\$ 9,730,920
General Revenues						
Property taxes	\$ 2,056,291	\$ 2,801,215	\$ 4,117,577	\$ 3,871,706	\$ 3,547,740	\$ 4,162,168
Federal and state aid	\$ 29,193,161	\$28,795,814	\$28,288,916	\$ 36,599,957	\$ 28,975,876	\$28,813,967
Other revenues/losses	\$ 80,263	\$ 483,065	\$ 493,535	\$ 1,696,554	\$ 204,898	\$ 617,095
<b>Total revenues</b>	<b>\$ 41,431,984</b>	<b>\$41,379,167</b>	<b>\$42,874,083</b>	<b>\$ 52,507,091</b>	<b>\$ 43,184,260</b>	<b>\$43,445,298</b>
Expenses						
Instruction	\$ 21,344,201	\$23,370,375	\$ 22,480,605	\$ 21,522,351	\$ 22,824,743	\$20,986,287
Support services	\$ 8,435,601	\$ 7,856,847	\$ 8,190,833	\$ 7,579,534	\$ 8,566,947	\$ 8,884,997
Food service	\$ 2,342,982	\$ 2,201,204	\$ 2,476,118	\$ 2,451,921	\$ 2,190,770	\$ 2,100,193
Central services	\$ 1,131,206	\$ 1,218,707	\$ 1,080,238	\$ 1,120,993	\$ 1,245,770	\$ 1,404,403
Operation & maintenance of plant	\$ 5,466,463	\$ 5,484,483	\$ 5,457,432	\$ 3,529,343	\$ 4,558,813	\$ 8,556,878
Student transportation	\$ 1,545,343	\$ 1,662,361	\$ 1,779,878	\$ 1,927,639	\$ 1,931,614	\$ 2,270,066
Depreciation	\$ 2,211,502	\$	\$	\$	\$	\$
Interest on long term debt	\$ 313,275	\$ 556,113	\$ 691,506	\$ 898,266	\$ 821,982	\$ 761,403
<b>Total expenses</b>	<b>\$ 42,790,573</b>	<b>\$42,350,090</b>	<b>\$42,156,610</b>	<b>\$ 39,030,047</b>	<b>\$ 42,140,639</b>	<b>\$44,964,227</b>
Prior Period Adjustment	\$	\$	\$	\$	\$	\$
Changes in net position	\$ (1,358,589)	\$ (970,923)	\$ 717,473	\$ 13,477,044	\$ 1,043,621	\$ (1,518,929)
Net Position - Restatement	\$ 44,316,399	\$42,957,810	\$41,932,025	\$ (2,105,032)	\$ 10,654,133	\$ 7,032,188
Changes in net position – ending	\$ 42,957,810	\$41,986,887	\$42,649,498	\$ 11,372,012	\$ 11,697,754	\$ 5,513,259

During fiscal year 2017, the District's total net position decreased by \$6,184,495.

**STATE OF NEW MEXICO  
ESPANOLA PUBLIC SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(REQUIRED SUPPLEMENTARY INFORMATION)  
FOR THE YEAR ENDED JUNE 30, 2017**

**Fund Financial Statements**

The District uses funds to ensure and demonstrate compliance with finance-related laws and regulations. The District uses many funds to account for a multitude of various transactions. Within the basic financial statements, fund financial statements focus only on the District's most significant funds rather than the District as a whole. Fund Financial Statements are based on a modified accrual basis of accounting. Major funds are separately reported while all others are combined; individual non-fund data are presented in later sections of this report. The District's major governmental funds, as defined in GASB 34, are the General Fund, Title I - IASA, Bond Building and Debt Services. The Statement of Revenues and Expenditures and Changes in Fund Balances gives the reader a meaningful overall view of the District's revenues, expenditures and changes to the fund balance. Total revenues from State, Local and Federal sources were \$44,868,505. Total expenditures for the District were \$47,116,225. The total ending fund balance was \$10,478,500; a decrease of \$2,097,937 from the previous year.

**Governmental Funds**

Governmental funds encompass most of the District's activities and are reported in fund financial statements. These statements focus on short-term periods on how resources flow into and out of those funds and the resources available at the end of the fiscal period. These funds are reported on the modified accrual accounting method that recognizes cash and any other financial assets that can be readily converted. Governmental fund statements and government-wide reporting focus on two different perspectives, short-term and long-term impact. Thus, the relationship or differences can be understood by reconciling the two different financial statements.

**Governmental Activities**

This statement of activity reports the cost of program services and the charges of services, and the revenues that are received to perform these services. The Statement of Activities (Exhibit A-2) for governmental activities, reports the total cost of services and the net cost of services.

It becomes apparent that dependence upon revenues from the State of New Mexico for governmental activities is significant. The New Mexico legislature and the operation of the Equalization Guarantee Formula for operational funding by the New Mexico Public Education Department have minimized local tax support for public education.

**General Fund Budgeting Highlights**

The State of New Mexico school budget process is defined in the New Mexico Statutes (Section 22) and the New Mexico Administrative Code (Section 6). Specific items are further defined in the New Mexico Manual of Procedures for Public School Accounting and Budgeting. The District follows an internal process of budgeting by recognizing the Educational Plan for Student Success and the priorities defined therein. District management and the Board of Education utilize a continuous improvement model for student success and district improvement. The General Fund is the most significant budgeted fund; other major funds, as defined in GASB 34 are the Title I - IASA, Bond Building and Debt Services.



**STATE OF NEW MEXICO  
ESPANOLA PUBLIC SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(REQUIRED SUPPLEMENTARY INFORMATION)  
FOR THE YEAR ENDED JUNE 30, 2017**

During the course of the fiscal year, the school district amended its General fund budget as needed according to the NM Public Education Departments regulations and the Operating Budget Management System. The school district uses a site-based budget, which is tightly controlled, but provides flexibility for site management. The General Fund revenues represent \$31,040,290 of the total \$44,868,505 in Total Governmental District revenues: which is approximately 69% (Exhibit B-2).

Because the General Fund is the main fund whose expenditures are significantly related to the educational process, \$32,200,353 was expended in the year ending June 30, 2017. The most significant inter-fund expenditure was for the function noted as "Instruction". This expenditure was \$16,746,345 and represents 52% of all general expenditures. Expenditures included in this function are regular and special education teachers and assistants, benefits, payroll taxes, school supplies, training and miscellaneous instructional related contract services. Instructional "Support Services" represents 23% of General Fund expenditures and account for expenditures for school principals, program coordinators, counselors, school nursing staff, librarians, special education ancillary staff and significant support to special education programs through contract ancillary support staff and contract programs. The Office of the Superintendent and the Business Office represent the overhead support of the entire operations of the District; these programs combined represent 4% of the total General Fund. Operation of the Plant accounts for 15% of the General Fund expenditures. Included in the operation of the Plant expenditures are salaries and benefits for maintenance staff, school custodians, fixed utility costs, maintenance and repairs, maintenance supplies and school custodial supplies. Total expenditures for student transportation accounted for 5% of the General Fund expenditures. This includes regular and non-regular staff, fuel, inspections, and maintenance to existing bus fleet.

**Budget**

The State of New Mexico school budget process is defined under state law and regulation. To enhance the process of developing a budget at the school district level, the District utilizes goals and objectives defined by the District's Board, community input meetings, long term plans, and input from various staff groups to develop the District's budget. District priorities are well defined through this process. GASB 34 does not require a statement presenting the overall result of the budget for each year; however, all major budgetary funds are required to be reported as a separate statement.

**STATE OF NEW MEXICO  
 ESPANOLA PUBLIC SCHOOL DISTRICT  
 MANAGEMENT'S DISCUSSION AND ANALYSIS  
 (REQUIRED SUPPLEMENTARY INFORMATION)  
 FOR THE YEAR ENDED JUNE 30, 2017**

Major budgetary funds in these reports are the General Fund (Operational, Pupil Transportation and Total Instructional Materials Subfund), Title I - IASA, Bond Building and Debt Services. In addition, eighty one (81) non-major Special Revenue Funds and seven (7) non-major Capital Projects Funds are also reported for their budgetary performance. Lastly there are two (2) debt service funds that are utilized for covering principal and interest payments for bonds issued by the district.

**Capital Assets**

Because of aging facilities, the District is reviewing the current approach to

<b>Asset Type</b>	<b>06/30/2012</b>	<b>06/30/2013</b>	<b>06/30/2014</b>	<b>06/30/2015</b>	<b>06/30/2016</b>	<b>06/30/2017</b>
Land & construction in progress	\$ 6,814,264	\$ 8,519,497	\$ 18,519,497	\$ 17,242,770	\$ 4,925,416	\$ 5,629,460
Land & building improvements	\$38,476,259	\$7,629,344	\$138,293,744	\$ 144,363,652	\$ 140,349,101	\$ 140,087,007
Equipment and vehicles	\$ 4,847,721	\$ 5,180,618	\$ 5,198,471	\$ 5,005,744	\$ 4,530,711	\$ 5,007,727
Total capital assets	\$50,138,244	\$1,329,459	\$162,011,712	\$ 166,612,166	\$ 149,805,228	\$ 150,724,194
Less Accumulated depreciation	\$03,558,925)	\$)2,961,702)	\$)104,888,581)	\$ (95,915,470)	\$ (79,249,643)	\$ (84,764,744)
Capital assets-net	<u>\$46,579,319</u>	<u>\$)8,367,757</u>	<u>\$ 57,123,131</u>	<u>\$ 70,696,696</u>	<u>\$ 70,555,585</u>	<u>\$ 65,959,450</u>

**General Long Term Debt**

Article IX, Section 11 of the New Mexico Constitution limits the power of a school district to incur general obligation debt beyond a school year unless such debt is for "the purpose of erecting, remodeling, making additions, and furnishing buildings or purchasing or improving school grounds or purchasing computer software or hardware for student use in public classrooms or any combination of these purposes." The approval of debt is subject to a vote of the local electors and may not exceed 6% of the assessed valuation of the taxable property within the District.

**STATE OF NEW MEXICO  
 ESPANOLA PUBLIC SCHOOL DISTRICT  
 MANAGEMENT'S DISCUSSION AND ANALYSIS  
 (REQUIRED SUPPLEMENTARY INFORMATION)  
 FOR THE YEAR ENDED JUNE 30, 2017**

The School District has never defaulted on any of its debts or other obligations. Listed below is the District's payment schedule for total general obligation and Education Technology Note debt as of June 30, 2017.

<b>General Obligation Bond Debt Service</b>			
<b>Fiscal Year Ending</b>	<b>Principal</b>	<b>Interest</b>	<b>Total Debt Service</b>
2018	\$ 3,200,000	\$ 668,169	\$ 3,868,169
2019	2,250,000	592,774	2,842,774
2020	2,310,000	530,002	2,840,002
2021	2,375,000	465,525	2,840,525
2022	2,445,000	399,152	2,844,152
2023-2027	13,240,000	935,632	14,175,632
2028	630,000	9,009	639,009
	\$ 26,450,000	\$ 3,600,263	\$ 30,050,263

**Agency Funds**

The District, as a custodian, maintains and monitors special funds on behalf of school activity groups. Agency funds maintained by the District are to benefit a specific activity or interest and are generally raised by students for student use. The custody and use of these funds are in accordance with Public Education Department Regulations and School District Policy. The Statement of Fiduciary Net Assets has a cash balance of \$573,743 as of June 30, 2017, held on behalf of the students.

## **BASIC FINANCIAL STATEMENTS**

# **GOVERNMENT - WIDE FINANCIAL STATEMENTS**

**STATE OF NEW MEXICO**  
**ESPANOLA PUBLIC SCHOOL DISTRICT**  
STATEMENT OF NET POSITION  
JUNE 30, 2017

	Governmental activities
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 9,847,157
Property taxes receivables	357,259
Due from other governments	1,620,819
Inventory	38,256
Prepaid assets	700
Total current assets	11,864,191
Noncurrent assets:	
Capital assets	150,724,194
Less: accumulated depreciation	(84,764,744)
Total noncurrent assets	65,959,450
Total assets	77,823,641
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Related to pension plan	6,921,388
Total deferred outflows of resources	6,921,388
<b>LIABILITIES AND NET POSITION</b>	
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	234,827
Accrued compensated absences	70,484
Unearned revenues - other	718,685
Other liabilities	74,920
Accrued interest	94,750
Current portion of long-term debt	3,200,000
Total current liabilities	4,393,666
Non current liabilities:	
Net pension liability	49,036,498
Bond due in more than one year	23,250,000
Accrued compensated absences	248,940
Total non-current liabilities	72,535,438
Total liabilities	76,929,104
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Related to pension plan	2,302,666
Total deferred inflows of resources	2,302,666

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**ESPANOLA PUBLIC SCHOOL DISTRICT**  
STATEMENT OF NET POSITION  
JUNE 30, 2017

	<u>Governmental activities</u>
<b>NET POSITION</b>	
Net investment in capital assets	39,509,450
Restricted for:	
Special revenue	1,594,583
Instructional	71,198
Debt service	4,408,209
Capital projects	3,369,348
Unrestricted	<u>(43,439,529)</u>
Total net position	<u>5,513,259</u>
Total liabilities, deferred inflow of resources and net position	<u>\$ 84,745,029</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**ESPANOLA PUBLIC SCHOOL DISTRICT**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2017**

Functions/Programs	Expenses	Program revenues		Net (expenses) revenues and changes in net position
		Charges for service	Operating grants and contributions	
<b>Primary government</b>				
Governmental activities:				
Current:				
Instruction	\$ 20,986,287	\$ 91,523	\$ 5,251,291	\$ (15,643,473)
Support services :				
Students	4,347,418		411,264	(3,936,154)
Instruction	513,118		36,569	(476,549)
General administration	1,712,268			(1,712,268)
School administration	2,037,017		214,783	(1,822,234)
Other support services	275,176			(275,176)
Central services	1,404,403			(1,404,403)
Operation & maintenance of plant	8,556,878			(8,556,878)
Student transportation	2,270,066		1,471,946	(798,120)
Food services operations	2,100,193	29,625	2,345,067	274,499
Interest on long-term debt	<u>761,403</u>			<u>(761,403)</u>
Total primary government	<u>\$ 44,964,227</u>	<u>\$ 121,148</u>	<u>\$ 9,730,920</u>	<u>(35,112,159)</u>
<b>General revenues</b>				
Property taxes:				
Levied for general purposes				116,770
Levied for debt service				614,665
Levied for capital projects				3,430,733
State equalization guarantee				28,813,967
Unrestricted investment earnings				69,489
Gain / (Loss) on disposal of assets				(317,569)
Miscellaneous				<u>865,175</u>
Total general revenues				<u>33,593,230</u>
Change in net position				<u>(1,518,929)</u>
Net position - beginning of year				11,697,754
Restatement of net position				<u>(4,665,566)</u>
Net position- beginning, restated				<u>7,032,188</u>
Net position - end of year				<u><u>\$ 5,513,259</u></u>

The accompanying notes are an integral part of these financial statements



**GOVERNMENTAL FUND FINANCIAL STATEMENTS**

**STATE OF NEW MEXICO**  
**ESPANOLA PUBLIC SCHOOL DISTRICT**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2017**

	11000 - Operational	13000 - Pupil Transportation	14000 - Total Instructional Materials Subfund
<b>ASSETS</b>			
Current assets:			
Cash and temporary investments	\$ 801,564	\$	\$ 64,284
Receivable:			
Taxes	9,508		
Dues from other governments			
Interfund receivables	1,706,481	20,467	7,000
Inventory	38,256		
Prepaid assets	700		
Total assets	2,556,509	20,467	71,284
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	161,369		86
Interfund payables			
Unearned revenues- other			
Unearned revenues- taxes	9,508		
Other liabilities			
Total liabilities	170,877	0	86
<b>FUND BALANCES</b>			
Non-spendable:			
Inventory	38,256		
Prepaid expenses	700		
Restricted for:			
Special revenue funds			
Capital projects funds			
Debt service funds			
Instructional materials			71,198
Transportation		20,467	
Unassigned:			
General fund	2,346,676		
Special revenue funds			
Capital projects funds			
Total fund balance	2,385,632	20,467	71,198
Total liabilities and fund balance	\$ 2,556,509	\$ 20,467	\$ 71,284

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**ESPANOLA PUBLIC SCHOOL DISTRICT**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2017**

	<u>24101 - Title I - IASA</u>	<u>31100 - Bond Building</u>	<u>41000 - Debt Services</u>
<b>ASSETS</b>			
Current assets:			
Cash and temporary investments	\$	\$ 3,034,176	\$ 3,049,862
Receivable:			
Taxes			282,749
Dues from other governments	584,215		
Interfund receivables			984,121
Inventory			
Prepaid assets			
	<u>584,215</u>	<u>3,034,176</u>	<u>4,316,732</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	16,674		
Interfund payables	514,185	1,148,071	
Unearned revenues- other			
Unearned revenues- taxes			282,749
Other liabilities	<u>53,356</u>		
Total liabilities	<u>584,215</u>	<u>1,148,071</u>	<u>282,749</u>
<b>FUND BALANCES</b>			
Non-spendable:			
Inventory			
Prepaid expenses			
Restricted for:			
Special revenue funds			
Capital projects funds		1,886,105	
Debt service funds			4,033,983
Instructional materials			
Transportation			
Unassigned:			
General fund			
Special revenue funds			
Capital projects funds			
Total fund balance	<u>0</u>	<u>1,886,105</u>	<u>4,033,983</u>
Total liabilities and fund balance	<u>\$ 584,215</u>	<u>\$ 3,034,176</u>	<u>\$ 4,316,732</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**ESPANOLA PUBLIC SCHOOL DISTRICT**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2017**

	<u>Other Governmental Funds</u>	<u>Total Primary Government</u>
<b>ASSETS</b>		
Current assets:		
Cash and temporary investments	\$ 2,897,271	\$ 9,847,157
Receivable:		
Taxes	65,002	357,259
Dues from other governments	1,036,604	1,620,819
Interfund receivables	1,012,471	3,730,540
Inventory		38,256
Prepaid assets		<u>700</u>
Total assets	<u>5,011,348</u>	<u>15,594,731</u>
<b>LIABILITIES AND FUND BALANCES</b>		
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	56,698	234,827
Interfund payables	2,068,284	3,730,540
Unearned revenues- other	718,685	718,685
Unearned revenues- taxes	65,002	357,259
Other liabilities	<u>21,564</u>	<u>74,920</u>
Total liabilities	<u>2,930,233</u>	<u>5,116,231</u>
<b>FUND BALANCES</b>		
Non-spendable:		
Inventory		38,256
Prepaid expenses		700
Restricted for:		
Special revenue funds	1,594,583	1,594,583
Capital projects funds	1,483,243	3,369,348
Debt service funds	374,226	4,408,209
Instructional materials		71,198
Transportation		20,467
Unassigned:		
General fund		2,346,676
Special revenue funds	(696,311)	(696,311)
Capital projects funds	<u>(674,626)</u>	<u>(674,626)</u>
Total fund balance	<u>2,081,115</u>	<u>10,478,500</u>
Total liabilities and fund balance	<u>\$ 5,011,348</u>	<u>\$ 15,594,731</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**ESPANOLA PUBLIC SCHOOL DISTRICT**  
RECONCILIATION OF THE BALANCE SHEET GOVERNMENTAL FUNDS TO  
THE STATEMENT OF NET POSITION  
JUNE 30, 2017

	<u>Governmental fund</u>
Amounts reported for governmental activities in the statement of position are different because:	
Fund balances - total governmental funds	\$ 10,478,500
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	65,959,450
Delinquent property taxes not collected within sixty days after year end are not considered "available" revenues and are considered to be unearned revenue in the fund financial statements, but are considered revenue in the Statement of Activities	357,259
Deferred outflows and inflows or resources related to pensions are applicable to future periods and therefore, are not reported in the funds:	
Deferred outflows of resources related to pension	6,921,388
Deferred inflows of resources related to pension	(2,302,666)
Certain liabilities, including accrued compensated absences, bonds payable, lease purchase notes and net pension liability, are not due and payable in the current period and therefore are not reported in the funds:	
Accrued compensated absences	(319,424)
Accrued interest payable	(94,750)
General obligation bonds	(26,450,000)
Net pension liability	<u>(49,036,498)</u>
Net Position-Total Governmental Activities	<u>\$ 5,513,259</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO  
ESPANOLA PUBLIC SCHOOL DISTRICT**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2017**

	11000 - Operational	13000 - Pupil Transportation	14000 - Total Instructional Materials Subfund
<b>REVENUES:</b>			
Property taxes	\$ 107,262	\$	\$
State grants	29,041,051	1,471,946	104,316
Federal grants	142,377		
Charges for services	1,404		
Miscellaneous	124,194		
Interest	47,740		
	<u>29,464,028</u>	<u>1,471,946</u>	<u>104,316</u>
<i>Total revenues</i>			
<b>EXPENDITURES:</b>			
Current:			
Instruction	16,385,054		361,291
Support services:			
Student	3,899,108		
Instruction	455,090		
General administration	1,139,278		
School administration	1,777,930		
Central services	1,241,071		
Operation & maintenance of plant	4,960,218		
Student transportation	140,096	1,471,946	
Other support service	275,176		
Food services operations	94,095		
Capital outlay			
Debt service:			
Principal			
Interest			
	<u>30,367,116</u>	<u>1,471,946</u>	<u>361,291</u>
<i>Total expenditures</i>			
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(903,088)</u>	<u>0</u>	<u>(256,975)</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Proceeds from sale of assets	149,783		
	<u>149,783</u>	<u>0</u>	<u>0</u>
<i>Total other financing sources (uses)</i>			
Net changes in fund balances	(753,305)	0	(256,975)
Fund balances - beginning of year	3,138,937	20,467	328,173
Fund balances- end of year	<u>\$ 2,385,632</u>	<u>\$ 20,467</u>	<u>\$ 71,198</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO  
ESPANOLA PUBLIC SCHOOL DISTRICT**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2017**

	24101 - Title I - IASA	31100 - Bond Building	41000 - Debt Services
<b>REVENUES:</b>			
Property taxes	\$	\$	\$ 3,883,460
State grants			
Federal grants	1,207,819		
Charges for services			
Miscellaneous		500,385	
Interest		21,750	
<i>Total revenues</i>	1,207,819	522,135	3,883,460
<b>EXPENDITURES:</b>			
Current:			
Instruction	924,258		52
Support services:			
Student			
Instruction			
General administration	46,144		38,174
School administration	237,403		
Central services			
Operation & maintenance of plant	14	693,286	
Student transportation			
Other support service			
Food services operations			
Capital outlay		2,366,139	
Debt service:			
Principal			2,100,000
Interest			741,974
<i>Total expenditures</i>	1,207,819	3,059,425	2,880,200
<i>Excess (deficiency) of revenues over (under) expenditures</i>	0	(2,537,290)	1,003,260
<b>OTHER FINANCING SOURCES (USES):</b>			
Proceeds from sale of assets			
<i>Total other financing sources (uses)</i>	0	0	0
Net changes in fund balances	0	(2,537,290)	1,003,260
Fund balances - beginning of year	0	4,423,395	3,030,723
Fund balances- end of year	\$ 0	\$ 1,886,105	\$ 4,033,983

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO  
ESPANOLA PUBLIC SCHOOL DISTRICT**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2017**

	Other Governmental Funds	Total Primary Government
<b>REVENUES:</b>		
Property taxes	\$ 1,277,085	\$ 5,267,807
State grants	1,594,846	32,212,159
Federal grants	4,982,530	6,332,726
Charges for services	119,745	121,149
Miscellaneous	240,595	865,174
Interest		<u>69,490</u>
<i>Total revenues</i>	<u>8,214,801</u>	<u>44,868,505</u>
<b>EXPENDITURES:</b>		
Current:		
Instruction	2,824,169	20,494,824
Support services:		
Student	437,447	4,336,555
Instruction	54,102	509,192
General administration	453,677	1,677,273
School administration	21,684	2,037,017
Central services	163,332	1,404,403
Operation & maintenance of plant		5,653,518
Student transportation	494,102	2,106,144
Other support service		275,176
Food services operations	2,003,570	2,097,665
Capital outlay	1,303,027	3,669,166
Debt service:		
Principal		2,100,000
Interest	<u>13,318</u>	<u>755,292</u>
<i>Total expenditures</i>	<u>7,768,428</u>	<u>47,116,225</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>446,373</u>	<u>(2,247,720)</u>
<b>OTHER FINANCING SOURCES (USES):</b>		
Proceeds from sale of assets		<u>149,783</u>
<i>Total other financing sources (uses)</i>	<u>0</u>	<u>149,783</u>
Net changes in fund balances	446,373	(2,097,937)
Fund balances - beginning of year	<u>1,634,742</u>	<u>12,576,437</u>
Fund balances- end of year	<u>\$ 2,081,115</u>	<u>\$ 10,478,500</u>

The accompanying notes are an integral part of these financial statements



**STATE OF NEW MEXICO  
ESPANOLA PUBLIC SCHOOL DISTRICT**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENTS OF ACTIVITIES  
FOR THE YEAR ENDING JUNE 30, 2017**

	<u>Governmental fund</u>
Amounts reported for governmental activities in the statement of activities are different because:	
Net change in fund balances - total governmental funds	\$ (2,097,937)
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities. This is the amount by which depreciation exceeds capital outlays for the period.	
Depreciation expense	(3,132,383)
Capital outlays	3,669,166
Gain / (Loss) on disposal of assets	(317,569)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:	
Proceeds from sale of assets	(149,783)
Change in unearned revenues related to property taxes receivable	(1,105,639)
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:	
Decrease (Increase) in accrued interest payable	(6,111)
Increase in accrued compensated absences	(31,887)
Principal payments on bonds	2,100,000
Change in net pension liability and the related deferred inflows and deferred inflows of resources related to pensions	<u>(446,786)</u>
Change in Net Position-total Governmental Activities	<u><u>\$ (1,518,929)</u></u>

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE – BUDGET (NON-GAAP BUDGETARY  
BASIS) AND ACTUAL**

**STATE OF NEW MEXICO  
ESPANOLA PUBLIC SCHOOL DISTRICT**

OPERATIONAL FUND - 11000

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
<i>REVENUES:</i>				
Property taxes	\$ 108,163	\$ 108,163	\$ 107,262	\$ (901)
State grants	29,833,086	28,857,902	29,041,051	183,149
Federal Grants	213,552	213,552	142,377	(71,175)
Charges of services	3,500	3,500	1,404	(2,096)
Miscellaneous	15,375	15,375	124,194	108,819
Investment Income	<u>15,000</u>	<u>15,000</u>	<u>47,740</u>	<u>32,740</u>
<i>Total revenues</i>	<u>30,188,676</u>	<u>29,213,492</u>	<u>29,464,028</u>	<u>250,536</u>
<i>EXPENDITURES:</i>				
Current:				
Instruction	16,952,419	17,132,614	16,209,504	923,110
Support services:				
Student	4,025,750	4,065,750	3,899,108	166,642
Instruction	484,065	524,065	455,090	68,975
General administration	1,227,623	1,327,623	1,111,644	215,979
School administration	1,963,205	1,899,601	1,780,289	119,312
Central services	1,026,424	1,306,424	1,212,752	93,672
Operation & maintenance of plant	5,296,525	5,416,525	5,037,056	379,469
Student transportation	118,386	90,611	134,413	(43,802)
Other support service	273,796	123,796	275,176	(151,380)
Food services operations	<u>520,476</u>	<u>554,206</u>	<u>93,395</u>	<u>460,811</u>
<i>Total expenditures</i>	<u>31,888,669</u>	<u>32,441,215</u>	<u>30,208,427</u>	<u>2,232,788</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(1,699,993)</u>	<u>(3,227,723)</u>	<u>(744,399)</u>	<u>2,483,324</u>
<i>OTHER FINANCING SOURCES (USES):</i>				
Designated cash	1,699,993	3,227,723		(3,227,723)
Proceeds from sale of assets			149,783	149,783
<i>Total other financing sources (uses)</i>	<u>1,699,993</u>	<u>3,227,723</u>	<u>149,783</u>	<u>(3,077,940)</u>
<i>Net changes in fund balances</i>	0	0	(594,616)	(594,616)
<i>Fund balances - beginning of year</i>	<u>0</u>	<u>0</u>	<u>4,289,260</u>	<u>4,289,260</u>
<i>Fund balances - end of year</i>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>3,694,644</u></u>	<u><u>\$ 3,694,644</u></u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO  
ESPANOLA PUBLIC SCHOOL DISTRICT**

OPERATIONAL FUND - 11000

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

Reconciliation of budgetary basis to GAAP basis	
Net changes in fund balances-cash basis	(594,616)
Adjustments to revenues	0
Adjustments to expenditures	<u>(158,689)</u>
Net changes in fund balances-GAAP basis	<u><u>\$ (753,305)</u></u>

**STATE OF NEW MEXICO**  
**ESPANOLA PUBLIC SCHOOL DISTRICT**  
PUPIL TRANSPORTATION FUND - 13000  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL  
FOR THE YEAR ENDING JUNE 30, 2017

	Budgeted Amounts			
	Original Budget	Final Budget	Actual	Variance
<i>REVENUES:</i>				
State grants	\$ 1,588,996	\$ 1,471,946	\$ 1,471,946	\$ _____
<i>Total revenues</i>	1,588,996	1,471,946	1,471,946	_____
<i>EXPENDITURES:</i>				
Current:				
Student transportation	1,588,996	1,471,946	1,471,946	_____
<i>Total expenditures</i>	1,588,996	1,471,946	1,471,946	_____0
<i>Excess (deficiency) of revenues over (under) expenditures</i>	0	0	0	0
<i>OTHER FINANCING SOURCES (USES):</i>				
<i>Total other financing sources (uses)</i>	0	0	0	0
<i>Net changes in fund balances</i>	0	0	0	0
<i>Fund balances - beginning of year</i>	0	0	5,525	5,525
<i>Fund balances - end of year</i>	\$ 0	\$ 0	5,525	\$ 5,525
Reconciliation of budgetary basis to GAAP basis				
Net changes in fund balances-cash basis			0	
Adjustments to revenues			0	
Adjustments to Expenditures			0	
Net changes in fund balances-GAAP basis			\$ 0	

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**ESPANOLA PUBLIC SCHOOL DISTRICT**  
TOTAL INSTRUCTIONAL MATERIALS SUBFUND - 14000  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUNDS BALANCE -  
BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
<i>REVENUES:</i>				
State grants	\$ <u>209,317</u>	\$ <u>209,317</u>	\$ <u>104,316</u>	\$ <u>(105,001)</u>
<i>Total revenues</i>	<u>209,317</u>	<u>209,317</u>	<u>104,316</u>	<u>(105,001)</u>
<i>EXPENDITURES:</i>				
Current:				
Instruction	<u>466,206</u>	<u>361,205</u>	<u>361,205</u>	<u>          </u>
<i>Total expenditures</i>	<u>466,206</u>	<u>361,205</u>	<u>361,205</u>	<u>          </u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(256,889)</u>	<u>(151,888)</u>	<u>(256,889)</u>	<u>(105,001)</u>
<i>OTHER FINANCING SOURCES (USES):</i>				
Designated Cash	<u>256,889</u>	<u>151,888</u>	<u>          </u>	<u>(151,888)</u>
<i>Total other financing sources (uses)</i>	<u>256,889</u>	<u>151,888</u>	<u>          0</u>	<u>(151,888)</u>
<i>Net changes in fund balances</i>	0	0	(256,889)	(256,889)
<i>Fund balances - beginning of year</i>	<u>          0</u>	<u>          0</u>	<u>328,173</u>	<u>328,173</u>
<i>Fund balances - end of year</i>	<u>\$          0</u>	<u>\$          0</u>	<u>71,284</u>	<u>\$ 71,284</u>
Reconciliation of budgetary basis to GAAP basis				
Net changes in fund balances-cash basis			(256,889)	
Adjustments to revenues			0	
Adjustments to expenditures			<u>(86)</u>	
Net changes in fund balances-GAAP basis			<u>\$ (256,975)</u>	

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO  
ESPANOLA PUBLIC SCHOOL DISTRICT**

TITLE I-IASA - 24101

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

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<i>REVENUES:</i>				
Federal grants	\$ 1,605,008	\$ 1,935,140	\$ 1,731,626	\$ (203,514)
<i>Total revenues</i>	<u>1,605,008</u>	<u>1,935,140</u>	<u>1,731,626</u>	<u>(203,514)</u>
<i>EXPENDITURES:</i>				
Current:				
Instruction	1,212,832	1,462,832	907,584	555,248
Support services:				
Student		66,830		66,830
General administration	62,176	75,478	46,144	29,334
School administration	330,000	330,000	237,403	92,597
Operation & maintenance of plant			14	(14)
<i>Total expenditures</i>	<u>1,605,008</u>	<u>1,935,140</u>	<u>1,191,145</u>	<u>743,995</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>0</u>	<u>0</u>	<u>540,481</u>	<u>540,481</u>
<i>OTHER FINANCING SOURCES (USES):</i>				
<i>Total other financing sources (uses)</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net changes in fund balances</i>	0	0	540,481	540,481
<i>Fund balances - beginning of year</i>	<u>0</u>	<u>0</u>	<u>(33,719)</u>	<u>(33,719)</u>
<i>Fund balances - end of year</i>	<u>\$ 0</u>	<u>\$ 0</u>	<u>506,762</u>	<u>\$ 506,762</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Net changes in fund balances-Cash Basis			540,481	
Adjustments to Revenues			(523,807)	
Adjustments to Expenditures			(16,674)	
Net changes in fund balances-GAAP Basis			<u>\$ 0</u>	

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**ESPANOLA PUBLIC SCHOOL DISTRICT**  
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES - AGENCY FUNDS  
JUNE 30, 2017

	<u>Agency fund</u>
<b>ASSETS</b>	
Cash	\$ <u>573,743</u>
Total assets	<u>573,743</u>
<b>LIABILITIES</b>	
Deposits held in trust for others	<u>573,743</u>
Total Liabilities	<u>\$ <u>573,743</u></u>

The accompanying notes are an integral part of these financial statements



**STATE OF NEW MEXICO**  
**ESPANOLA PUBLIC SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Espanola Public School District (the “District”) was created under the provision of Chapter 22 Article 5, Paragraph 4, New Mexico Statutes 1978 to provide public education for the children within the District. The School Board is authorized to establish policies and regulations for its own government consistent with the laws of the State of New Mexico and the regulations of the State Board of Education and the Legislative Finance Committee. The School Board is comprised of five members who are elected for terms of four years. The Board selects a superintendent who administers the District.

The summary of significant accounting policies of the District is presented to assist in the understanding of the District’s financial statements. The financial statements and notes are the representation of Espanola Public School District’s management, who is responsible for their integrity and objectivity. The financial statements of the Espanola Public School District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units.

The Governmental Accounting Standard Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The financial statements have incorporated all applicable GASB pronouncements as well as Financial Accounting Standards Board (FASB) statements and interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on accounting procedures that do not conflict with or contradict GASB pronouncements. The more significant of the District’s accounting policies are described below.

***A. Financial Reporting entity***

In evaluating how to define the District, for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB Statements No. 61. 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 existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Based upon the application of these criteria, the District has no component unit and is not a component unit of another government agency.

STATE OF NEW MEXICO  
ESPANOLA PUBLIC SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017

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

**A. Financial Reporting entity - (Continued)**

**Carinos Charter School** was discretely presented component unit of the District. However, Carinos Charter School elected to become a State Charter School authorized by the Public Education Department, effective school year 2016/2017.

**B. Government-wide and fund financial statements**

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

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

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

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

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets and liabilities resulting from non-exchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Non-Exchange Transactions*. Property taxes are recognized as revenues in the year for which the taxes are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

STATE OF NEW MEXICO  
ESPANOLA PUBLIC SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017

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

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

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

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

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

- (a) The *general fund* is the primary operating fund of the District, and accounts for all financial resources, except those required to be accounted for in other funds.
- (b) The *special revenue funds* account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.
- (c) The *capital projects funds* account for the acquisition of fixed assets or construction of major capital projects not being financed by proprietary or nonexpendable trust funds.
- (d) The *debt service funds* account for the services of long-term debt not being financed by proprietary or nonexpendable trust funds.

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

STATE OF NEW MEXICO  
ESPANOLA PUBLIC SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017

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

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

**Major Funds**

- (a) The *Operational Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. Revenues are provided by district school tax levy, state equalization and earnings from investments. Expenditures include all costs associated with the daily operations of the schools except for those items included in other funds.
- (b) The *Transportation fund* is used to account for the State Equalization, received from the Public Education Department (PED), which is used to pay for the costs associated with transporting school age children. This is considered by PED to be a sub-fund of the General Fund.
- (c) The *Instructional materials fund* is used to account for the monies received from the Public Education Department (PED) for the purposes of purchasing instructional materials (books, manuals, periodicals, etc.) used in the education of students. This is considered by PED to be a sub-fund of the General Fund.
- (d) The *Title I-IASA* major objectives are to provide supplemental educational opportunity for academically disadvantaged children in the area of residing. Campuses are identified for program participation by the percentage of students on free or reduced price lunches. Any school with a free and reduced price lunch percentage that is equal to or greater than the total district percentage becomes eligible for program participation. Any student whose test scores fall below District established criteria and who is attending a Title I campus is eligible to receive Title I services. Poverty is the criteria that identify a campus; educational need determines the students to be served. Federal revenues accounted for in this fund are allocated to the District through the New Mexico Department of Education. Authority for creation of this fund is Part A of Chapter I of Title I of Elementary and Secondary Education Act (ESEA) of 1965, as amended, Public Law 103-383.
- (e) The *Bond Building Capital Projects Fund* is used to account for bond proceeds and any income earned thereon. The proceeds are restricted for the purpose of making additions to and furnishing of school buildings, or purchasing or improving school grounds or any combination thereof, as approved by the voters of the District.
- (f) The *Debt Service Fund* is used to account for the accumulation of resources for the payment of General Long-Term Debt principal and interest.

**STATE OF NEW MEXICO**  
**ESPANOLA PUBLIC SCHOOL DISTRICT**  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017

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

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

Additionally, the government reports the following fund types:

**Fiduciary Funds**

- (a) The fiduciary funds are purely custodial (assets equal liabilities) and do not involve measurement of results of operations. These funds account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, or student organizations Fund.

**Agency Funds**

Agency funds are used to account for assets that the government holds for others in an agency capacity. These agency funds are as follows:

- (a) *School activity funds* - accounts for assets held by the District as an agent for the individual schools and school organization.
- (b) *Clearing agency fund* - accounts for assets held by the District before they are remitted to other entities such as withholdings including pension, retiree health care, and others.

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

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

Private-sector standards of accounting and financial reporting under FASB and AICPA guidance are now included in GASB guidance by GASB 62.

Program revenues are categorized as (a) charges for services, which include revenues collected for cafeteria fees and lost books, etc., (b) program-specific operating grants, which includes revenues received from state and federal sources such as Title I and IDEA-B to be used as specified within each program grant agreement, and (c) program-specific capital grants and contributions, which include revenues from the state resources such as SB-9 and HB-33 funding to be used for capital projects. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes and other items not properly included among program revenues.

**STATE OF NEW MEXICO**  
**ESPANOLA PUBLIC SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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

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

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. The District does not currently employ indirect cost allocation systems. Depreciation expense is specifically identified by function and is included in the direct expense of each function, except for that portion of depreciation that is identified as unallocated on the Statement of Activities. Interest on long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

Proprietary funds distinguish operating revenues and expenses from the non-operating items. Operating revenues and expenses generally result from providing services in connection with the fund's principal ongoing operations. The principal operating revenue of the District's enterprise fund is fees. Operating expenses for enterprise funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

**Cash 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.

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

Money market investments and participating interest-earning investment contracts that have a remaining maturity at the time of purchase of one year or less, and are held by governments other than external investment pools should be measured at amortized cost as provided in paragraph 9 of GASB No. 72. The District's demand deposits and short-term investments with original maturities of three months or less from the date of acquisition are reported at amortized cost per GASB statement No. 72. The State Treasurer's Pool operates in accordance with appropriate state laws and regulations.

**Receivables and payables**

Interfund activity is reported as either loans or 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 costs as a reimbursement. All other interfund transactions are treated as transfers.

**STATE OF NEW MEXICO**  
**ESPANOLA PUBLIC SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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

***D. Assets, Liabilities and Net Position or equity - (Continued)***

Transfers between governmental or between proprietary funds are netted as part of the reconciliation to the government-wide financial statements. All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

The District receives monthly income from a tax levy in Rio Arriba County. The funds are collected by the County Treasurer and are remitted to the School District the following month. Under the modified accrual method of accounting, the amount remitted by the Rio Arriba County Treasurer in July and August, 2017 is considered ‘measurable and available’ and, accordingly, is recorded as revenue during the year ended June 30, 2017.

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

**Prepaid items**

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

**Instructional materials**

The New Mexico Public Education Department (PED) receives federal material leasing funds from which it makes annual allocations to the various school districts for the purchase of educational materials. Of each allocation, fifty percent is restricted to the requisition of material listed in the State Board of Education ‘State Adopted Instructional Material’ list, while fifty percent of each allocation is available for purchases directly from vendors, for which the school district receives cash drawdowns, or transfer to the fifty percent account for requisition of material from the adopted list. The Districts are allowed to carry forward unused textbook credits from year to year.

**Inventory**

Inventory is valued at lower of cost (first-in, first-out) or market. Inventory in the General and Food Services funds consists of expendable supplies held for consumption and related supplies. The cost is recorded as expenditure at the time individual inventory items are purchased. The reported inventories are equally offset by a fund balance reserve, which indicates that they do not constitute “available spendable resources” even though they are a component of net position.

**STATE OF NEW MEXICO**  
**ESPANOLA PUBLIC SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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

**D. Assets, Liabilities and Net Position or equity - (Continued)**

**Capital assets**

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (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. Pursuant to the implementation of GASB Statement No. 34, the historical cost of infrastructure assets, (retroactive to 1979) are to be included as part of the governmental capital assets reported in the government-wide statements. Donated capital assets received prior to June 15, 2015, are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 15, 2015, are recorded at acquisition value. 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 costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Library books are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. No interest was included as part of the cost of capital assets under construction during the year ended June 30, 2017.

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

Buildings and improvements	40 years
Land improvements	20 years
Furniture, fixtures and equipment	3-10 years
Vehicles	10 years

Capital expenditures made on the District's building construction projects by the NM Public School Facilities Authority have been recorded as a revenue and expenditure in the fund financial statements, and have been included as capital assets in the District's government-wide financial statements.

**Unearned revenues**

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. Amounts receivable from the property taxes levied for the current year that are not considered to be "available" under the current financial resources measurement focus are reported as unearned revenues in the governmental fund financial statements.

**Deferred Inflows/Outflows of Resources**

GASB 63 amended previous guidance on Unearned Revenues in the Government-Wide Financial Statements to include deferred outflow of resources, which is the consumption of net assets by the government that is applicable to a future reporting period and deferred inflow of resources, which is acquisition of nets assets by the government that is applicable to a future reporting period. Uncollected property taxes could not be determined at June 30, 2017.



**STATE OF NEW MEXICO**  
**ESPANOLA PUBLIC SCHOOL DISTRICT**  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017

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

***D. Assets, Liabilities and Net Position or equity - (Continued)***

**Compensated absences**

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

**Long-term obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Bond issuance costs are reflected as a current period expense per GASB 65.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the period the bonds are issued. 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 services expenditures.

**Net Position (or Fund equity)**

Governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The detail of which is presented in Note 16.

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

*Net Investment in Capital Assets:* Consists of capital assets including restricted capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position.

*Restricted:* Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulation of other governments; or (2) law through constitutional provisions or enabling legislation. Enabling legislation authorizes the government to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. The restricted component consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

**STATE OF NEW MEXICO**  
**ESPANOLA PUBLIC SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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

***D. Assets, Liabilities and Net Position or equity - (Continued)***

*Unrestricted:* All other net positions that do not meet the definition of “restricted” or “net investment in capital assets.”

The Government-wide Statement of Net Position reports \$9,443,338 of restricted net position of which \$3,369,348 is restricted by enabling legislation.

The District’s policy is to apply restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net positions are available.

**Reclassifications**

Certain amounts presented in prior year data have been reclassified in order to be consistent with the current year’s presentation.

**Interfund transactions**

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

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

**Estimates**

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

**STATE OF NEW MEXICO**  
**ESPANOLA PUBLIC SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (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 cost.

A school district’s program costs are determined through the use of various formulas using ‘program units’ which take into consideration 1) early childhood education; 2) basic education; 3) special education; 4) bilingual-multicultural education; 5) size, etc. Payment is made from the public school fund under the authority of the Director of Public School Finance. The District received \$28,813,967 in state equalization guarantee distributions during the year ended June 30, 2017.

**Tax revenues**

The District receives mill levy and ad-valorem tax revenues primarily for debt service and capital outlay purposes. Tax revenues are recognized when they are in the hands of the collecting agency. The District records only the portion of the taxes considered to be ‘measurable’ and ‘available’ on a modified accrual basis. The District recognized \$5,267,807 in tax revenues during the year ended June 30, 2017. Descriptions of the individual debt service and capital outlay funds contained in these financial statements include information regarding the authority for the collection and use of these taxes.

Property taxes attach an enforceable lien on property as of January 1. Tax notices are sent to property owners by November 1st of each year to be paid in whole or in two installments by November 10th and April 10th of each year. Rio Arriba County collects County, City, and School taxes and distributes them to each fund once per month except in June when the taxes are distributed twice to close out the fiscal year.

**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 \$1,471,946 in transportation distributions during the year ended June 30, 2017.

**Instructional materials**

The New Mexico Public Education Department (PED) receives federal material leasing funds from which it makes annual allocations to the various school districts for the purchase of educational materials. Of each allocation, fifty percent is restricted to the requisition of materials listed in the State Board of Education “State Adopted Instructional Material” list, while the other fifty percent of each allocation is available for purchases directly from vendors. Allocations received from the State for the year ended June 30, 2017 totaled \$104,316.

**STATE OF NEW MEXICO**  
**ESPANOLA PUBLIC SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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

***E. Revenues - (Continued)***

**Public school capital outlay**

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

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

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

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

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

**STATE OF NEW MEXICO**  
**ESPANOLA PUBLIC SCHOOL DISTRICT**  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017

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

***E. Revenues - (Continued)***

**SB-9 State match**

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

**Public School Capital Outlay**

The public school capital outlay fund was created under the provisions of Chapter 22, Article 24, NMSA 1978. The money in the fund may be used for: capital expenditures deemed by the public school capital outlay council to be necessary for an adequate education program per Section 22- 24-4(B); core administrative function of the public school facilities authority and for project management expense upon approval of the council per Section 22-24-4(G); and for the purpose of demolishing abandoned school district facilities, upon application by a school district to the council, per Section 22-24-4(L).

**Federal grants**

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

The District also receives revenues from Federal department which are unrestricted to expenditures for special purposes. These revenues are reported in the Operational fund.

**Pensions**

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

**STATE OF NEW MEXICO**  
**ESPANOLA PUBLIC SCHOOL DISTRICT**  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017

**NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

***A. Budgetary information***

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

These budgets are prepared on the Non-GAAP cash basis, excluding encumbrances, and secure appropriation of funds for only one year. Carryover funds must be re-appropriated in the budget of the subsequent fiscal year. 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, such appropriated balance is legally restricted and is therefore presented as a designated portion of the fund balance.

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

- (1) In April or May, the local school board submits to the District Budget Planning Unit (DBPU) of the New Mexico Public Education Department a proposed operating budget for the ensuing fiscal year commencing July 1. The operating budget includes proposed expenditures and the means of financing them. All budgets submitted to the State of New Mexico Public Education Department (PED) by the District shall contain headings and details as described by law and have been approved by the Public Education Department.
- (2) In May or June of each year, the proposed “operating” budget will be reviewed and approved by the DBPU and certified and approved by the local school board at a public hearing of which notice has been published by the local school board which fixes the estimated budget for the school district for the ensuing fiscal year.
- (3) The school board meeting, while not intended for the general public, is open for the general public unless a closed meeting has been called.
- (4) The “operating” budget will be used by the District until they have been notified that the budget has been approved by the DBPU and the local school board. The budget shall be integrated formally into the accounting system. Encumbrances shall be used as an element of control and shall be integrated into the budget system.

**STATE OF NEW MEXICO**  
**ESPANOLA PUBLIC SCHOOL DISTRICT**  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017

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

***A. Budgetary information - (continued)***

- (5) The District shall make corrections, revisions and amendments to the estimated budgets fixed by the local school board to recognize actual cash balances and carryover funds, if any. These adjustments shall be reviewed and approved by the DBPU.
- (6) The superintendent is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the school board and the State of New Mexico Public Education Department.
- (7) Budget change requests are processed in accordance with Supplement 1 (Budget Preparation and Maintenance) of the Manual of Procedures Public School Accounting and Budgeting. Such changes are initiated by the school district and approved by the DBPU.
- (8) Legal budget control for expenditures is by function.
- (9) Appropriations lapse at fiscal year end. Funds unused during the fiscal year may be carried over into the next fiscal year by budgeting those in the subsequent fiscal year's budget. The budget of Espanola Public School District has been amended during the current fiscal year in accordance with these procedures. The budget schedules included in the accompanying financial statements reflect the approved budget and amendments thereto.
- (10) Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Funds.
- (11) Budgets for the General, Special Revenue, Capital Projects, and Debt Service Funds are adopted on a basis not consistent with generally accepted accounting principles (GAAP). Encumbrances are treated the same way for GAAP purposes and for budget purposes.

The Board of Education may approve amendments to the appropriated budget, which are required when a change is made affecting budgeted ending fund balance.

New Mexico State Law Prohibits a Governmental Agency from exceeding an individual line item.

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

Since accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with generally accepted accounting principles, a reconciliation of resultant basis, perspective, equity, and timing differences in the excess (deficiency) of revenues and other sources of financial resources for the year ended June 30, 2017, is presented.

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

**STATE OF NEW MEXICO**  
**ESPANOLA PUBLIC SCHOOL DISTRICT**  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017

**NOTE 3. CASH AND TEMPORARY 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 requirement as of June 30, 2017.

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

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

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

The collateral pledged is listed at supporting schedules of this report. The types of collateral allowed are limited to direct obligations of the United States Government and all bonds issued by any agency, district or political subdivision of the State of New Mexico.

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

**A. Primary Government**

*Custodial Credit Risk – Deposits.* Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk, other than following state statutes as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978). At June 30, 2017, \$10,164,556 of the District's deposits of \$10,418,306 was exposed to custodial credit risk. As of June 30, 2017, the carrying amount of these deposits was \$7,334,992.

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



**STATE OF NEW MEXICO  
ESPANOLA PUBLIC SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 3. CASH AND TEMPORARY INVESTMENTS - (CONTINUED)**

**A. Primary Government - (Continued)**

	<u>Century Bank</u>	<u>Wells Fargo Bank</u>	<u>Total</u>
Total amounts of deposits	\$ 10,414,556	\$ 3,750	\$ 10,418,306
Less:- FDIC coverage	<u>250,000</u>	<u>3,750</u>	<u>253,750</u>
Total uninsured public funds	<u>10,164,556</u>	<u>0</u>	<u>10,164,556</u>
Pledged collateral held by pledging bank's trust department or agent but not in the District's name	<u>(6,948,880)</u>	<u>0</u>	<u>(6,948,880)</u>
Uninsured and uncollateralized	<u>3,215,676</u>	<u>0</u>	<u>3,215,676</u>
Collateral requirement (50% of uninsured public funds)	5,082,278	0	5,082,278
Pledged securities	<u>6,948,880</u>	<u>0</u>	<u>6,948,880</u>
Total under (over) collateralized	<u>\$ (1,866,602)</u>	<u>\$ 0</u>	<u>\$ (1,866,602)</u>

**Reconciliation of Cash and Temporary Investments**

Cash and cash equivalents per Statement of Net Position	\$ 9,847,157
Cash per Statement of Fiduciary Net Position	<u>573,743</u>
Balance per Financial Statements	<u>\$ 10,420,900</u>
Less: temporary investments	(3,085,908)
Add: outstanding checks and other reconciling items	<u>3,083,314</u>
Bank balance of deposits	<u>\$ 10,418,306</u>

**Investments**

Interest Rate Risk - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

The District had the following temporary investments at June 30, 2017:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities Less than 1 year</u>
New Mexico State Treasurer (LGIP Fund 4101)	<u>\$ 3,085,908</u>	<u>\$ 3,085,908</u>
Total	<u>\$ 3,085,908</u>	<u>\$ 3,085,908</u>

The District's investment policy does not specifically limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**STATE OF NEW MEXICO**  
**ESPANOLA PUBLIC SCHOOL DISTRICT**  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017

**NOTE 3. CASH AND TEMPORARY INVESTMENTS - (CONTINUED)**

***A. Primary Government - (Continued)***

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

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

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

Custodial Credit Risk: State statutes authorize the investment of school district funds in a wide variety of instruments including certificates of deposit and other similar obligations, state investment pool and money market accounts. The District is also allowed to invest in United States Government obligations. The District's investment policy does not further its investment choices.

The State Treasurer Local Government Investment Pool is not registered with the SEC. Section 6-10-10 1, NMSA 1978, empowers the State Treasurer, with the advice and consent of the State Board of Finance, to invest money held in the short-term investment funds in securities that are issued by the United States government or by its departments or agencies and are either backed by the full faith and credit of the United States government or are agencies sponsored by the United States government. The Local Government Investment Pool investments are monitored by the same investment committee and the same policies and procedures that apply to all other state investments. The pool does not have unit shares; at the end of each month all interest earned is distributed by the State Treasurer to the length of time the amounts of the fund were invested. Any unrealized gain or loss on the portfolio is distributed through the investment yield on distribution dates. The carrying amount or fair market value of these investments approximates cost. The State of New Mexico is the regulatory oversight entity and participation in the pool is voluntary. The State Treasurer Local Government investment is rated AAAM by Standard and Poor's; its WAM is 50 as of June 30, 2017.

**STATE OF NEW MEXICO**  
**ESPANOLA PUBLIC SCHOOL DISTRICT**  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017

**NOTE 4. INVENTORY**

Inventory is valued at the lower of cost (first-in, first-out) or market. Inventory consists of expendable supplies held for consumption. The cost is recorded as expenditure at the time individual inventory items are purchased. The reported inventories are equally offset by a fund balance reserve which indicates that they do not constitute available spendable resources even though they are a component of net current assets.

Inventories at June 30, 2017 consisted of the following:

<u>General Fund:</u>	
Operational account	\$ <u>38,256</u>
	<u>38,256</u>

**NOTE 5. RECEIVABLES**

Receivables as of June 30, 2017, are as follows:

	General Fund	Title I -IASA	Debt Service Fund	Non - Major funds	Total
Property taxes	\$ 9,508	\$	\$ 282,749	\$ 65,002	\$ 357,259
Intergovernmental - grants		584,215		1,036,604	1,620,819
Total receivables	\$ 9,508	\$ 584,215	\$ 282,749	\$ 1,101,606	\$ 1,978,078

The above receivables are deemed 100% collectible. In accordance with GASB statement # 33, property tax receivables should be presented net of unearned revenues on the governmental fund financial statements.

**NOTE 6. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

The District records temporary interfund receivable and payables to enable the funds to operate until grant monies are received. The composition of interfund balances as of June 30, 2017 is as follows:

<u>Governmental Activities</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Major Funds:		
General Fund	\$ 1,733,948	\$
Title I - IASA Fund		514,185
Bond Building Fund		1,148,071
Debt Services Fund	984,121	
Nonmajor Funds	1,012,471	2,068,284
Total	\$ 3,730,540	\$ 3,730,540

All interfund balances are to be paid within one year.

**STATE OF NEW MEXICO**  
**ESPANOLA PUBLIC SCHOOL DISTRICT**  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017

**NOTE 7. CAPITAL ASSETS**

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

	Balance <u>June 30, 2016</u>	<u>Adjustments</u>	<u>Addition</u>	<u>Deletion</u>	Balance <u>June 30, 2017</u>
Capital Assets not being depreciated:					
Land	\$ 4,925,416	\$	\$	\$ (63,537)	\$ 4,861,879
Construction in progress	<u>                    </u>	<u>                    </u>	<u>767,581</u>	<u>                    </u>	<u>767,581</u>
Total capital assets, not being depreciated	<u>4,925,416</u>	<u>0</u>	<u>767,581</u>	<u>(63,537)</u>	<u>5,629,460</u>
Capital assets being depreciated:					
Land improvements	5,169,134		2,214,497	(47,712)	7,335,919
Buildings and building improvements	135,179,967		118,340	(2,547,219)	132,751,088
Equipment and vehicles	<u>4,530,711</u>	<u>                    </u>	<u>568,748</u>	<u>(91,732)</u>	<u>5,007,727</u>
Total Capital Assets being depreciated	<u>144,879,812</u>	<u>0</u>	<u>2,901,585</u>	<u>(2,686,663)</u>	<u>145,094,734</u>
Less Accumulated Depreciation for:					
Land and land improvements	2,260,604		281,209	(44,126)	2,497,687
Buildings and building improvements	73,678,212	4,523,749	2,486,951	(2,146,990)	78,541,922
Equipment and vehicles	<u>3,310,827</u>	<u>141,817</u>	<u>364,223</u>	<u>(91,732)</u>	<u>3,725,135</u>
Total accumulated depreciation	<u>79,249,643</u>	<u>4,665,566</u>	<u>3,132,383</u>	<u>(2,282,848)</u>	<u>84,764,744</u>
Governmental activities capital assets, net	<u>\$ 70,555,585</u>	<u>\$ (4,665,566)</u>	<u>\$ 536,783</u>	<u>\$ (467,352)</u>	<u>\$ 65,959,450</u>

Espanola Public School District - Depreciation expense for the year ended June 30, 2017 in the amount of \$3,132,383 was charged to the following functions:

Instruction	\$ 44,676
Support Services –Students	10,863
Support Services – Instruction	3,926
Support Services – General administration	3,108
Operation & maintenance of plant	2,903,360
Student transportation	163,922
Food services operation	<u>2,528</u>
	<u>\$ 3,132,383</u>

**STATE OF NEW MEXICO**  
**ESPANOLA PUBLIC SCHOOL DISTRICT**  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017

**NOTE 8. LONG - TERM DEBT**

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

	Balance June 30, 2016	Additions	Deletions	Balance June 30, 2017	Due Within One Year
Bonds Payable	\$ 28,550,000	\$	\$ (2,100,000)	\$ 26,450,000	\$ 3,200,000
Compensated Absences	<u>287,537</u>	<u>217,007</u>	<u>(185,120)</u>	<u>319,424</u>	<u>70,484</u>
Total	<u>\$ 28,837,537</u>	<u>\$ 217,007</u>	<u>\$ (2,285,120)</u>	<u>\$ 26,769,424</u>	<u>\$ 3,270,484</u>

General Obligation Bond - The District had general obligation bond series outstanding during the fiscal year ending June 30, 2017.

Series	Maturity Date	Original Amount	Interest Rate	Balance
2004	7/1/2017	5,000,000	3% - 4.5%	\$ 500,000
2011A	9/1/2024	9,900,000	3% - 3.25%	9,585,000
2011B	9/1/2017	4,810,000	3% - 3.5%	465,000
2013	3/1/2028	9,800,000	2% - 2.25%	8,640,000
2014	3/1/2028	8,300,000	2.86%	<u>7,260,000</u>
				<u>\$ 26,450,000</u>

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

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2018	\$ 3,200,000	\$ 668,169	\$ 3,868,169
2019	2,250,000	592,774	2,842,774
2020	2,310,000	530,002	2,840,002
2021	2,375,000	465,525	2,840,525
2022	2,445,000	399,152	2,844,152
2023-2027	13,240,000	935,632	14,175,632
2028	<u>630,000</u>	<u>9,009</u>	<u>639,009</u>
Totals	<u>\$ 26,450,000</u>	<u>\$ 3,600,263</u>	<u>\$ 30,050,263</u>

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

**STATE OF NEW MEXICO**  
**ESPANOLA PUBLIC SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 8. LONG - TERM DEBT - (CONTINUED)**

Compensated Absences – Administrative employees of the District are able to accrue a limited amount of vacation and other compensatory time during the year. During fiscal year June 30, 2017, compensated absences increased \$31,887 over the prior year accrual. See Note 1 for more details.

Operating Leases – The District leases office equipment under short-term cancelable operating leases. Rental cost for the year ended June 30, 2017 was \$75,278.

**NOTE 9. RISK MANAGEMENT**

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

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

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

The Española school district has agreed to settlements totaling more than \$7.5 million to pay out lawsuits stemming from allegations of improper conduct between a former teacher of the school district and some female students. During the fiscal year ended June 30, 2017, the School District agreed to the first payment of \$3.2 million settlement and to an additional \$4.37 million settlement after July 30, 2017. The School District's insurance authority paid the settled lawsuits.

**STATE OF NEW MEXICO  
 ESPANOLA PUBLIC SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2017**

**NOTE 10. OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES**

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

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

Governmental Funds

Nonmajor Funds:

Dual Credit Instructional Materials (27103)	(9,254)
2008 GO Bond Student Library Fund(27105)	(2,074)
2012 Go Bond Student Library SB-66 (27107)	(37,642)
NM Reads to Lead K3 (27114)	(79,520)
Truancy Initiative PED (27141)	(126,204)
Libraries - GO Bonds-Laws of 2004 (27145)	(196)
Pre-K Initiative (27149)	(315,617)
Rural Ed. Bureau-Summer Enrichment Prog.(27165)	(7,238)
2013-2014 Bus Purchase (27178)	(93,554)
NM Grown Fresh Fruit/Veggies (27183)	(245)
Teachers Hard to Staff (27195)	(24,767)
Public School Capital Outlay (31200)	(19,456)
Special Capital Outlay State (31400)	(70,417)
SB-9 Local (31701)	(184,900)
Ed. Tech. Bond- Series Sept. 2007 (31910)	(399,853)

These deficits are expected to be funded by additional grant funds and charges for services, where applicable.

**STATE OF NEW MEXICO**  
**ESPANOLA PUBLIC SCHOOL DISTRICT**  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017

**NOTE 10. OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES - (CONTINUED)**

(B). Excess of expenditures over appropriations by fund and function. The following fund exceeded approved budgetary authority for the year ended June 30, 2017.

<u>Fund Name</u>	<u>Function Name</u>	<u>Amount</u>
Operational Fund (11000)	Student transportation	\$ 43,802
Operational Fund (11000)	Other support service	151,380
Title I - IASA (24101)	Operation & maintenance of plant	14
Entitlement IDEA - B (24106)	Central services	24,775
Entitlement IDEA - B (24106)	Student transportation	23,890
21st Century (24119)	Central services	16
LANL Foundation (26113)	Instruction	1,247
Bond Building (31100)	Capital outlay	757,374
SB-9 Local (31701)	Support services - general administration	9,039
Total Ed.Tech Debt Service Subfund (43000)	Debt service - interest	\$ 4,009

**NOTE 11. PENSION PLAN - EDUCATION RETIREMENT BOARD (ERB)**

**Espanola Public School (The District)**

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

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

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

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



**STATE OF NEW MEXICO**  
**ESPANOLA PUBLIC SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 11. PENSION PLAN – EDUCATIONAL RETIREMENT BOARD (CONT'D)**

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

**Summary of Plan Provisions for Retirement.** For members employed before July 1, 2010, a member is eligible to retire when one of the following events occurs:

- The member's age and earned service credit add up to the sum of 75 or more,
- The member is at least sixty-five years of age and has five or more years of earned service credit, or
- The member has service credit totaling 25 years or more.

Chapter 288, Laws of 2009 changed the eligibility requirements for new members first employed on, or after, July 1, 2010 and before July 1, 2013. The eligibility for a member who either becomes a new member on or after July 1, 2010 and before July 1, 2013, or at any time prior to July 1, 2010 refunded all member contributions and then becomes re-employed after July 1, 2010 is as follows:

- The member's age and earned service credit add up to the sum of 80 or more,
- The member is at least sixty-seven years of age and has five or more years of earned service credit, or
- The member has service credit totaling 30 years or more.

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

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

**Forms of Payment.** The benefit is paid as a monthly life annuity with a guarantee that, if the payments made do not exceed the member's accumulated contributions plus accumulated interest, determined as of the date of retirement, the balance will be paid in a lump sum to the member's surviving beneficiary.

**STATE OF NEW MEXICO**  
**ESPANOLA PUBLIC SCHOOL DISTRICT**  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017

**NOTE 11. PENSION PLAN – EDUCATIONAL RETIREMENT BOARD (CONT'D)**

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

- **Option A – Straight Life Benefit** – The single life annuity option has no reductions to the monthly benefit, and there is no continuing benefit due to a beneficiary or estate, except the balance, if any, of member contributions plus interest less benefits paid prior to the member's death.
- **Option B – Joint 100% Survivor Benefit** – The single life annuity monthly benefit is reduced to provide for a 100% survivor's benefit. The reduced benefit is payable during the life of the member, with the provision that, upon death, the same benefit is paid to the beneficiary for his or her lifetime. If the beneficiary predeceases the member, the member's monthly benefit is increased to the amount the member would have received under Option A Straight Life benefit. The member's increased monthly benefit commences in the month following the beneficiary's death.
- **Option C – Joint 50% Survivor Benefit** – The single life annuity monthly benefit is reduced to provide for a 50% survivor's benefit. The reduced benefit is payable during the life of the member, with the provision that, upon death, the reduced 50% benefit is paid to the beneficiary for his or her lifetime. If the beneficiary predeceases the member, the member's monthly benefit is increased to the amount the member would have received under Option A Straight Life benefit. The member's increased monthly benefit commences in the month following the beneficiary's death.

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

**STATE OF NEW MEXICO**  
**ESPANOLA PUBLIC SCHOOL DISTRICT**  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017

**NOTE 11. PENSION PLAN – EDUCATIONAL RETIREMENT BOARD (CONT'D)**

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

- Tier 1 membership is comprised of employees who became members prior to July 1, 2010
- Tier 2 membership is comprised of employees who became members after July 1, 2010, but prior to July 1, 2013
- Tier 3 membership is comprised of employees who became members on or after July 1, 2013

As of July 1, 2013, for current and future retirees the COLA was immediately reduced until the plan is 100% funded. The COLA reduction was based on the median retirement benefit of all retirees excluding disability retirements. Retirees with benefits at or below the median and with 25 or more years of service credit will have a 10% COLA reduction; their average COLA will be 1.8%. Once the funding is greater than 90%, the COLA reductions will decrease. The retirees with benefits at or below the median and with 25 or more years of service credit will have a 5% COLA reduction; their average COLA will be 1.9%. All other retirees will have a 10% COLA reduction; their average will be 1.8%. Members on disability retirement are entitled to a COLA commencing on July 1 of the third full year following disability retirement. A member on regular retirement who can prove retirement because of a disability may qualify for a COLA beginning July 1 in the third full year of retirement.

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

**Contributions.** For the fiscal year ended June 30, 2017 and 2016 educational employers contributed to the Plan based on the following rate schedule.

<b>Fiscal Year</b>	<b>Date Range</b>	<b>Wage Category</b>	<b>Member Rate</b>	<b>Employer Rate</b>	<b>Combined Rate</b>	<b>Increase Over Prior Year</b>
2017	7-1-16 to 6-30-17	Over \$20K	10.70%	13.90%	24.60%	0.00%
2017	7-1-16 to 6-30-17	\$20K or less	7.90%	13.90%	21.80%	0.00%
2016	7-1-15 to 6-30-16	Over \$20K	10.70%	13.90%	24.60%	0.00%
2016	7-1-15 to 6-30-16	\$20K or less	7.90%	13.90%	21.80%	0.00%

The contribution requirements are established in statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the New Mexico Legislature. For the fiscal years ended June 30, 2017 and 2016, the District paid employee and employer contributions of \$2,074,464 and \$2,783,391, which equal the amount of the required contributions for each fiscal year.

**STATE OF NEW MEXICO**  
**ESPANOLA PUBLIC SCHOOL DISTRICT**  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017

**NOTE 11. PENSION PLAN – EDUCATIONAL RETIREMENT BOARD (CONT'D)**

*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:* At June 30, 2017, the District reported a liability of \$49,036,498 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015. The total pension liability was rolled-forward from the valuation date to the plan year ending June 30, 2016 using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date of June 30, 2016. There were no significant events or changes in benefit provision that required an adjustment to the roll-forward liabilities as of June 30, 2016. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating educational institutions, actuarially determined.

At June 30, 2016, the District's proportion was 0.68140 percent, which was a decrease of 0.01153% from its proportion measured as of June 30, 2015. For the year ended June 30, 2017, the District recognized pension expense of \$3,230,178. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	\$ 212,739	\$ 466,399
Net difference between projected and actual earnings on pension plan investments	2,927,071	-
Changes of assumptions	998,187	-
Changes in proportion and differences between District contributions and proportionate share of contribution	-	1,836,267
District's contributions subsequent to the measurement date	<u>2,783,391</u>	<u>-</u>
Total	<u>6,921,388</u>	<u>2,302,666</u>

\$2,783,391 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30:</u>	<u>Amount</u>
2018	\$ (406,321)
2019	292,719
2020	1,235,137
2021	<u>713,796</u>
Total	<u>\$ 1,835,331</u>

**STATE OF NEW MEXICO**  
**ESPANOLA PUBLIC SCHOOL DISTRICT**  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017

**NOTE 11. PENSION PLAN – EDUCATIONAL RETIREMENT BOARD (CONT'D)**

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

Inflation	3.00%
Salary Increases	Composition: 3% inflation, plus 0.75% productivity increase rate, plus step rate promotional increases for members with less than 10 years of service.
Average of Expected Remaining Service Lives	3.77 years.
Retirement Age	Experience-based table rates based on age and service, adopted by the Board on June 12, 2015 in conjunction with the six-year experience study for the period ending June 30, 2014.
Investment Rate of Return	7.75% compounded annually, net of expenses. This is made up of a 3.00% inflation rate and a 4.75 real rate of return. The long-term expected rate of return on pension plan investments is determined annually using a building-block approach that includes the following: 1) rate of return projections are the sum of current yield plus projected changes in price (valuation, defaults, etc.), 2) application of key economic projections (inflation, real growth, dividends, etc.), and 3) structural themes (supply and demand imbalances, capital flows, etc.) developed for each major asset class.
Cost-of-living increases	2% per year, compounded annually.
Payroll growth	3.5% per year (with no allowance for membership growth).
Contribution accumulation	5% increase per year for all years prior to the valuation date. (Contributions are credited with 4.0% interest, compounded annually, applicable to the account balance in the past as well as the future).
Disability Incidence	Approved rates applied to eligible members with at least 10 years of service.
Mortality	<p><b>Healthy males:</b> Based on the RP-2000 Combined Mortality Table with White Collar adjustments, generational mortality improvements with Scale BB.</p> <p><b>Healthy females:</b> Based on GRS Southwest Region Teacher Mortality Table, set back one year, generational mortality improvements in accordance with Scale BB from the table's base year of 2012.</p> <p><b>Disabled males:</b> RP-2000 Disabled Mortality Table for males, set back three years, projected to 2016 with Scale BB. <b>Disabled females:</b> RP-2000 Disabled Mortality Table for females, no set back, projected to 2016 with Scale BB.</p> <p><b>Active members:</b> RP-2000 Employee Mortality Tables, with males set back two years and scaled at 80%, and females set back five years and scaled at 70%. Static mortality improvement from the table's base year of 2000 to the year 2016 in accordance with Scale BB. No future improvement was assumed for preretirement mortality.</p>

**STATE OF NEW MEXICO**  
**ESPANOLA PUBLIC SCHOOL DISTRICT**  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017

**NOTE 11. PENSION PLAN – EDUCATIONAL RETIREMENT BOARD (CONT'D)**

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

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

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

**STATE OF NEW MEXICO**  
**ESPANOLA PUBLIC SCHOOL DISTRICT**  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017

**NOTE 11. PENSION PLAN – EDUCATIONAL RETIREMENT BOARD (CONT'D)**

**Discount rate:** A single discount rate of 7.75% was used to measure the total ERB pension liability as of June 30, 2016. This single discount rate was based on the expected rate of return on pension plan investments of 7.75%. Based on the stated assumptions and the projection of cash flows, the Plan’s fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current pension plan members. Therefore the long term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The projection of cash flows used to determine this single discount rate assumed that Plan contributions will be made at the current statutory levels. Additionally, contributions received through the Alternative Retirement Plan (ARP), ERB’s defined contribution plan, are included in the projection of cash flows. ARP contributions are assumed to remain at a level percentage of ERB payroll, where the percentage of payroll is based on the most recent five year contribution history.

**Sensitivity of the District’s proportionate share of the net pension liability to changes in the discount rate.** The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 7.75 percent, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1- percentage-point lower (6.75 percent) or 1-percentage-point higher (8.75 percent) than the current rate:

ERB Fund Division (A)	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
District's proportionate share of the net pension liability	<u>\$ 64,947,703</u>	<u>\$ 49,036,498</u>	<u>\$ 35,834,693</u>

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

**Payables to the pension plan.** The District doesn’t have any amount due to the plan as on June 30, 2017.

**STATE OF NEW MEXICO**  
**ESPANOLA PUBLIC SCHOOL DISTRICT**  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017

**NOTE 12. POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN**

**Plan Description**

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

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

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

**Funding Policy**

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

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.



**STATE OF NEW MEXICO**  
**ESPANOLA PUBLIC SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 12. POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN - (CONTINUED)**

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. For employees that were members of an enhanced retirement plan (state police and adult correctional officer member coverage plan 1; municipal police member coverage plans 3, 4 or 5; municipal fire member coverage plans 3, 4 or 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act) during the fiscal year ended June 30, 2017, the statute required each participating employer to contribute 2.5% of each participating employee's annual salary; and each participating employee was required to contribute 1.25% of their salary.

For employees that were not members of an enhanced retirement plan during the fiscal year ended June 30, 2017, the statute required each participating employer to contribute 2.0% of each participating employee's annual salary; and each participating employee was required to contribute 1.25% of their salary. For employees that were not members of an enhanced retirement plan during the fiscal year ended June 30, 2014, the statute required each participating employer to contribute 2.0% of each employee's annual salary; each participating employee was required to contribute 1.0% of their salary. In addition, pursuant to Section 10-7C-15(G) NMSA 1978, at the first session of the Legislature following July 1, 2013, the legislature shall review and adjust the distributions pursuant to Section 7-1-6.1 NMSA 1978 and the employer and employee contributions to the authority in order to ensure the actuarial soundness of the benefits provided under the Retiree Health Care Act.

The District's contributions to the RHCA for the years ended June 30, 2017, 2016 and 2015 were \$389,531, \$390,062 and \$394,998 respectively, which equal the required contributions for each year.

**NOTE 13. CONTINGENT LIABILITIES**

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

**STATE OF NEW MEXICO**  
**ESPANOLA PUBLIC SCHOOL DISTRICT**  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017

**NOTE 14. GOVERNMENTAL FUND BALANCE**

**Fund Balance**

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

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

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

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

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

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

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

**STATE OF NEW MEXICO  
 ESPANOLA PUBLIC SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2017**

**NOTE 14. GOVERNMENTAL FUND BALANCE - (CONTINUED)**

Detail relating to the fund balance classifications is displayed below:

	Operational Fund	Pupil Transportation Fund	Total Instructional Materials Subfund	Bond Building Fund	Debt Services Fund	Other Governmental Funds	Total
Fund Balances							
Nonspendable:							
Inventory	\$ 38,256						\$ 38,256
Prepaid Expenses	700						700
Restricted for:							
Special Revenue						1,594,583	1,594,583
Capital projects				1,886,105		1,483,243	3,369,348
Debt service					4,033,983	374,226	4,408,209
Transportation		20,467					20,467
Instructional materials			71,198				71,198
Unassigned:							
General Fund	2,346,676						2,346,676
Special Revenue Funds						(696,311)	(696,311)
Capital projects Funds						(674,626)	(674,626)
Total fund balances	<u>\$2,385,632</u>	<u>\$ 20,467</u>	<u>\$ 71,198</u>	<u>\$ 1,886,105</u>	<u>\$4,033,983</u>	<u>\$ 2,081,115</u>	<u>\$10,478,500</u>

**NOTE 15. RESTATEMENT OF NET POSITION**

During the year ended June 30, 2017, the District reconciled the capital asset inventory listing as a result of which a prior period adjustment was made in the amount of \$4,665,566 to the Government-wide financial statements of the primary government. Accumulated depreciation was adjusted in the amount of \$4,665,566 to restate the net positions correctly.

## **SUPPLEMENTARY INFORMATION**

**NONMAJOR GOVERNMENTAL FUNDS**

**STATE OF NEW MEXICO**  
**ESPANOLA PUBLIC SCHOOL DISTRICT**  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2017

	<u>Special Revenue</u>	<u>Capital Project</u>	<u>Debt Service</u>	<u>Total</u>
<b>ASSETS</b>				
Current assets:				
Cash and temporary investments	\$ 1,560,149	\$ 962,896	\$ 374,226	\$ 2,897,271
Receivable:				
Taxes		42,465	22,537	65,002
Dues from other governments	1,036,604			1,036,604
Interfund receivables	<u>379,179</u>	<u>633,292</u>		<u>1,012,471</u>
Total assets	<u>2,975,932</u>	<u>1,638,653</u>	<u>396,763</u>	<u>5,011,348</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	45,742	10,956		56,698
Interfund payables	1,291,669	776,615		2,068,284
Unearned revenues- property taxes		42,465	22,537	65,002
Unearned revenues - other	718,685			718,685
Other liabilities	<u>21,564</u>			<u>21,564</u>
Total liabilities	<u>2,077,660</u>	<u>830,036</u>	<u>22,537</u>	<u>2,930,233</u>
<b>FUND BALANCES</b>				
Non-spendable:				
Restricted for:				
Special revenue fund	1,594,583			1,594,583
Capital projects fund		1,483,243		1,483,243
Debt service fund			374,226	374,226
Unassigned	<u>(696,311)</u>	<u>(674,626)</u>		<u>(1,370,937)</u>
Total fund balances	<u>898,272</u>	<u>808,617</u>	<u>374,226</u>	<u>2,081,115</u>
Total liabilities and fund balance	<u>\$ 2,975,932</u>	<u>\$ 1,638,653</u>	<u>\$ 396,763</u>	<u>\$ 5,011,348</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**ESPANOLA PUBLIC SCHOOL DISTRICT**  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDING JUNE 30, 2017

	<u>Special Revenue</u>	<u>Capital Project</u>	<u>Debt Service</u>	<u>Total</u>
<b>REVENUES:</b>				
Property taxes	\$	\$ 945,169	\$ 331,916	\$ 1,277,085
State grants	1,594,846			1,594,846
Federal grants	4,982,530			4,982,530
Charges for services	119,745			119,745
Miscellaneous	<u>3,924</u>	<u>236,671</u>		<u>240,595</u>
<i>Total Revenues</i>	<u>6,701,045</u>	<u>1,181,840</u>	<u>331,916</u>	<u>8,214,801</u>
<b>EXPENDITURES:</b>				
Current:				
Instruction	2,824,169			2,824,169
Support services:				
Student	437,447			437,447
Instruction	54,102			54,102
General administration	121,213	9,039	323,425	453,677
School administration	21,684			21,684
Central services	163,332			163,332
Student transportation	494,102			494,102
Food services operations	2,003,570			2,003,570
Capital outlay		1,303,027		1,303,027
Debt service - interest			<u>13,318</u>	<u>13,318</u>
<i>Total expenditures</i>	<u>6,119,619</u>	<u>1,312,066</u>	<u>336,743</u>	<u>7,768,428</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>581,426</u>	<u>(130,226)</u>	<u>(4,827)</u>	<u>446,373</u>
Net changes in fund balances	581,426	(130,226)	(4,827)	446,373
Fund balances - beginning of year	<u>316,846</u>	<u>938,843</u>	<u>379,053</u>	<u>1,634,742</u>
Fund balances - end of year	<u>\$ 898,272</u>	<u>\$ 808,617</u>	<u>\$ 374,226</u>	<u>\$ 2,081,115</u>

The accompanying notes are an integral part of these financial statements

## **SPECIAL REVENUE FUNDS**



**STATE OF NEW MEXICO**  
**ESPANOLA PUBLIC SCHOOL DISTRICT**  
NONMAJOR GOVERNMENTAL FUNDS DESCRIPTION  
JUNE 30, 2017

**SPECIAL REVENUE FUNDS**

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

**Food Services (21000)** – To account for the cost of operating a student food program and is financed with federal grants and fees paid by program users.

**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.

**Activity Transportation (23000)** – to account for budgeted revenues and expenditures which relate to student activities other than athletics.

**EVHS - TV PRODUCTIONS (23780)** - Student Activity Account to promote education on TV Productions at Espanola High School (This activity account is funded mostly by donations and application awards requested by the teacher)

**Entitlement IDEA-B (24106) and ARRA IDEA-B Federal Stimulus (24206)** – 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.

**Discretionary IDEA-B (24107)** – To account for a program funded by a Federal grant to assist the District in providing a free appropriate public education to all children with disabilities. Authorized by individuals with Disabilities Education Act (IDEA), Part B, Sections 611, as amended, 20 U.S.C. 1411.

**Competitive IDEA-B (24108)** – IDEA B Competitive to provide free appropriate education to children with disabilities.

**Preschool IDEA-B (24109) and ARRA IDEA-B Preschool Federal Stimulus (24209)** – The objective of the Assistance to States for the Education of Handicapped Children Program is to assist in providing free, appropriate public education to all handicapped children from ages three to five. Federal revenues accounted for in this fund are allocated to the District through the New Mexico Department of Children, Youth and Families. Authority for creation of this fund is Public Law 105-17.

**STATE OF NEW MEXICO**  
**ESPANOLA PUBLIC SCHOOL DISTRICT**  
NONMAJOR GOVERNMENTAL FUNDS DESCRIPTION  
JUNE 30, 2017

**SPECIAL REVENUE FUNDS - (CONTINUED)**

**IDEA-B Early Intervention (24112) and IDEA-B Early Intervention Services Federal Stimulus (24212)** – To account for a program funded by a Federal grant to assist the District to make improvements in elementary and secondary education. Funding authorized by Elementary and Secondary Education Act of 1965, as amended, Title I, Chapter 2, Part A; Augustus F. Hawkins-Robert T. Stafford Elementary and Secondary School Improvements of 1988, Public Law 100-297, 20 U.S.C. 2911-2952, 2971-2976.

**TITLE II IASA (Math/Science) (24115)** - IDEA grant requires each state to ensure that a free appropriate public education (FAPE) is available to all eligible children with disabilities to provide benefits available to, children with disabilities who are enrolled by their parents in private schools, including religious schools, when the provision of FAPE is not at issue. In IDEA, these children are often referred to as “parentally placed private school children” with disabilities, and the benefits available to them differ from the benefits for children with disabilities in public schools.

**Fresh Fruits & Vegetables (24118)** – To account for a Federal grant to provide a variety of free fresh fruits and vegetables to children to help create a healthier school environment. Funding is authorized by the Agriculture, Rural Development, Food and Drug Administration and Related Agencies Act, signed in November 2005, Public Law 109-97.

**21st Century (24119)** - To account for federal funds utilized to expand an after school, weekend and summer program. The program is designed to integrate the visual and performing arts with literacy, life skills and physical activity for kindergarten to 12th grade focusing on the neighborhood and the community as a classroom.

**IDEA B (24120) (24132)** – To account for a program funded by a Federal grant to assist the District in providing free appropriate public education to all handicapped children. Funding authorized by the Individuals with Disabilities Education Act, Part B, Sections 611-620, as amended, Public Laws 91-230, 93-380, 94-142, 98-199, 99-457, 100-639, and 101-476, 20 U. S. C. 1411-1420. The fund was created by the authority of federal grant provisions.

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

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

**Safe & Drug Free Schools & Community (24157)** – To establish a local program of alcohol and drug abuse education and prevention coordinated with related community efforts and resources.

**STATE OF NEW MEXICO**  
**ESPANOLA PUBLIC SCHOOL DISTRICT**  
NONMAJOR GOVERNMENTAL FUNDS DESCRIPTION  
JUNE 30, 2017

**SPECIAL REVENUE FUNDS - (CONTINUED)**

**Rural and Low Income Schools (24160)** – To account for a grant with the purpose of providing financial assistance to rural districts to carry out activities to help improve the quality of teaching and learning in their schools. Authorized by Elementary and Secondary Education Act of 1965 (ESEA), Title VI, Part B, as amended.

**Title I School Improvement (24162)** – To account for federal funds to provide family-center education projects to help parents become full partners in the education of their children and to assist children in reaching their full potential as leaders. Authority is Public Law 100-297.

**Emergency Immigrant Funding (24163)** – To account for funds to provide education and opportunity to immigrant students. Funding is competitive based on the quality of the program and significant increase of the number of students being served from previous years.

**Reading First (24167)** – To account for federal resources administered by the State Public Education Department for a comprehensive reading approach which will incorporate research-based materials, intensive and systematic on-site professional development and an assessment-teaching-learning cycle that feeds assessment data into dynamic instructional decision-making. (P.L. 100-297)

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

**Carl D. Perkins Secondary - Redistribution (24176)** – The redistribution unused portion of Carl D. Perkins funds. The objective is to provide secondary education institutions the opportunity to develop, implement, and operate programs using different models of curricula that integrate vocation and academic learning. The purpose of Perkins is to provide individuals with the academic and technical skills needed to succeed in a knowledge- and skills-based economy. Perkins supports career and technical education that prepares its students both for postsecondary education and the careers of their choice.

**USDA Equipment Asst. Program (24183)** – 2015 Agriculture Appropriations Act to State agencies that will competitively award equipment assistance grants to eligible school food authorities (SFAs) participating in the National School Lunch Program (NSLP). These funds will allow SFAs to purchase equipment to serve healthier meals that meet the updated meal patterns, with emphasis on more fruits and vegetables in school meals, improve food safety, and expand access.

**USHHS/CDC School Health (24186)** - Promotes Adolescent Health through School-based Human Immunodeficiency Virus (HIV)/Sexually Transmitted Infections (STI) Prevention and School-based Surveillance program in the state of New Mexico

**STATE OF NEW MEXICO**  
**ESPANOLA PUBLIC SCHOOL DISTRICT**  
NONMAJOR GOVERNMENTAL FUNDS DESCRIPTION  
JUNE 30, 2017

**SPECIAL REVENUE FUNDS - (CONTINUED)**

**Title I Federal Stimulus (24201) and Title I School Improvement Federal Stimulus (24262)** – To provide supplemental educational opportunity for academically disadvantaged children in the area of residing. Campuses are identified for program participation by the percentage of students on free or reduced price lunches. Any school with a free and reduced price lunch percentage that is equal to or greater than the total district percentage becomes eligible for program participation. Any student whose test scores fall below District established criteria and who is attending a Title I campus is eligible to receive Title I services. Poverty is the criteria that identify a campus; educational need determines the students to be served. Federal revenues accounted for in this fund are allocated to the District through the New Mexico Department of Education. Authority for creation of this fund is Part A of Chapter I of Title I of Elementary and Secondary Education Act (ESEA) of 1965, as amended, Public Law 103-383.

**ARRA IDEA-B (24206)** - To account for a program funded by a Federal grant to assist the School in providing free appropriate public education to all handicapped children. Funding authorized by the American Recovery and Reinvestment Act of 2009. The fund was created by the authority of federal grant provisions

**ARRA IDEA-B Preschool (24209)** - The American Recovery and Reinvestment Act of 2009 (ARRA) (Public Law 111-5) appropriates significant new funding for programs under Parts B and C of the Individuals with Disabilities Education Act (IDEA). Part B of the IDEA provides funds to state educational agencies (SEAs) and through them to local educational agencies (LEAs) to help them ensure that children with disabilities, including children aged three through five, have access to a free appropriate public education to meet each child's unique needs and prepare each child for further education, employment, and independent living.

**Education of Homeless Federal Stimulus (24213)** - To provide funds for activities for, and services to, homeless children and youth including preschool-age children that enable these children and youth to enroll, attend, and succeed in school. These services provide before or after school tutoring, supplemental instruction and enriched educational activities. All activities may be provided on school grounds or at other facilities including sectarian property.

**Title I - Sch. Improvement Federal Stimulus (24262)** - School Improvement Grants (SIG), authorized under section 1003(g) of Title I of the Elementary and Secondary Education Act of 1965 (Title I or ESEA), are grants, through State Education Agencies (SEA), to Local Educational Agencies (LEA), for use in Title I schools identified for improvement, corrective action, or restructuring. Districts or LEAs must demonstrate the greatest need for the funds and the strongest commitment to use the funds to provide adequate resources in order to raise substantially the achievement of their students so as to enable the schools to make adequate yearly programs (AYP) and exit In Needs of Improvement status. School Improvement Grant funds are to be focused in these areas depending on the capacity of the District.

**Grant to Reduce Alcohol Abuse (25111)** - Grant to reduce alcohol abuse - Includes Project Success specialists and community advocacy to reduce underage drinking along with Student Wellness Action Teams and mental health services.

**STATE OF NEW MEXICO**  
**ESPANOLA PUBLIC SCHOOL DISTRICT**  
NONMAJOR GOVERNMENTAL FUNDS DESCRIPTION  
JUNE 30, 2017

**SPECIAL REVENUE FUNDS - (CONTINUED)**

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

**Impact Aid – Indian Education (25147)** – To account for funding of a Federal program to provide financial assistance to local educational agencies (LEA's) where enrollments or availability of revenue are adversely affected by Federal activities, i.e. where the tax base of a district is reduced through the Federal acquisition of real property (Section 2), or where there are a significant number of children who reside on Federal (including Indian) lands and/or children whose parents are employed on Federal property or in the Uniformed Services (Section 3(a) and 3(b)): where there is a significant decrease (Section 3(c)) or a reduced or increased operating costs (Section 4) in school enrollment as the result of Federal activities; to provide disaster assistance for reduced or increased operating costs (Section 7(a)), for replacing or repairing damaged or destroyed supplies, equipment, and books, and for repairing minor damage to facilities. Funding authorized by Public Law 81-874.

**Title XIX MEDICAID 3/21 Years (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.

**Child and Adult Food Program (25171)** – To account for the activities of a program to provide for healthier schools by providing a health center at the schools. Funding is from the New Mexico Department of Health.

**Indian Education Formula Grant (25184)** – To account for a program funded by a Federal grant to develop and carry out supplementary elementary and secondary school programs designed to meet the special educational and culturally related academic needs of Indian children, for example to: 1) Improve academic performance, 2) Reduce school dropout rates and improve attendance, and 3) Integrate the value of cultural education into the school curriculum for Indian children. Funding authorized by Indian Education Act of 1988, Title V, Part C, Subpart 1, as amended, Public Law 100-297 and 93-638, 25 U.S.C. 2601-2606.

**Enlace- UNM (26103)** – The ENLACE Statewide Collaborative focuses on student access and success, family and community engagement, leadership and professional development, and policy development. We provide coaching, mentoring, and tutoring to increase retention and to promote graduation at elementary, middle, and high schools. We are also involved in a variety of student success initiatives to increase retention and to promote graduation in higher education.

**STATE OF NEW MEXICO**  
**ESPANOLA PUBLIC SCHOOL DISTRICT**  
NONMAJOR GOVERNMENTAL FUNDS DESCRIPTION  
JUNE 30, 2017

**SPECIAL REVENUE FUNDS - (CONTINUED)**

**LANL Foundation (26113)** – Educational enrichment grant received from Los Alamos National Laboratory.

**PNM Foundation Inc. (26123)** – To account for a grant received from Public Services Company of New Mexico for an educational project.

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

**2008 GO Bond Student Library Fund (27105)** – Funds used to purchase library books and library supplies for all school sites.

**2010 GO Bond Library Fund (27106)** – To be used to fund each library facility for improvement or acquisition and to acquire library resources to support the library program. Funds generated by GO Bonds may not be used to supplant existing or prior library material funding within school districts receiving these monies.

**2012 GoBond Student Library SB-66 (27107)** – Statute specifies that the funds are available to acquire library books, equipment and library resources for public school libraries.

**NM Reads to Lead K3 (27114)** - Grants to provide an overarching goal of increasing student achievement in grades K-3 to ensure that all students are proficient in reading before entering fourth grade.

**Teacher/ School Leader Stipends Serving At-Risk (27122)** – Teacher/ School Leader Stipends Serving At-Risk, To provide teacher stipends for teachers moving from A/B to D/F Schools.

**Incentives for School Improvement Act (27138)** – To account for monies received from the Award for High Improving Schools provided by the State of New Mexico for the purpose of identifying special needs at awarded locations and to purchase items to improve those schools.

**Truancy Initiative PED (27141)** – To hire three truancy and dropout prevention coaches.

**Libraries GO BONDS Laws of 2004 (27145)** – Funds used to purchase library books and library supplies for all school sites.

**Pre-K Initiative (27149)** – To account for monies received from the State of New Mexico to be used to provide direct services to twenty 4 year old children in Pre-Kindergarten programs at Mariposa Elementary, and Tome Elementary.

**Indian Education Act (27150)** – Indian Education Act, The objective of this program is to increase academic achievement and provide culturally relevant experiences for American Indian Students.

**Beginning Teacher Mentoring Program (27154)** – The objective of this program is to provide beginning teachers an effective transition into the teaching profession, retain capable teachers, improve the achievement of students and improve the overall success of the school. Funding is provided by the New Mexico Board of Education. Authority for creation of this fund is NMSA 22-2-8-10.

**STATE OF NEW MEXICO**  
**ESPANOLA PUBLIC SCHOOL DISTRICT**  
NONMAJOR GOVERNMENTAL FUNDS DESCRIPTION  
JUNE 30, 2017

**SPECIAL REVENUE FUNDS - (CONTINUED)**

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

**AP Expansion (27165)** – To undertake work and activities and pedagogy that target and support the alignment and expansion of Advanced Placement Education to improve student and teacher learning and training.

**Kindergarten - Three Plus (27166)** – The funding is part of a pilot project for Kindergarten through third grade students at both Ann Parish Elementary and Desert View Elementary. Funds used for teachers, educational assistants, nurses, an academic coach, and PE coach at both schools.

**2013-2014 Bus Purchase (27178)** – 2013-2014 Bus Purchase, The objective of this program is Bus replacement for To and From School Transportation for Students.

**NM Grown Fresh Fruit/Veggies (27183)** - Appropriations through the General Appropriations Act to distribute funding to school districts for the purchase of New Mexico Fresh grown fruits and vegetables for school meal programs.

**Next Generation Assessments (27185)** – Next Generation Assessments, Funding technology to remediate deficiencies in computer devices compliant with the Partnership for Assessment of Readiness for College and Careers assessment requirements.

**Parent Advocacy Project (27193)** – Appropriation to establish a parent advocacy project to enhance parent support of failing students

**Teachers Hard to Staff (27195)** - To account for funds provided by the New Mexico Public Education Department to assist with the recruitment and retention of teachers in “hard to staff” content areas.

**2009 Library Book Fund (27549)** – The intent of these funds were to purchase school library books.

**NM Highway Department (Road) (28120)** – To account for road funds provided by the New Mexico Highway Department.

**Suicide Prevention (28158)** – This initiative will focus on promoting suicide prevention as a core component to health care services and promoting and implementing effective clinical and professional practices to assess and treat individuals at risk for suicidal behaviors.

**Private Direct Grants (29102)** – To account for various private direct grants allocated to the school district.

**School Based Health Clinics (29130)** – To account for funds administered by the Department of Health and the County of Dona Ana in support of providing Primary Care and Mental Health Service on school campus.

**STATE OF NEW MEXICO**  
**ESPANOLA PUBLIC SCHOOL DISTRICT**  
 COMBINING BALANCE SHEET  
 NONMAJOR SPECIAL REVENUE FUNDS  
 JUNE 30, 2017

	21000 - Food Services	22000 - Athletics	23000 - Activity Transportation
<b>ASSETS</b>			
Current assets:			
Cash and temporary investments	\$ 422,046	\$ 6,851	\$ 858
Receivable:			
Due from other governments			
Interfund receivables	295,610	_____	_____
Total assets	717,656	6,851	858
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable		3,267	
Interfund payables			
Unearned revenues - other			
Other liabilities	_____	_____	_____
Total liabilities	0	3,267	0
<b>FUND BALANCES</b>			
Non-spendable:			
Restricted for:			
Special revenue fund	717,656	3,584	858
Unassigned	_____	_____	_____
Total fund balance	717,656	3,584	858
Total liabilities and fund balance	\$ 717,656	\$ 6,851	\$ 858

The accompanying notes are an integral part of these financial statements



**STATE OF NEW MEXICO**  
**ESPANOLA PUBLIC SCHOOL DISTRICT**  
 COMBINING BALANCE SHEET  
 NONMAJOR SPECIAL REVENUE FUNDS  
 JUNE 30, 2017

	23780 - EVHS- TV Productions	24106 - Entitlement IDEA-B	24107 - Discretionary IDEA-B
<b>ASSETS</b>			
Current assets:			
Cash and temporary investments	\$	\$	\$
Receivable:			
Due from other governments		222,729	17,743
Interfund receivables			
Total assets	0	222,729	17,743
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable		7,196	
Interfund payables		208,509	17,743
Unearned revenues - other			
Other liabilities			
Total liabilities	0	215,705	17,743
<b>FUND BALANCES</b>			
Non-spendable:			
Restricted for:			
Special revenue fund		7,024	
Unassigned			
Total fund balance	0	7,024	0
Total liabilities and fund balance	\$ 0	\$ 222,729	\$ 17,743

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**ESPANOLA PUBLIC SCHOOL DISTRICT**  
 COMBINING BALANCE SHEET  
 NONMAJOR SPECIAL REVENUE FUNDS  
 JUNE 30, 2017

	24108 - COMPETITIVE IDEA-B	24109 - Preschool IDEA- B	24112 - IDEA-B Early Intervention
<b>ASSETS</b>			
Current assets:			
Cash and temporary investments	\$	\$ 2,055	\$
Receivable:			
Due from other governments	2,213	2,030	
Interfund receivables			
Total assets	2,213	4,085	0
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable			
Interfund payables	2,213	4,085	
Unearned revenues - other			
Other liabilities			
Total liabilities	2,213	4,085	0
<b>FUND BALANCES</b>			
Non-spendable:			
Restricted for:			
Special revenue fund			
Unassigned			
Total fund balance	0	0	0
Total liabilities and fund balance	\$ 2,213	\$ 4,085	\$ 0

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**ESPANOLA PUBLIC SCHOOL DISTRICT**  
 COMBINING BALANCE SHEET  
 NONMAJOR SPECIAL REVENUE FUNDS  
 JUNE 30, 2017

	24115 - TITLE II IASA (Math/Science)	24118 - Fresh Fruit and Vegetable
<b>ASSETS</b>		
Current assets:		
Cash and temporary investments	\$ 20,919	\$
Receivable:		
Due from other governments		19,671
Interfund receivables		
Total assets	20,919	19,671
<b>LIABILITIES AND FUND BALANCES</b>		
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable		
Interfund payables	3,054	19,671
Unearned revenues - other	17,865	
Other liabilities		
Total liabilities	20,919	19,671
<b>FUND BALANCES</b>		
Non-spendable:		
Restricted for:		
Special revenue fund		
Unassigned		
Total fund balance	0	0
Total liabilities and fund balance	\$ 20,919	\$ 19,671

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**ESPANOLA PUBLIC SCHOOL DISTRICT**  
 COMBINING BALANCE SHEET  
 NONMAJOR SPECIAL REVENUE FUNDS  
 JUNE 30, 2017

	24119 - 21ST CENTURY	24120 - IDEA-B "Risk Pool"	24132 - IDEA-B RESULTS PLAN
<b>ASSETS</b>			
Current assets:			
Cash and temporary investments	\$	\$	\$
Receivable:			
Due from other governments	467,268		4,753
Interfund receivables			
Total assets	467,268	0	4,753
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable			
Interfund payables	467,268		4,753
Unearned revenues - other			
Other liabilities			
Total liabilities	467,268	0	4,753
<b>FUND BALANCES</b>			
Non-spendable:			
Restricted for:			
Special revenue fund			
Unassigned			
Total fund balance	0	0	0
Total liabilities and fund balance	\$ 467,268	\$ 0	\$ 4,753

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**ESPANOLA PUBLIC SCHOOL DISTRICT**  
 COMBINING BALANCE SHEET  
 NONMAJOR SPECIAL REVENUE FUNDS  
 JUNE 30, 2017

	24153 - Title 111- English Language Acquisition	24154 - Title 11- Teacher/Principal Training & Recruiting
<b>ASSETS</b>		
Current assets:		
Cash and temporary investments	\$	\$
Receivable:		
Due from other governments	174,128	52,599
Interfund receivables		
Total assets	174,128	52,599
<b>LIABILITIES AND FUND BALANCES</b>		
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable		
Interfund payables	174,128	52,599
Unearned revenues - other		
Other liabilities		
Total liabilities	174,128	52,599
<b>FUND BALANCES</b>		
Non-spendable:		
Restricted for:		
Special revenue fund		
Unassigned		
Total fund balance	0	0
Total liabilities and fund balance	\$ 174,128	\$ 52,599

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**ESPANOLA PUBLIC SCHOOL DISTRICT**  
 COMBINING BALANCE SHEET  
 NONMAJOR SPECIAL REVENUE FUNDS  
 JUNE 30, 2017

	<u>24157 - Title IV- Safe &amp; Drug Free Schools &amp; Community</u>	<u>24160 - Rural &amp; Low-Income Schools</u>	<u>24162 - Title I School Improvement</u>
<b>ASSETS</b>			
Current assets:			
Cash and temporary investments	\$ 1,841	\$ 88,543	\$
Receivable:			
Due from other governments			
Interfund receivables		<u>2</u>	
Total assets	<u>1,841</u>	<u>88,545</u>	<u>0</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable		1,301	
Interfund payables			
Unearned revenues - other	1,841	87,244	
Other liabilities			
Total liabilities	<u>1,841</u>	<u>88,545</u>	<u>0</u>
<b>FUND BALANCES</b>			
Non-spendable:			
Restricted for:			
Special revenue fund			
Unassigned			
Total fund balance	<u>0</u>	<u>0</u>	<u>0</u>
Total liabilities and fund balance	<u>\$ 1,841</u>	<u>\$ 88,545</u>	<u>\$ 0</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**ESPANOLA PUBLIC SCHOOL DISTRICT**  
 COMBINING BALANCE SHEET  
 NONMAJOR SPECIAL REVENUE FUNDS  
 JUNE 30, 2017

	<u>24163 - Immigrant Funding - Title III</u>	<u>24167 - Reading First</u>	<u>24174 - Carl D Perkins Spec. Proj. - Current</u>
<b>ASSETS</b>			
Current assets:			
Cash and temporary investments	\$ 10,907	\$	\$
Receivable:			
Due from other governments			36,672
Interfund receivables			
Total assets	<u>10,907</u>	<u>0</u>	<u>36,672</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable			9,153
Interfund payables	10,907		27,519
Unearned revenues - other			
Other liabilities			
Total liabilities	<u>10,907</u>	<u>0</u>	<u>36,672</u>
<b>FUND BALANCES</b>			
Non-spendable:			
Restricted for:			
Special revenue fund			
Unassigned			
Total fund balance	<u>0</u>	<u>0</u>	<u>0</u>
Total liabilities and fund balance	<u>\$ 10,907</u>	<u>\$ 0</u>	<u>\$ 36,672</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**ESPANOLA PUBLIC SCHOOL DISTRICT**  
 COMBINING BALANCE SHEET  
 NONMAJOR SPECIAL REVENUE FUNDS  
 JUNE 30, 2017

	<u>24176 - Carl D. Perkins Secondary - Redistribution</u>	<u>24183 - USDA Equipment Asst. Program</u>	<u>24186 - USHHS/CDC SCHOOL HEALTH</u>
<b>ASSETS</b>			
Current assets:			
Cash and temporary investments	\$ 869	\$	\$
Receivable:			
Due from other governments			
Interfund receivables	<u>          </u>	<u>          </u>	<u>          </u>
Total assets	<u>869</u>	<u>0</u>	<u>0</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable			
Interfund payables			
Unearned revenues - other	869		
Other liabilities	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities	<u>869</u>	<u>0</u>	<u>0</u>
<b>FUND BALANCES</b>			
Non-spendable:			
Restricted for:			
Special revenue fund			
Unassigned	<u>          </u>	<u>          </u>	<u>          </u>
Total fund balance	<u>0</u>	<u>0</u>	<u>0</u>
Total liabilities and fund balance	<u>\$ 869</u>	<u>\$ 0</u>	<u>\$ 0</u>

The accompanying notes are an integral part of these financial statements



**STATE OF NEW MEXICO**  
**ESPANOLA PUBLIC SCHOOL DISTRICT**  
 COMBINING BALANCE SHEET  
 NONMAJOR SPECIAL REVENUE FUNDS  
 JUNE 30, 2017

	<u>24201 - Title I Federal Stimulus</u>	<u>24206 - ARRA IDEA-B</u>	<u>24209 - ARRA IDEA-B Preschool</u>
<b>ASSETS</b>			
Current assets:			
Cash and temporary investments	\$ 44,960	\$	\$ 214
Receivable:			
Due from other governments			
Interfund receivables	<u>                    </u>	<u>5,395</u>	<u>4,186</u>
Total assets	<u>44,960</u>	<u>5,395</u>	<u>4,400</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable			
Interfund payables		1,236	
Unearned revenues - other	44,960	4,159	4,400
Other liabilities	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total liabilities	<u>44,960</u>	<u>5,395</u>	<u>4,400</u>
<b>FUND BALANCES</b>			
Non-spendable:			
Restricted for:			
Special revenue fund			
Unassigned	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total fund balance	<u>0</u>	<u>0</u>	<u>0</u>
Total liabilities and fund balance	<u>\$ 44,960</u>	<u>\$ 5,395</u>	<u>\$ 4,400</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**ESPANOLA PUBLIC SCHOOL DISTRICT**  
 COMBINING BALANCE SHEET  
 NONMAJOR SPECIAL REVENUE FUNDS  
 JUNE 30, 2017

	24213 - Education of Homeless <u>Federal Stimulus</u>	24262 - Title I - Sch. Improvement <u>Federal Stimulus</u>	<u>25111 - Alcohol Abuse Reduction</u>
<b>ASSETS</b>			
Current assets:			
Cash and temporary investments	\$	\$ 2,995	\$
Receivable:			
Due from other governments	728		22,358
Interfund receivables	<u>          </u>	<u>          </u>	<u>          </u>
Total assets	<u>728</u>	<u>2,995</u>	<u>22,358</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable			
Interfund payables	728		
Unearned revenues - other		2,995	
Other liabilities	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities	<u>728</u>	<u>2,995</u>	<u>0</u>
<b>FUND BALANCES</b>			
Non-spendable:			
Restricted for:			
Special revenue fund			22,358
Unassigned	<u>          </u>	<u>          </u>	<u>          </u>
Total fund balance	<u>0</u>	<u>0</u>	<u>22,358</u>
Total liabilities and fund balance	<u>\$ 728</u>	<u>\$ 2,995</u>	<u>\$ 22,358</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**ESPANOLA PUBLIC SCHOOL DISTRICT**  
 COMBINING BALANCE SHEET  
 NONMAJOR SPECIAL REVENUE FUNDS  
 JUNE 30, 2017

	<u>25145 - Impact Aid SpEd (Title VIII)</u>	<u>25147 - Impact Aid Indian Education</u>	<u>25153 - Title XIX Medicaid 3/21 Years</u>
<b>ASSETS</b>			
Current assets:			
Cash and temporary investments	\$	\$ 36,551	\$ 695,502
Receivable:			
Due from other governments	178		
Interfund receivables			
Total assets	<u>178</u>	<u>36,551</u>	<u>695,502</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable			
Interfund payables	178		6,080
Unearned revenues - other		36,551	
Other liabilities			
Total liabilities	<u>178</u>	<u>36,551</u>	<u>6,080</u>
<b>FUND BALANCES</b>			
Non-spendable:			
Restricted for:			
Special revenue fund			689,422
Unassigned			
Total fund balance	<u>0</u>	<u>0</u>	<u>689,422</u>
Total liabilities and fund balance	<u>\$ 178</u>	<u>\$ 36,551</u>	<u>\$ 695,502</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**ESPANOLA PUBLIC SCHOOL DISTRICT**  
 COMBINING BALANCE SHEET  
 NONMAJOR SPECIAL REVENUE FUNDS  
 JUNE 30, 2017

	<u>25171 - Child and Adult Food Program</u>	<u>25184 - Indian Education (Title VII) EASIE Grant</u>	<u>26103 - Enlace- UNM</u>
<b>ASSETS</b>			
Current assets:			
Cash and temporary investments	\$ 107,120	\$ 4,080	\$ 642
Receivable:			
Due from other governments			
Interfund receivables	<u>                    </u>	<u>                    2</u>	<u>                    300</u>
Total assets	<u>107,120</u>	<u>4,082</u>	<u>942</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	23,219		
Interfund payables			
Unearned revenues - other	83,901	4,082	
Other liabilities	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total liabilities	<u>107,120</u>	<u>4,082</u>	<u>0</u>
<b>FUND BALANCES</b>			
Non-spendable:			
Restricted for:			
Special revenue fund			942
Unassigned	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total fund balance	<u>0</u>	<u>0</u>	<u>942</u>
Total liabilities and fund balance	<u>\$ 107,120</u>	<u>\$ 4,082</u>	<u>\$ 942</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**ESPANOLA PUBLIC SCHOOL DISTRICT**  
 COMBINING BALANCE SHEET  
 NONMAJOR SPECIAL REVENUE FUNDS  
 JUNE 30, 2017

	26113 - LANL Foundation	26123 - PNM Foundation INC	27103 - Dual Credit Instr. Materials
<b>ASSETS</b>			
Current assets:			
Cash and temporary investments	\$ 256	\$ 52	\$
Receivable:			
Due from other governments			
Interfund receivables	2		
Total assets	258	52	0
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable			
Interfund payables			9,254
Unearned revenues - other	253		
Other liabilities			
Total liabilities	253	0	9,254
<b>FUND BALANCES</b>			
Non-spendable:			
Restricted for:			
Special revenue fund	5	52	
Unassigned			(9,254)
Total fund balance	5	52	(9,254)
Total liabilities and fund balance	\$ 258	\$ 52	\$ 0

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**ESPANOLA PUBLIC SCHOOL DISTRICT**  
 COMBINING BALANCE SHEET  
 NONMAJOR SPECIAL REVENUE FUNDS  
 JUNE 30, 2017

	27105 - 2008 GO Bond Student Library Fund (SB333)	27106 - 2010 Go Bonds Library Fund	27107 - 2012 GoBond Student Library SB-66
<b>ASSETS</b>			
Current assets:			
Cash and temporary investments	\$	\$ 29	\$
Receivable:			
Due from other governments			
Interfund receivables	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total assets	<u>                    0</u>	<u>                    29</u>	<u>                    0</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable			
Interfund payables	2,074	29	24
Unearned revenues - other			37,618
Other liabilities	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total liabilities	<u>                    2,074</u>	<u>                    29</u>	<u>                    37,642</u>
<b>FUND BALANCES</b>			
Non-spendable:			
Restricted for:			
Special revenue fund			
Unassigned	<u>                    (2,074)</u>	<u>                    </u>	<u>                    (37,642)</u>
Total fund balance	<u>                    (2,074)</u>	<u>                    0</u>	<u>                    (37,642)</u>
Total liabilities and fund balance	<u>\$                    0</u>	<u>\$                    29</u>	<u>\$                    0</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**ESPANOLA PUBLIC SCHOOL DISTRICT**  
 COMBINING BALANCE SHEET  
 NONMAJOR SPECIAL REVENUE FUNDS  
 JUNE 30, 2017

	27114 - NM Reads to Lead K3	27122 - Teacher/ School Leader Stipends Serving At-Risk	27138 - Incentives for School IMPR ACT PED
<b>ASSETS</b>			
Current assets:			
Cash and temporary investments	\$	\$	\$ 10,101
Receivable:			
Due from other governments			
Interfund receivables			
Total assets	0	0	10,101
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable			
Interfund payables			
Unearned revenues - other	79,520		
Other liabilities			
Total liabilities	79,520	0	0
<b>FUND BALANCES</b>			
Non-spendable:			
Restricted for:			
Special revenue fund			10,101
Unassigned	(79,520)		
Total fund balance	(79,520)	0	10,101
Total liabilities and fund balance	\$ 0	\$ 0	\$ 10,101

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**ESPANOLA PUBLIC SCHOOL DISTRICT**  
 COMBINING BALANCE SHEET  
 NONMAJOR SPECIAL REVENUE FUNDS  
 JUNE 30, 2017

	<u>27141 - TRUANCY INITIATIVE PED</u>	<u>27145 - Libraries - GO Bonds- Laws of 2004</u>	<u>27149 - Pre-K Initiative</u>
<b>ASSETS</b>			
Current assets:			
Cash and temporary investments	\$	\$	\$
Receivable:			
Due from other governments			
Interfund receivables	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total assets	<u>                    0</u>	<u>                    0</u>	<u>                    0</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable			1,606
Interfund payables	92,052	196	154,057
Unearned revenues - other	34,152		159,954
Other liabilities	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total liabilities	<u>          126,204</u>	<u>               196</u>	<u>          315,617</u>
<b>FUND BALANCES</b>			
Non-spendable:			
Restricted for:			
Special revenue fund			
Unassigned	<u>         (126,204)</u>	<u>             (196)</u>	<u>         (315,617)</u>
Total fund balance	<u>         (126,204)</u>	<u>             (196)</u>	<u>         (315,617)</u>
Total liabilities and fund balance	<u>\$                    0</u>	<u>\$                    0</u>	<u>\$                    0</u>

The accompanying notes are an integral part of these financial statements



**STATE OF NEW MEXICO**  
**ESPANOLA PUBLIC SCHOOL DISTRICT**  
 COMBINING BALANCE SHEET  
 NONMAJOR SPECIAL REVENUE FUNDS  
 JUNE 30, 2017

	27150 - Indian Education Act	27154 - Beginning Teacher Mentoring Program	27155 - Breakfast for Elementary Students
<b>ASSETS</b>			
Current assets:			
Cash and temporary investments	\$	\$ 6,756	\$
Receivable:			
Due from other governments	7,784		
Interfund receivables			
Total assets	7,784	6,756	0
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable			
Interfund payables	7,784		
Unearned revenues - other			
Other liabilities			
Total liabilities	7,784	0	0
<b>FUND BALANCES</b>			
Non-spendable:			
Restricted for:			
Special revenue fund		6,756	
Unassigned			
Total fund balance	0	6,756	0
Total liabilities and fund balance	\$ 7,784	\$ 6,756	\$ 0

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**ESPANOLA PUBLIC SCHOOL DISTRICT**  
 COMBINING BALANCE SHEET  
 NONMAJOR SPECIAL REVENUE FUNDS  
 JUNE 30, 2017

	<u>27165 - Rural Ed. Bureau- Summer Enrichment Prog.</u>	<u>27166 - Kindergarten - Three Plus</u>	<u>27178 - 2013- 2014 Bus Purchase</u>
<b>ASSETS</b>			
Current assets:			
Cash and temporary investments	\$	\$	\$
Receivable:			
Due from other governments			
Interfund receivables	<u>                    </u>	<u>41,721</u>	<u>                    </u>
Total assets	<u>                    0</u>	<u>41,721</u>	<u>                    0</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable			
Interfund payables	7,238	12,295	
Unearned revenues - other			93,554
Other liabilities	<u>                    </u>	<u>21,564</u>	<u>                    </u>
Total liabilities	<u>7,238</u>	<u>33,859</u>	<u>93,554</u>
<b>FUND BALANCES</b>			
Non-spendable:			
Restricted for:			
Special revenue fund		7,862	
Unassigned	<u>(7,238)</u>	<u>                    </u>	<u>(93,554)</u>
Total fund balance	<u>(7,238)</u>	<u>7,862</u>	<u>(93,554)</u>
Total liabilities and fund balance	<u>\$                    0</u>	<u>\$          41,721</u>	<u>\$                    0</u>

**STATE OF NEW MEXICO**  
**ESPANOLA PUBLIC SCHOOL DISTRICT**  
 COMBINING BALANCE SHEET  
 NONMAJOR SPECIAL REVENUE FUNDS  
 JUNE 30, 2017

	27183 - NM Grown Fresh Fruit/Veggies	27185 - Next Generation Assessments	27193 - Parent Advocacy Project
<b>ASSETS</b>			
Current assets:			
Cash and temporary investments	\$	\$	\$
Receivable:			
Due from other governments	5,750		
Interfund receivables			
Total assets	5,750	0	0
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable			
Interfund payables	5,995		
Unearned revenues - other			
Other liabilities			
Total liabilities	5,995	0	0
<b>FUND BALANCES</b>			
Non-spendable:			
Restricted for:			
Special revenue fund			
Unassigned	(245)		
Total fund balance	(245)	0	0
Total liabilities and fund balance	\$ 5,750	\$ 0	\$ 0

**STATE OF NEW MEXICO**  
**ESPANOLA PUBLIC SCHOOL DISTRICT**  
 COMBINING BALANCE SHEET  
 NONMAJOR SPECIAL REVENUE FUNDS  
 JUNE 30, 2017

	<u>27195 - Teachers Hard to Staff</u>	<u>27549 - GO Library Books</u>	<u>28120 - NM Highway Dept. (Road)</u>
<b>ASSETS</b>			
Current assets:			
Cash and temporary investments	\$	\$ 12,713	\$
Receivable:			
Due from other governments			
Interfund receivables	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total assets	<u>                    0</u>	<u>          12,713</u>	<u>                    0</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable			
Interfund payables			
Unearned revenues - other	24,767		
Other liabilities	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total liabilities	<u>          24,767</u>	<u>                    0</u>	<u>                    0</u>
<b>FUND BALANCES</b>			
Non-spendable:			
Restricted for:			
Special revenue fund		12,713	
Unassigned	<u>          (24,767)</u>	<u>                    </u>	<u>                    </u>
Total fund balance	<u>          (24,767)</u>	<u>          12,713</u>	<u>                    0</u>
Total liabilities and fund balance	<u>\$                    0</u>	<u>\$          12,713</u>	<u>\$                    0</u>

**STATE OF NEW MEXICO**  
**ESPANOLA PUBLIC SCHOOL DISTRICT**  
 COMBINING BALANCE SHEET  
 NONMAJOR SPECIAL REVENUE FUNDS  
 JUNE 30, 2017

	<u>28158 - Suicide Prevention</u>	<u>29102 - Private DIR Grants (Categorical)</u>	<u>29130 - School Based Health Center-NMHD</u>
<b>ASSETS</b>			
Current assets:			
Cash and temporary investments	\$ 3,618	\$ 61,611	\$ 18,060
Receivable:			
Due from other governments			
Interfund receivables			<u>31,961</u>
Total assets	<u>3,618</u>	<u>61,611</u>	<u>50,021</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable			
Interfund payables			
Unearned revenues - other			
Other liabilities			
Total liabilities	<u>0</u>	<u>0</u>	<u>0</u>
<b>FUND BALANCES</b>			
Non-spendable:			
Restricted for:			
Special revenue fund	3,618	61,611	50,021
Unassigned			
Total fund balance	<u>3,618</u>	<u>61,611</u>	<u>50,021</u>
Total liabilities and fund balance	<u>\$ 3,618</u>	<u>\$ 61,611</u>	<u>\$ 50,021</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**ESPANOLA PUBLIC SCHOOL DISTRICT**  
 COMBINING BALANCE SHEET  
 NONMAJOR SPECIAL REVENUE FUNDS  
 JUNE 30, 2017

	Total
<b>ASSETS</b>	
Current assets:	
Cash and temporary investments	\$ 1,560,149
Receivable:	
Due from other governments	1,036,604
Interfund receivables	379,179
Total assets	2,975,932
<b>LIABILITIES AND FUND BALANCES</b>	
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	45,742
Interfund payables	1,291,669
Unearned revenues - other	718,685
Other liabilities	21,564
Total liabilities	2,077,660
<b>FUND BALANCES</b>	
Non-spendable:	
Restricted for:	
Special revenue fund	1,594,583
Unassigned	(696,311)
Total fund balance	898,272
Total liabilities and fund balance	\$ 2,975,932

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**ESPANOLA PUBLIC SCHOOL DISTRICT**  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDING JUNE 30, 2017

	<u>21000 - Food Services</u>	<u>22000 - Athletics</u>	<u>23000 - Activity Transportation</u>
<b>REVENUES:</b>			
State and local grants	\$	\$	\$
Federal grants	2,214,828		
Charges for services	29,625	90,120	
Miscellaneous	<u>380</u>	<u>297</u>	<u>          </u>
<i>Total Revenues</i>	<u>2,244,833</u>	<u>90,417</u>	<u>0</u>
<b>EXPENDITURES:</b>			
Current:			
Instruction		103,266	
Support services:			
Student			
Instruction			
General administration			
School administration			
Central services			
Student transportation			
Food service operations	<u>1,842,008</u>	<u>          </u>	<u>          </u>
<i>Total expenditures</i>	<u>1,842,008</u>	<u>103,266</u>	<u>0</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>402,825</u>	<u>(12,849)</u>	<u>0</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Net changes in fund balance	402,825	(12,849)	0
Fund balances - beginning of the year	<u>314,831</u>	<u>16,433</u>	<u>858</u>
Fund balances - end of the year	<u>\$ 717,656</u>	<u>\$ 3,584</u>	<u>\$ 858</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**ESPANOLA PUBLIC SCHOOL DISTRICT**  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDING JUNE 30, 2017

	23780 - EVHS- TV Productions	24106 - Entitlement IDEA-B	24107 - Discretionary IDEA-B
<b>REVENUES:</b>			
State and local grants	\$	\$	\$
Federal grants		670,653	
Charges for services			
Miscellaneous			
<i>Total Revenues</i>	0	670,653	0
<b>EXPENDITURES:</b>			
Current:			
Instruction		474,960	
Support services:			
Student		55,196	
Instruction		11,408	
General administration		25,734	
School administration			
Central services		62,879	
Student transportation		40,476	
Food service operations			
<i>Total expenditures</i>	0	670,653	0
<i>Excess (deficiency) of revenues over (under) expenditures</i>	0	0	0
<b>OTHER FINANCING SOURCES (USES):</b>			
Net changes in fund balance	0	0	0
Fund balances - beginning of the year	0	7,024	0
Fund balances - end of the year	\$ 0	\$ 7,024	\$ 0

The accompanying notes are an integral part of these financial statements



**STATE OF NEW MEXICO**  
**ESPANOLA PUBLIC SCHOOL DISTRICT**  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDING JUNE 30, 2017

	<u>24108 - COMPETITIVE IDEA-B</u>	<u>24109 - Preschool IDEA- B</u>	<u>24112 - IDEA-B Early Intervention</u>
<b>REVENUES:</b>			
State and local grants	\$	\$	\$
Federal grants		22,092	
Charges for services			
Miscellaneous			
<i>Total Revenues</i>	<u>0</u>	<u>22,092</u>	<u>0</u>
<b>EXPENDITURES:</b>			
Current:			
Instruction		7,611	
Support services:			
Student			
Instruction			
General administration			
School administration			
Central services			
Student transportation		14,481	
Food service operations			
<i>Total expenditures</i>	<u>0</u>	<u>22,092</u>	<u>0</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>0</u>	<u>0</u>	<u>0</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Net changes in fund balance	0	0	0
Fund balances - beginning of the year	<u>0</u>	<u>0</u>	<u>0</u>
Fund balances - end of the year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**ESPANOLA PUBLIC SCHOOL DISTRICT**  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDING JUNE 30, 2017

	<u>24115 - TITLE II IASA (Math/Science)</u>	<u>24118 - Fresh Fruit and Vegatable</u>
<b>REVENUES:</b>		
State and local grants	\$	\$
Federal grants		
Charges for services		
Miscellaneous		
	<hr/>	<hr/>
<i>Total Revenues</i>	<u>0</u>	<u>0</u>
<b>EXPENDITURES:</b>		
Current:		
Instruction		
Support services:		
Student		
Instruction		
General administration		
School administration		
Central services		
Student transportation		
Food service operations		
	<hr/>	<hr/>
<i>Total expenditures</i>	<u>0</u>	<u>0</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>0</u>	<u>0</u>
<b>OTHER FINANCING SOURCES (USES):</b>		
Net changes in fund balance	0	0
Fund balances - beginning of the year	<hr/>	<hr/>
Fund balances - end of the year	<u>\$ 0</u>	<u>\$ 0</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**ESPANOLA PUBLIC SCHOOL DISTRICT**  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDING JUNE 30, 2017

	24119 - 21ST CENTURY	24120 - IDEA-B "Risk Pool"	24132 - IDEA-B RESULTS PLAN
<b>REVENUES:</b>			
State and local grants	\$	\$	\$
Federal grants	860,777		31,210
Charges for services			
Miscellaneous			
<i>Total Revenues</i>	860,777	0	31,210
<b>EXPENDITURES:</b>			
Current:			
Instruction	720,183		31,210
Support services:			
Student			
Instruction			
General administration	78,727		
School administration	21,684		
Central services	40,183		
Student transportation			
Food service operations			
<i>Total expenditures</i>	860,777	0	31,210
<i>Excess (deficiency) of revenues over (under) expenditures</i>	0	0	0
<b>OTHER FINANCING SOURCES (USES):</b>			
Net changes in fund balance	0	0	0
Fund balances - beginning of the year	0	0	0
Fund balances - end of the year	\$ 0	\$ 0	\$ 0

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**ESPANOLA PUBLIC SCHOOL DISTRICT**  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDING JUNE 30, 2017

	<u>24153 - Title 111- English Language Acquisition</u>	<u>24154 - Title 11- Teacher/Principal Training &amp; Recruiting</u>
<b>REVENUES:</b>		
State and local grants	\$	\$
Federal grants	45,223	170,286
Charges for services		
Miscellaneous		
	<u>45,223</u>	<u>170,286</u>
<i>Total Revenues</i>	<u>45,223</u>	<u>170,286</u>
<b>EXPENDITURES:</b>		
Current:		
Instruction	44,280	163,464
Support services:		
Student		
Instruction		
General administration	943	6,822
School administration		
Central services		
Student transportation		
Food service operations		
	<u>45,223</u>	<u>170,286</u>
<i>Total expenditures</i>	<u>45,223</u>	<u>170,286</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>0</u>	<u>0</u>
<b>OTHER FINANCING SOURCES (USES):</b>		
Net changes in fund balance	0	0
Fund balances - beginning of the year	<u>0</u>	<u>0</u>
Fund balances - end of the year	<u>\$ 0</u>	<u>\$ 0</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**ESPANOLA PUBLIC SCHOOL DISTRICT**  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDING JUNE 30, 2017

	<u>24157 - Title IV- Safe &amp; Drug Free Schools &amp; Community</u>	<u>24160 - Rural &amp; Low-Income Schools</u>	<u>24162 - Title I School Improvement</u>
<b>REVENUES:</b>			
State and local grants	\$	\$	\$
Federal grants		65,207	
Charges for services			
Miscellaneous			
<i>Total Revenues</i>	<u>0</u>	<u>65,207</u>	<u>0</u>
<b>EXPENDITURES:</b>			
Current:			
Instruction		62,731	
Support services:			
Student Instruction		2,476	
General administration			
School administration			
Central services			
Student transportation			
Food service operations			
<i>Total expenditures</i>	<u>0</u>	<u>65,207</u>	<u>0</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>0</u>	<u>0</u>	<u>0</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Net changes in fund balance	0	0	0
Fund balances - beginning of the year	<u>0</u>	<u>0</u>	<u>0</u>
Fund balances - end of the year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**ESPANOLA PUBLIC SCHOOL DISTRICT**  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDING JUNE 30, 2017

	24163 - Immigrant Funding - Title III	24167 - Reading First	24174 - Carl D Perkins Spec. Proj. - Current
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>REVENUES:</b>			
State and local grants	\$	\$	\$
Federal grants			59,931
Charges for services			
Miscellaneous			
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<i>Total Revenues</i>	<u>                    0</u>	<u>                    0</u>	<u>                    59,931</u>
<b>EXPENDITURES:</b>			
Current:			
Instruction			57,964
Support services:			
Student			
Instruction			
General administration			1,967
School administration			
Central services			
Student transportation			
Food service operations			
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<i>Total expenditures</i>	<u>                    0</u>	<u>                    0</u>	<u>                    59,931</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>                    0</u>	<u>                    0</u>	<u>                    0</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Net changes in fund balance	0	0	0
Fund balances - beginning of the year	<u>                    0</u>	<u>                    0</u>	<u>                    0</u>
Fund balances - end of the year	<u>\$                    0</u>	<u>\$                    0</u>	<u>\$                    0</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**ESPANOLA PUBLIC SCHOOL DISTRICT**  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDING JUNE 30, 2017

	24176 - Carl D. Perkins Secondary - <u>Redistribution</u>	24183 - USDA Equipment Asst. <u>Program</u>	24186 - USHHS/CDC SCHOOL <u>HEALTH</u>
<b>REVENUES:</b>			
State and local grants	\$	\$	\$
Federal grants			
Charges for services			
Miscellaneous			
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<i>Total Revenues</i>	<u>                    0</u>	<u>                    0</u>	<u>                    0</u>
<b>EXPENDITURES:</b>			
Current:			
Instruction			
Support services:			
Student			
Instruction			
General administration			
School administration			
Central services			
Student transportation			
Food service operations			
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<i>Total expenditures</i>	<u>                    0</u>	<u>                    0</u>	<u>                    0</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>                    0</u>	<u>                    0</u>	<u>                    0</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Net changes in fund balance	0	0	0
Fund balances - beginning of the year	<u>                    0</u>	<u>                    0</u>	<u>                    0</u>
Fund balances - end of the year	<u>\$                    0</u>	<u>\$                    0</u>	<u>\$                    0</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**ESPANOLA PUBLIC SCHOOL DISTRICT**  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDING JUNE 30, 2017

	<u>24201 - Title I Federal Stimulus</u>	<u>24206 - ARRA IDEA-B</u>	<u>24209 - ARRA IDEA-B Preschool</u>
<b>REVENUES:</b>			
State and local grants	\$	\$	\$
Federal grants			
Charges for services			
Miscellaneous			
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<i>Total Revenues</i>	<u>                    0</u>	<u>                    0</u>	<u>                    0</u>
<b>EXPENDITURES:</b>			
Current:			
Instruction			
Support services:			
Student			
Instruction			
General administration			
School administration			
Central services			
Student transportation			
Food service operations			
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<i>Total expenditures</i>	<u>                    0</u>	<u>                    0</u>	<u>                    0</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>                    0</u>	<u>                    0</u>	<u>                    0</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Net changes in fund balance	0	0	0
Fund balances - beginning of the year	<u>                    0</u>	<u>                    0</u>	<u>                    0</u>
Fund balances - end of the year	<u>\$                    0</u>	<u>\$                    0</u>	<u>\$                    0</u>

The accompanying notes are an integral part of these financial statements



**STATE OF NEW MEXICO**  
**ESPANOLA PUBLIC SCHOOL DISTRICT**  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDING JUNE 30, 2017

	<u>24213 - Education of Homeless Federal Stimulus</u>	<u>24262 - Title I - Sch. Improvement Federal Stimulus</u>	<u>25111 - Alcohol Abuse Reduction</u>
<b>REVENUES:</b>			
State and local grants	\$	\$	\$
Federal grants			
Charges for services			
Miscellaneous			
	<hr/>	<hr/>	<hr/>
<i>Total Revenues</i>	<u>0</u>	<u>0</u>	<u>0</u>
<b>EXPENDITURES:</b>			
Current:			
Instruction			
Support services:			
Student			
Instruction			
General administration			
School administration			
Central services			
Student transportation			
Food service operations			
	<hr/>	<hr/>	<hr/>
<i>Total expenditures</i>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>0</u>	<u>0</u>	<u>0</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Net changes in fund balance	0	0	0
Fund balances - beginning of the year	<hr/>	<hr/>	<hr/>
Fund balances - end of the year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 22,358</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**ESPANOLA PUBLIC SCHOOL DISTRICT**  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDING JUNE 30, 2017

	25145 - Impact Aid SpEd (Title VIII)	25147 - Impact Aid Indian Education	25153 - Title XIX Medicaid 3/21 Years
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>REVENUES:</b>			
State and local grants	\$	\$	\$
Federal grants	15,583	6,125	659,803
Charges for services			
Miscellaneous			
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<i>Total Revenues</i>	<u>15,583</u>	<u>6,125</u>	<u>659,803</u>
<b>EXPENDITURES:</b>			
Current:			
Instruction	15,583		7,509
Support services:			
Student			382,251
Instruction		6,125	
General administration			
School administration			
Central services			60,270
Student transportation			
Food service operations			
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<i>Total expenditures</i>	<u>15,583</u>	<u>6,125</u>	<u>450,030</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>0</u>	<u>0</u>	<u>209,773</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Net changes in fund balance	0	0	209,773
Fund balances - beginning of the year	<u>0</u>	<u>0</u>	<u>479,649</u>
Fund balances - end of the year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 689,422</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**ESPANOLA PUBLIC SCHOOL DISTRICT**  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDING JUNE 30, 2017

	25171 - Child and Adult Food Program	25184 - Indian Education (Title VII) EASIE Grant	26103 - Enlace- UNM
<b>REVENUES:</b>			
State and local grants	\$	\$	\$
Federal grants	124,243	36,569	
Charges for services			
Miscellaneous			
	<u>124,243</u>	<u>36,569</u>	<u>0</u>
<i>Total Revenues</i>	<u>124,243</u>	<u>36,569</u>	<u>0</u>
<b>EXPENDITURES:</b>			
Current:			
Instruction			
Support services:			
Student			
Instruction		36,569	
General administration			
School administration			
Central services			
Student transportation			
Food service operations	124,243		
	<u>124,243</u>	<u>36,569</u>	<u>0</u>
<i>Total expenditures</i>	<u>124,243</u>	<u>36,569</u>	<u>0</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>0</u>	<u>0</u>	<u>0</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Net changes in fund balance	0	0	0
Fund balances - beginning of the year	<u>0</u>	<u>0</u>	<u>942</u>
Fund balances - end of the year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 942</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**ESPANOLA PUBLIC SCHOOL DISTRICT**  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDING JUNE 30, 2017

	<u>26113 - LANL</u> <u>Foundation</u>	<u>26123 - PNM</u> <u>Foundation INC</u>	<u>27103 - Dual</u> <u>Credit Instr.</u> <u>Materials</u>
<b>REVENUES:</b>			
State and local grants	\$	\$	\$ 4,897
Federal grants			
Charges for services			
Miscellaneous	<u>3,247</u>	<u>          </u>	<u>          </u>
<i>Total Revenues</i>	<u>3,247</u>	<u>0</u>	<u>4,897</u>
<b>EXPENDITURES:</b>			
Current:			
Instruction	3,247		4,897
Support services:			
Student			
Instruction			
General administration			
School administration			
Central services			
Student transportation			
Food service operations			
	<u>          </u>	<u>          </u>	<u>          </u>
<i>Total expenditures</i>	<u>3,247</u>	<u>0</u>	<u>4,897</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>0</u>	<u>0</u>	<u>0</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Net changes in fund balance	0	0	0
Fund balances - beginning of the year	<u>5</u>	<u>52</u>	<u>(9,254)</u>
Fund balances - end of the year	<u>\$ 5</u>	<u>\$ 52</u>	<u>\$ (9,254)</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**ESPANOLA PUBLIC SCHOOL DISTRICT**  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDING JUNE 30, 2017

	27105 - 2008 GO Bond Student Library Fund (SB333)	27106 - 2010 Go Bonds Library Fund	27107 - 2012 GoBond Student Library SB-66
<b>REVENUES:</b>			
State and local grants	\$	\$	\$
Federal grants			
Charges for services			
Miscellaneous			
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<i>Total Revenues</i>	<u>                    0</u>	<u>                    0</u>	<u>                    0</u>
<b>EXPENDITURES:</b>			
Current:			
Instruction			
Support services:			
Student			
Instruction			
General administration			
School administration			
Central services			
Student transportation			
Food service operations			
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<i>Total expenditures</i>	<u>                    0</u>	<u>                    0</u>	<u>                    0</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>                    0</u>	<u>                    0</u>	<u>                    0</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Net changes in fund balance	0	0	0
Fund balances - beginning of the year	<u>          (2,074)</u>	<u>                    0</u>	<u>          (37,642)</u>
Fund balances - end of the year	<u>\$          (2,074)</u>	<u>\$                    0</u>	<u>\$          (37,642)</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**ESPANOLA PUBLIC SCHOOL DISTRICT**  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDING JUNE 30, 2017

	<u>27114 - NM Reads to Lead K3</u>	<u>27122 - Teacher/ School Leader Stipends Serving At-Risk</u>	<u>27138 - Incentives for School IMPR ACT PED</u>
<b>REVENUES:</b>			
State and local grants	\$	\$	\$
Federal grants			
Charges for services			
Miscellaneous			
<i>Total Revenues</i>	<u>0</u>	<u>0</u>	<u>0</u>
<b>EXPENDITURES:</b>			
Current:			
Instruction			
Support services:			
Student			
Instruction			
General administration			
School administration			
Central services			
Student transportation			
Food service operations			
<i>Total expenditures</i>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>0</u>	<u>0</u>	<u>0</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Net changes in fund balance	0	0	0
Fund balances - beginning of the year	<u>(79,520)</u>	<u>0</u>	<u>10,101</u>
Fund balances - end of the year	<u>\$ (79,520)</u>	<u>\$ 0</u>	<u>\$ 10,101</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**ESPANOLA PUBLIC SCHOOL DISTRICT**  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDING JUNE 30, 2017

	<u>27141 - TRUANCY INITIATIVE PED</u>	<u>27145 - Libraries - GO Bonds-Laws of 2004</u>	<u>27149 - Pre-K Initiative</u>
<b>REVENUES:</b>			
State and local grants	\$ 289,999	\$	\$ 419,296
Federal grants			
Charges for services			
Miscellaneous			
	<u>289,999</u>	<u>0</u>	<u>419,296</u>
<i>Total Revenues</i>			
<b>EXPENDITURES:</b>			
Current:			
Instruction	289,999		331,134
Support services:			
Student Instruction			
General administration			4,544
School administration			
Central services			
Student transportation			83,616
Food service operations			
	<u>289,999</u>	<u>0</u>	<u>419,294</u>
<i>Total expenditures</i>			
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>0</u>	<u>0</u>	<u>2</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Net changes in fund balance	0	0	2
Fund balances - beginning of the year	<u>(126,204)</u>	<u>(196)</u>	<u>(315,619)</u>
Fund balances - end of the year	<u>\$ (126,204)</u>	<u>\$ (196)</u>	<u>\$ (315,617)</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**ESPANOLA PUBLIC SCHOOL DISTRICT**  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDING JUNE 30, 2017

	27150 - Indian Education Act	27154 - Beginning Teacher Mentoring Program	27155 - Breakfast for Elementary Students
<b>REVENUES:</b>			
State and local grants	\$ 7,784	\$	\$ 31,324
Federal grants			
Charges for services			
Miscellaneous			
<i>Total Revenues</i>	7,784	0	31,324
<b>EXPENDITURES:</b>			
Current:			
Instruction	7,784		
Support services:			
Student			
Instruction			
General administration			
School administration			
Central services			
Student transportation			
Food service operations			31,324
<i>Total expenditures</i>	7,784	0	31,324
<i>Excess (deficiency) of revenues over (under) expenditures</i>	0	0	0
<b>OTHER FINANCING SOURCES (USES):</b>			
Net changes in fund balance	0	0	0
Fund balances - beginning of the year	0	6,756	0
Fund balances - end of the year	\$ 0	\$ 6,756	\$ 0

The accompanying notes are an integral part of these financial statements



**STATE OF NEW MEXICO**  
**ESPANOLA PUBLIC SCHOOL DISTRICT**  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDING JUNE 30, 2017

	<u>27165 - Rural Ed. Bureau- Summer Enrichment Prog.</u>	<u>27166 - Kindergarten - Three Plus</u>	<u>27178 - 2013- 2014 Bus Purchase</u>
<b>REVENUES:</b>			
State and local grants	\$	\$ 455,722	\$ 355,529
Federal grants			
Charges for services			
Miscellaneous			
<i>Total Revenues</i>	<u>0</u>	<u>455,722</u>	<u>355,529</u>
<b>EXPENDITURES:</b>			
Current:			
Instruction		455,722	
Support services:			
Student			
Instruction			
General administration			
School administration			
Central services			
Student transportation			355,529
Food service operations			
<i>Total expenditures</i>	<u>0</u>	<u>455,722</u>	<u>355,529</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>0</u>	<u>0</u>	<u>0</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Net changes in fund balance	0	0	0
Fund balances - beginning of the year	<u>(7,238)</u>	<u>7,862</u>	<u>(93,554)</u>
Fund balances - end of the year	<u>\$ (7,238)</u>	<u>\$ 7,862</u>	<u>\$ (93,554)</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**ESPANOLA PUBLIC SCHOOL DISTRICT**  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDING JUNE 30, 2017

	<u>27183 - NM Grown Fresh Fruit/Veggies</u>	<u>27185 - Next Generation Assessments</u>	<u>27193 - Parent Advocacy Project</u>
<b>REVENUES:</b>			
State and local grants	\$ 5,995	\$	\$
Federal grants			
Charges for services			
Miscellaneous			
	<hr/>	<hr/>	<hr/>
<i>Total Revenues</i>	<u>5,995</u>	<u>0</u>	<u>0</u>
<b>EXPENDITURES:</b>			
Current:			
Instruction			
Support services:			
Student			
Instruction			
General administration			
School administration			
Central services			
Student transportation			
Food service operations	5,995		
	<hr/>	<hr/>	<hr/>
<i>Total expenditures</i>	<u>5,995</u>	<u>0</u>	<u>0</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>0</u>	<u>0</u>	<u>0</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Net changes in fund balance	0	0	0
Fund balances - beginning of the year	<u>(245)</u>	<u>0</u>	<u>0</u>
Fund balances - end of the year	<u>\$ (245)</u>	<u>\$ 0</u>	<u>\$ 0</u>

**STATE OF NEW MEXICO**  
**ESPANOLA PUBLIC SCHOOL DISTRICT**  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDING JUNE 30, 2017

	<u>27195 - Teachers Hard to Staff</u>	<u>27549 - GO Library Books</u>	<u>28120 - NM Highway Dept. (Road)</u>
<b>REVENUES:</b>			
State and local grants	\$ 24,300	\$	\$
Federal grants			
Charges for services			
Miscellaneous			
	<u>24,300</u>	<u>0</u>	<u>0</u>
<i>Total Revenues</i>			
<b>EXPENDITURES:</b>			
Current:			
Instruction	24,300		
Support services:			
Student			
Instruction			
General administration			
School administration			
Central services			
Student transportation			
Food service operations			
	<u>24,300</u>	<u>0</u>	<u>0</u>
<i>Total expenditures</i>			
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>0</u>	<u>0</u>	<u>0</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Net changes in fund balance	0	0	0
Fund balances - beginning of the year	<u>(24,767)</u>	<u>12,713</u>	<u>0</u>
Fund balances - end of the year	<u><u>\$ (24,767)</u></u>	<u><u>\$ 12,713</u></u>	<u><u>\$ 0</u></u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**ESPANOLA PUBLIC SCHOOL DISTRICT**  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDING JUNE 30, 2017

	<u>28158 - Suicide Prevention</u>	<u>29102 - Private DIR Grants (Categorical)</u>	<u>29130 - School Based Health Center-NMHD</u>
<b>REVENUES:</b>			
State and local grants	\$	\$	\$
Federal grants			
Charges for services			
Miscellaneous			
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<i>Total Revenues</i>	<u>                    0</u>	<u>                    0</u>	<u>                    0</u>
<b>EXPENDITURES:</b>			
Current:			
Instruction		18,325	
Support services:			
Student			
Instruction			
General administration			
School administration			
Central services			
Student transportation			
Food service operations			
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<i>Total expenditures</i>	<u>                    0</u>	<u>          18,325</u>	<u>                    0</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>                    0</u>	<u>          (18,325)</u>	<u>                    0</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Net changes in fund balance	0	(18,325)	0
Fund balances - beginning of the year	<u>          3,618</u>	<u>          79,936</u>	<u>          50,021</u>
Fund balances - end of the year	<u>\$          3,618</u>	<u>\$         61,611</u>	<u>\$         50,021</u>

**STATE OF NEW MEXICO**  
**ESPANOLA PUBLIC SCHOOL DISTRICT**  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDING JUNE 30, 2017

	Total
<b>REVENUES:</b>	
State and local grants	\$ 1,594,846
Federal grants	4,982,530
Charges for services	119,745
Miscellaneous	3,924
<i>Total Revenues</i>	6,701,045
<b>EXPENDITURES:</b>	
Current:	
Instruction	2,824,169
Support services:	
Student	437,447
Instruction	54,102
General administration	121,213
School administration	21,684
Central services	163,332
Student transportation	494,102
Food service operations	2,003,570
<i>Total expenditures</i>	6,119,619
<i>Excess (deficiency) of revenues over (under) expenditures</i>	581,426
<b>OTHER FINANCING SOURCES (USES):</b>	
Net changes in fund balance	581,426
Fund balances - beginning of the year	316,846
Fund balances - end of the year	\$ 898,272

The accompanying notes are an integral part of these financial statements

## **CAPITAL PROJECT FUNDS**

**STATE OF NEW MEXICO**  
**ESPANOLA PUBLIC SCHOOL DISTRICT**  
NONMAJOR GOVERNMENTAL FUNDS DESCRIPTION  
JUNE 30, 2017

**CAPITAL PROJECTS FUNDS**

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

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

**Special Capital Outlay – Local (31300)** – To account revenues that are derived from local sources such as the sale of a building.

**Special Capital Outlay – State (31400)** – To account for special appropriations monies received from the State of New Mexico under Chapter 4, Laws of 1996 for the purpose of upgrading the Espanola Public School District’s facilities.

**Capital Improvement SB-9 (31700)** – To account for erecting, remodeling, making additions to and furnishing of school buildings, or purchasing or improving school grounds or any combination thereof as identified by the local school board. Financing is provided by the State of New Mexico’s State Equalization Matching and a special tax levy as authorized by the Public School District Capital Improvements Act (22-25-1 to 22-25-10 NMSA 1978).

**Educational Technology Equipment Act (31900)** – To account for purchases of computer equipment and computer software. The authority for the 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.

**Educational Technology Bond-Series Sept. 2007 (31910)** – To account for bond proceeds and any income earned thereon. The proceeds are restricted for the purpose of making additions to and furnishing of school buildings, or purchasing or improving school grounds or any combination thereof, as approved by the voters of the District.

**STATE OF NEW MEXICO**  
**ESPANOLA PUBLIC SCHOOL DISTRICT**  
 COMBINING BALANCE SHEET  
 NONMAJOR CAPITAL PROJECT FUNDS  
 JUNE 30, 2017

	31200 - Public School Capital Outlay	31300 - Special Capital Outlay - Local
<b>ASSETS</b>		
Current assets:		
Cash and temporary investments	\$	\$ 849,951
Receivable :		
Taxes		
Interfund receivables		
Total assets	0	849,951
<b>LIABILITIES AND FUND BALANCES</b>		
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable		
Interfund payables	19,456	
Unearned revenues - property taxes		
Total liabilities	19,456	0
<b>FUND BALANCES</b>		
Restricted for:		
Capital projects fund		849,951
Unassigned	(19,456)	
Total fund balance	(19,456)	849,951
Total liabilities and fund balance	\$ 0	\$ 849,951

The accompanying notes are an integral part of these financial statements



**STATE OF NEW MEXICO**  
**ESPANOLA PUBLIC SCHOOL DISTRICT**  
 COMBINING BALANCE SHEET  
 NONMAJOR CAPITAL PROJECT FUNDS  
 JUNE 30, 2017

	31400 - Special Capital Outlay- State	31700 - Capital Improvements SB-9
<b>ASSETS</b>		
Current assets:		
Cash and temporary investments	\$ 19,657	\$
Receivable :		
Taxes		42,465
Interfund receivables		262,991
Total assets	19,657	305,456
<b>LIABILITIES AND FUND BALANCES</b>		
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable		
Interfund payables	90,074	
Unearned revenues - property taxes		42,465
Total liabilities	90,074	42,465
<b>FUND BALANCES</b>		
Restricted for:		
Capital projects fund		262,991
Unassigned	(70,417)	
Total fund balance	(70,417)	262,991
Total liabilities and fund balance	\$ 19,657	\$ 305,456

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**ESPANOLA PUBLIC SCHOOL DISTRICT**  
 COMBINING BALANCE SHEET  
 NONMAJOR CAPITAL PROJECT FUNDS  
 JUNE 30, 2017

	31701 - SB-9 LOCAL	31900 - ED. Technology Equipment Act	31910 - Ed. Tech. Bond - Series Sept. 2007
<b>ASSETS</b>			
Current assets:			
Cash and temporary investments	\$ 93,288	\$	\$
Receivable :			
Taxes			
Interfund receivables		370,301	
Total assets	93,288	370,301	0
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	10,956		
Interfund payables	267,232		399,853
Unearned revenues - property taxes			
Total liabilities	278,188	0	399,853
<b>FUND BALANCES</b>			
Restricted for:			
Capital projects fund		370,301	
Unassigned	(184,900)		(399,853)
Total fund balance	(184,900)	370,301	(399,853)
Total liabilities and fund balance	\$ 93,288	\$ 370,301	\$ 0

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**ESPANOLA PUBLIC SCHOOL DISTRICT**  
 COMBINING BALANCE SHEET  
 NONMAJOR CAPITAL PROJECT FUNDS  
 JUNE 30, 2017

	<u>Total</u>
<b>ASSETS</b>	
Current assets:	
Cash and temporary investments	\$ 962,896
Receivable :	
Taxes	42,465
Interfund receivables	<u>633,292</u>
Total assets	<u>1,638,653</u>
<b>LIABILITIES AND FUND BALANCES</b>	
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	10,956
Interfund payables	776,615
Unearned revenues - property taxes	<u>42,465</u>
Total liabilities	<u>830,036</u>
<b>FUND BALANCES</b>	
Restricted for:	
Capital projects fund	1,483,243
Unassigned	<u>(674,626)</u>
Total fund balance	<u>808,617</u>
Total liabilities and fund balance	<u>\$ 1,638,653</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**ESPANOLA PUBLIC SCHOOL DISTRICT**  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
NONMAJOR CAPITAL PROJECT FUNDS  
FOR THE YEAR ENDING JUNE 30, 2017

	31200 - Public School Capital Outlay	31300 - Special Capital Outlay - Local	31400 - Special Capital Outlay- State
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>REVENUES:</b>			
Property taxes	\$	\$	\$
Miscellaneous	<u>                    </u>	<u>                    </u>	<u>                    </u>
<i>Total Revenues</i>	<u>                    0</u>	<u>                    0</u>	<u>                    0</u>
<b>EXPENDITURES:</b>			
Current:			
Support services:			
General administration			
Capital Outlay	<u>                    </u>	<u>                    </u>	<u>                    </u>
<i>Total expenditures</i>	<u>                    0</u>	<u>                    0</u>	<u>                    0</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>                    0</u>	<u>                    0</u>	<u>                    0</u>
Net changes in fund balance	0	0	0
Fund balances - beginning of the year	<u>          (19,456)</u>	<u>          849,951</u>	<u>          (70,417)</u>
Fund balances - end of the year	<u><u>          (19,456)</u></u>	<u><u>          849,951</u></u>	<u><u>          (70,417)</u></u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**ESPANOLA PUBLIC SCHOOL DISTRICT**  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
NONMAJOR CAPITAL PROJECT FUNDS  
FOR THE YEAR ENDING JUNE 30, 2017

	31700 - Capital Improvements SB-9	31701 - SB-9 LOCAL
	<u>                    </u>	<u>                    </u>
<b>REVENUES:</b>		
Property taxes	\$	\$ 945,169
Miscellaneous		<u>236,671</u>
<i>Total Revenues</i>	<u>0</u>	<u>1,181,840</u>
<b>EXPENDITURES:</b>		
Current:		
Support services:		
General administration		9,039
Capital Outlay		<u>1,303,027</u>
<i>Total expenditures</i>	<u>0</u>	<u>1,312,066</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>0</u>	<u>(130,226)</u>
Net changes in fund balance	0	(130,226)
Fund balances - beginning of the year	<u>208,317</u>	<u>0</u>
Fund balances - end of the year	<u>\$ 208,317</u>	<u>\$ (130,226)</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**ESPANOLA PUBLIC SCHOOL DISTRICT**  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
NONMAJOR CAPITAL PROJECT FUNDS  
FOR THE YEAR ENDING JUNE 30, 2017

	<u>31900 - ED. Technology Equipment Act</u>	<u>31910 - Ed. Tech. Bond - Series Sept. 2007</u>	<u>Total</u>
<b>REVENUES:</b>			
Property taxes	\$	\$	\$ 945,169
Miscellaneous			<u>236,671</u>
<i>Total Revenues</i>	<u>0</u>	<u>0</u>	<u>1,181,840</u>
<b>EXPENDITURES:</b>			
Current:			
Support services:			
General administration			9,039
Capital Outlay			<u>1,303,027</u>
<i>Total expenditures</i>	<u>0</u>	<u>0</u>	<u>1,312,066</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>0</u>	<u>0</u>	<u>(130,226)</u>
Net changes in fund balance	0	0	(130,226)
Fund balances - beginning of the year	<u>370,301</u>	<u>(399,853)</u>	<u>938,843</u>
Fund balances - end of the year	<u>\$ 370,301</u>	<u>\$ (399,853)</u>	<u>\$ 808,617</u>

The accompanying notes are an integral part of these financial statements

## **DEBT SERVICE FUNDS**

**STATE OF NEW MEXICO**  
**ESPANOLA PUBLIC SCHOOL DISTRICT**  
NONMAJOR GOVERNMENTAL FUNDS DESCRIPTION  
JUNE 30, 2017

**DEBT SERVICE FUNDS**

**Deferred Sick Leave (42000)** – To accumulate funds to reimburse employees who do not use all of their accumulated sick leave. Funding Authority is the State of New Mexico Public Education Department.

**Educational Technology (43000)** – To accumulate resources for payment of principle and interest due on educational technology bonds. Financing is provided by a special tax levy approved by the voters of the Schools and assessed by the County Assessor and collected and remitted to the Schools by the County Treasurer.



**STATE OF NEW MEXICO**  
**ESPANOLA PUBLIC SCHOOL DISTRICT**  
 COMBINING BALANCE SHEET  
 NONMAJOR DEBT SERVICE FUNDS  
 JUNE 30, 2017

	<u>42000 - Deferred Sick Leave</u>	<u>43000 - Total ED. Tech. Debt Service Subfund</u>	<u>Total</u>
<b>ASSETS</b>			
Current assets:			
Cash and temporary investments	\$ 3,989	\$ 370,237	\$ 374,226
Receivable:			
Taxes	<u>                    </u>	<u>22,537</u>	<u>22,537</u>
Total assets	<u>3,989</u>	<u>392,774</u>	<u>396,763</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Current liabilities:			
Unearned revenues - property taxes	<u>                    </u>	<u>22,537</u>	<u>22,537</u>
Total liabilities	<u>0</u>	<u>22,537</u>	<u>22,537</u>
<b>FUND BALANCES</b>			
Restricted for:			
Debt service Fund	<u>3,989</u>	<u>370,237</u>	<u>374,226</u>
Total fund balance	<u>3,989</u>	<u>370,237</u>	<u>374,226</u>
Total liabilities and fund balance	<u>\$ 3,989</u>	<u>\$ 392,774</u>	<u>\$ 396,763</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**ESPANOLA PUBLIC SCHOOL DISTRICT**  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
NONMAJOR DEBT SERVICE FUNDS  
FOR THE YEAR ENDING JUNE 30, 2017

	42000 - Deferred Sick Leave	43000 - Total ED. Tech. Debt Service Subfund	Total
<b>REVENUES:</b>			
Property taxes	\$ _____	\$ 331,916	\$ 331,916
<i>Total Revenues</i>	<u>0</u>	<u>331,916</u>	<u>331,916</u>
<b>EXPENDITURES:</b>			
Current:			
Support services:			
General administration		323,425	323,425
Debt service - interest		<u>13,318</u>	<u>13,318</u>
<i>Total expenditures</i>	<u>0</u>	<u>336,743</u>	<u>336,743</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>0</u>	<u>(4,827)</u>	<u>(4,827)</u>
Net changes in fund balance	0	(4,827)	(4,827)
Fund balances - beginning of the year	<u>3,989</u>	<u>375,064</u>	<u>379,053</u>
Fund balances - end of the year	<u>\$ 3,989</u>	<u>\$ 370,237</u>	<u>\$ 374,226</u>

The accompanying notes are an integral part of these financial statements

## **SUPPORTING SCHEDULES**

**STATE OF NEW MEXICO**  
**ESPANOLA PUBLIC SCHOOL DISTRICT**  
**SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUNDS**  
**FOR THE YEAR ENDING JUNE 30, 2017**

	Balance <u>June 30, 2016</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2017</u>
Abiquiu Elementary	\$ 63,894	\$ 28,098	\$ 24,763	\$ 67,229
Alcalde Elementary	17,181	14,896	12,999	19,078
Chimayo Elementary	12,888	9,293	6,947	15,234
Dixon Elementary	4,402	6,479	5,269	5,612
Espanola Elementary	22,885	43,381	28,001	38,265
Fairview Elementary	25,687	41,454	41,222	25,919
Hernandez Elementary	5,057	12,724	10,685	7,096
Los Ninos Elementary	240	11,354	10,155	1,439
Mountain View Elementary	293			293
San Juan Elementary	2,755	5,464	1,486	6,733
Sombrillo Elementary	13,572	19,719	19,285	14,006
Velarde Elementary	4,548	9,282	11,247	2,583
Espanola Middle School	26,784	25,041	21,935	29,890
Espanola Valley High School	235,388	166,139	170,006	231,521
Clearing Account - Agency Funds	56,397	178,218	127,616	106,999
Charter Activity	<u>1,846</u>			<u>1,846</u>
Total All Schools	<u>\$ 493,817</u>	<u>\$ 571,542</u>	<u>\$ 491,616</u>	<u>\$ 573,743</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**ESPANOLA PUBLIC SCHOOL DISTRICT**  
SCHEDULE OF COLLATERAL PLEDGED BY DEPOSITORY  
FOR PUBLIC FUNDS  
JUNE 30, 2017

<u>Name of Depository</u>	<u>Description of Pledged Collateral</u>	<u>Maturity</u>	<u>Fair/Par Market June 30, 2017</u>
Century Bank of Santa Fe, NM	CUSIP 013538HB2 Albuqueroue N Mex Arprt Rev	07/01/2018	\$ 1,538,100
Century Bank of Santa Fe, NM	CUSIP 013595TV5 Albuqueroue N Mex Mun Sch Dist No 012	08/01/2022	585,645
Century Bank of Santa Fe, NM	CUSIP 077571CK1 Belen N Mex Gross Rcpts Tax Rev	06/01/2019	272,815
Century Bank of Santa Fe, NM	CUSIP 433566EL0 Hobbs NM Sch Dist #16	09/15/2027	1,385,883
Century Bank of Santa Fe, NM	CUSIP 45505MFB7 Indiana ST Fin Auth Wastewater Util Rev	10/01/2035	1,148,080
Century Bank of Santa Fe, NM	CUSIP 51778TCB3 Las Vegas NM Gross Rcpts Tax	06/01/2029	447,716
Century Bank of Santa Fe, NM	CUSIP 54422NCZ7 Los Alamos N Mex Pub Sch Dist	08/01/2023	364,493
Century Bank of Santa Fe, NM	CUSIP 581615DG3 MC Kinley Cnty N Mex Gross Rcpts Tax Rev	06/01/2021	152,575
Century Bank of Santa Fe, NM	CUSIP647110EP6 New Mexico St Eductnl Assistan	12/01/2023	473,459
Century Bank of Santa Fe, NM	CUSIP 802169BJ0 Santa Fe N Mex Wtr Util Sys	06/01/2025	214,802
Century Bank of Santa Fe, NM	CUSIP 876014FH9 Taos NM Muni Sch Dist #1	09/01/2022	232,972
Century Bank of Santa Fe, NM	CUSIP 98981RAJ6 Zuni N Mx Pub Sch Dist Teacher Hsg Rev	08/01/2020	<u>132,340</u>
			<u>\$ 6,948,880</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**ESPANOLA PUBLIC SCHOOL DISTRICT**  
**SCHEDULE OF CASH AND TEMPORARY INVESTMENT ACCOUNTS**  
**JUNE 30, 2017**

<u>Bank Account Type /Name</u>	<u>Century Bank</u>	<u>Wells Fargo Bank</u>	<u>State of New Mexico</u>	<u>Totals</u>
Valley National Bank				
Checking - Operational	\$ 9,300,557	\$	\$	\$ 9,300,557
General Obligations Bond	1,113,999			1,113,999
Flexible Spending Bank Account		3,750		3,750
State of New Mexico				
LGIP Fund (Pool - 4101)	<u>                    </u>	<u>                    </u>	<u>3,085,908</u>	<u>3,085,908</u>
Total on Deposit	10,414,556	3,750	3,085,908	13,504,214
Reconciling Items - District	<u>(3,083,314)</u>	<u>                    </u>	<u>                    </u>	<u>(3,083,314)</u>
Reconciled Balance June 30, 2017	<u>\$ 7,331,242</u>	<u>\$ 3,750</u>	<u>\$ 3,085,908</u>	<u>10,420,900</u>
Less: Fiduciary Funds Cash				<u>573,743</u>
Cash per Government-wide Financial Statements				<u>\$ 9,847,157</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**ESPANOLA PUBLIC SCHOOL DISTRICT**  
**CASH RECONCILIATION**  
**JUNE 30, 2017**

	Operational <u>11000</u>	Transportation <u>13000</u>	Instructional Material <u>14000</u>	Food Service <u>21000</u>
Cash, June 30, 2016	\$ 3,227,723	\$ (695)	\$ 321,173	\$ 494,691
Add:				
2016-17 revenues	<u>29,613,813</u>	<u>1,471,946</u>	<u>104,316</u>	<u>1,769,363</u>
Total cash available	<u>32,841,536</u>	<u>1,471,251</u>	<u>425,489</u>	<u>2,264,054</u>
Less:				
2016-17 expenditures	30,208,427	1,471,946	361,205	1,842,008
Permanent Cash Transfer	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Expenses	<u>30,208,427</u>	<u>1,471,946</u>	<u>361,205</u>	<u>1,842,008</u>
Other Adjustments	(117,639)			
Reconciled cash balance	2,515,470	(695)	64,284	422,046
Total Outstanding loans	<u>(1,713,906)</u>	<u>          0</u>	<u>          0</u>	<u>          0</u>
Cash per PED, June 30, 2017	801,564	(695)	64,284	422,046
Add/Less:				
Due to/(from) due to pooled cash	<u>          0</u>	<u>          695</u>	<u>          0</u>	<u>          0</u>
Cash per financial statement	<u>\$ 801,564</u>	<u>\$          0</u>	<u>\$ 64,284</u>	<u>\$ 422,046</u>

**STATE OF NEW MEXICO**  
**ESPANOLA PUBLIC SCHOOL DISTRICT**  
**CASH RECONCILIATION**  
**JUNE 30, 2017**

	Athletics 22000	Non Instruction 23000	Federal Flowthrough 24000	Federal Direct 25000
Cash, June 30, 2016	\$ 16,433	\$ 858	\$ (1,920,857)	\$ 293,908
Add:				
2016-17 revenues	<u>90,418</u>	<u>          </u>	<u>3,731,974</u>	<u>1,157,922</u>
Total cash available	<u>106,851</u>	<u>858</u>	<u>1,811,117</u>	<u>1,451,830</u>
Less:				
2016-17 expenditures	100,000		3,098,873	609,333
Permanent Cash Transfer	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Expenses	<u>100,000</u>	<u>0</u>	<u>3,098,873</u>	<u>609,333</u>
Other Adjustments			63,700	578
Reconciled cash balance	6,851	858	(1,224,056)	843,075
Total Outstanding loans	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash per PED, June 30, 2017	6,851	858	(1,224,056)	843,075
Add/Less:				
Due to/(from) due to pooled cash	<u>0</u>	<u>0</u>	<u>1,397,359</u>	<u>178</u>
Cash per financial statement	<u>\$ 6,851</u>	<u>\$ 858</u>	<u>\$ 173,303</u>	<u>\$ 843,253</u>



**STATE OF NEW MEXICO**  
**ESPANOLA PUBLIC SCHOOL DISTRICT**  
**CASH RECONCILIATION**  
**JUNE 30, 2017**

	Local Grants <u>26000</u>	State Flowthrough <u>27000</u>	State Direct <u>28000</u>	Local/State <u>29000</u>
Cash, June 30, 2016	\$ 701	\$ (659,695)	\$ 3,618	\$ 97,996
Add:				
2016-17 revenues	<u>3,500</u>	<u>2,010,878</u>	<u>          </u>	<u>          </u>
Total cash available	<u>4,201</u>	<u>1,351,183</u>	<u>3,618</u>	<u>97,996</u>
Less:				
2016-17 expenditures	3,247	1,613,372		18,325
Permanent Cash Transfer	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Expenses	<u>3,247</u>	<u>1,613,372</u>	<u>0</u>	<u>18,325</u>
Other Adjustments	(5)	818		
Reconciled cash balance	949	(261,371)	3,618	79,671
Total Outstanding loans	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash per PED, June 30, 2017	949	(261,371)	3,618	79,671
Add/Less:				
Due to/(from) due to pooled cash	<u>1</u>	<u>290,970</u>	<u>0</u>	<u>0</u>
Cash per financial statement	<u>\$ 950</u>	<u>\$ 29,599</u>	<u>\$ 3,618</u>	<u>\$ 79,671</u>

**STATE OF NEW MEXICO**  
**ESPANOLA PUBLIC SCHOOL DISTRICT**  
**CASH RECONCILIATION**  
**JUNE 30, 2017**

	<u>Bond Building 31100</u>	<u>Spec. Capital Outlay-Local 31300</u>	<u>Spec. Capital Outlay-State 31400</u>	<u>Cap. Improv. SB9- State 31700</u>
Cash, June 30, 2016	\$ 4,587,061	\$ 849,951	\$ 19,657	\$ 267,232
Add:				
2016-17 revenues	<u>522,134</u>	<u>          </u>	<u>          </u>	<u>          </u>
Total cash available	<u>5,109,195</u>	<u>849,951</u>	<u>19,657</u>	<u>267,232</u>
Less:				
2016-17 expenditures	3,146,324			
Permanent Cash Transfer	<u>          </u>	<u>          </u>	<u>          </u>	<u>267,232</u>
Total Expenses	<u>3,146,324</u>	<u>          0</u>	<u>          0</u>	<u>267,232</u>
Other Adjustments				
Reconciled cash balance	1,962,871	849,951	19,657	0
Total Outstanding loans	<u>1,713,906</u>	<u>          0</u>	<u>          0</u>	<u>          0</u>
Cash per PED, June 30, 2017	3,676,777	849,951	19,657	0
Add/Less:				
Due to/(from) due to pooled cash	<u>(642,601)</u>	<u>          0</u>	<u>          0</u>	<u>          0</u>
Cash per financial statement	<u>\$ 3,034,176</u>	<u>\$ 849,951</u>	<u>\$ 19,657</u>	<u>\$ 0</u>

**STATE OF NEW MEXICO**  
**ESPANOLA PUBLIC SCHOOL DISTRICT**  
**CASH RECONCILIATION**  
**JUNE 30, 2017**

	Cap. Improv. SB9- Local <u>31701</u>	Ed Tech Equip Act <u>31900</u>	Debt Service <u>41000</u>	Deferred Sick leave <u>42000</u>
Cash, June 30, 2016	\$	\$	\$ 3,093,204	\$ 3,989
Add:				
2016-17 revenues	<u>1,181,840</u>	<u>          </u>	<u>3,883,460</u>	<u>          </u>
Total cash available	<u>1,181,840</u>	<u>          0</u>	<u>6,976,664</u>	<u>          3,989</u>
Less:				
2016-17 expenditures	1,355,784		2,880,200	
Permanent Cash Transfer	<u>(267,232)</u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Expenses	<u>1,088,552</u>	<u>          0</u>	<u>2,880,200</u>	<u>          0</u>
Other Adjustments				
Reconciled cash balance	93,288	0	4,096,464	3,989
Total Outstanding loans	<u>          0</u>	<u>          0</u>	<u>          0</u>	<u>          0</u>
Cash per PED, June 30, 2017	93,288	0	4,096,464	3,989
Add/Less:				
Due to/(from) due to pooled cash	<u>          0</u>	<u>          0</u>	<u>(1,046,602)</u>	<u>          0</u>
Cash per financial statement	<u>\$ 93,288</u>	<u>\$ 0</u>	<u>\$ 3,049,862</u>	<u>\$ 3,989</u>

**STATE OF NEW MEXICO**  
**ESPANOLA PUBLIC SCHOOL DISTRICT**  
**CASH RECONCILIATION**  
**JUNE 30, 2017**

	Ed Tech Debt Service <u>43000</u>	<u>Total</u>
Cash, June 30, 2016	\$ 375,064	\$11,072,012
Add:		
2016-17 revenues	<u>331,916</u>	<u>45,873,480</u>
Total cash available	<u>706,980</u>	<u>56,945,492</u>
Less:		
2016-17 expenditures	336,743	47,045,787
Permanent Cash Transfer	<u>          </u>	<u>          </u>
Total Expenses	<u>336,743</u>	<u>47,045,787</u>
Other Adjustments		(52,548)
Reconciled cash balance	370,237	9,847,157
Total Outstanding loans	<u>          0</u>	<u>          0</u>
Cash per PED, June 30, 2017	370,237	9,847,157
Add/Less:		
Due to/(from) due to pooled cash	<u>          0</u>	<u>          0</u>
Cash per financial statement	<u>\$ 370,237</u>	<u>\$ 9,847,157</u>

**STATE OF NEW MEXICO  
ESPANOLA PUBLIC SCHOOL DISTRICT**

SCHEDULE OF THE ESPANOLA PUBLIC SCHOOL DISTRICT PROPORTIONATE SHARE OF  
THE NET PENSION LIABILITY  
FOR THE YEAR ENDED JUNE 30, 2017

Educational Retirement Board (ERB) Plan

	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability (asset)	0.68140%	0.69293%	0.71799%
District's proportionate share of the net pension liability (asset)	\$49,036,498	\$44,882,921	\$40,966,568
District's covered-employee payroll	\$18,673,949	\$18,919,209	\$19,790,533
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	262.59%	237.23%	207.00%
Plan fiduciary net position as a percentage of the total pension liability	61.58%	63.97%	66.54%

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

**STATE OF NEW MEXICO**  
**ESPANOLA PUBLIC SCHOOL DISTRICT**  
SCHEDULE OF ESPANOLA PUBLIC SCHOOL DISTRICT CONTRIBUTIONS  
FOR THE YEAR ENDED JUNE 30, 2017

<u>Educational Retirement Board (ERB) Pension Plan</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 2,783,391	\$ 2,705,111	\$ 2,739,207
Contributions in relation to the contractually required contribution	<u>\$ 2,783,391</u>	<u>\$ 2,705,111</u>	<u>\$ 2,739,207</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

**STATE OF NEW MEXICO**  
**ESPANOLA PUBLIC SCHOOL DISTRICT**  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2017

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

## **COMPLIANCE SECTION**



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

Mr. Wayne Johnson,  
New Mexico State Auditor  
The Office of Management and Budget  
The Governing Board  
Española Public School District  
Española, New Mexico

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, the aggregate remaining fund information, the budgetary comparisons of the general fund and major special revenue fund of the Espanola Public School District (the "District"), New Mexico, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and the combining and individual funds of the District presented as supplemental information, and have issued our report thereon dated February 14, 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2016-005, and 2016-007 to be material weaknesses.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2015-001, 2016-001, 2016-002, 2016-004, and 2017-001 to be significant deficiencies.

### **Compliance and Other Matters**

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

### **The District's Response to Findings**

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

### **Purpose of this report**

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

**Harshwal & Company LLP**  
**Certified Public Accountants**

*Harshwal & Company LLP*

**Albuquerque, New Mexico**  
**February 14, 2018**

# **FEDERAL FINANCIAL ASSISTANCE**

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

Mr. Wayne Johnson,  
New Mexico State Auditor  
The Office of Management and Budget  
The Governing Board  
Espanola Public School District  
Espanola, New Mexico

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

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

**Management's Responsibility**

Management is responsible for compliance with the requirements of federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

**Auditor's Responsibility**

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

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

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

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

### **Other Matters**

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item FA 2016-001. Our opinion on each major federal program is not modified with respect to these matters.

Espanola Public School District's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Espanola Public School District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### **Report on Internal Control Over Compliance**

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item FA 2016-001, which we consider to be significant deficiency.

The District's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

**Harshwal & Company LLP**  
**Certified Public Accountants**

*Harshwal & Company LLP*

**Albuquerque, New Mexico**  
**February 14, 2018**

**STATE OF NEW MEXICO**  
**ESPANOLA PUBLIC SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**JUNE 30, 2017**

Federal Grantor or Pass-Through Grantor / Program Title	Pass-through Number	Federal CFDA	Federal Expenditures
<b>U.S. Department of Education</b>			
<i>Pass-through State of New Mexico Department of Education:</i>			
Title I - IASA	24101	84.010	\$ 1,207,819
IDEA - B Entitlement	24106	84.027A	<u>670,653</u>
Subtotal- 84.027A			<u>670,653</u>
IDEA - B Pre School	24109	84.173A	22,092
IDEA - B Results Plan	24132	84.027A	<u>31,210</u>
Subtotal- 84.173A			<u>53,302</u>
Title III - English Language Acquisition	24153	84.365A	45,223
Title II - Teacher/Principal Training & Recruiting	24154	84.367A	170,286
Rural & Low Income Schools	24160	84.358B	65,207
Carl D Perkins Secondary-Current	24174	84.048	59,931
Impact Aid Special Education	25145	84.041	15,583
Impact Aid Indian Education	25147	84.041	6,125
Impact Aid – Public Law	11000	84.041	<u>86,641</u>
Subtotal- 84.041			<u>108,349</u>
21st Century	24119	84.287	860,777
Indian Education Formula Grant	25184	84.060A	<u>36,569</u>
Subtotal - Pass-through State of New Mexico Department of Education			<u>3,278,116</u>
<b>Total U.S. Department of Education</b>			<u>3,278,116</u>
<b>U.S. Department of Agriculture</b>			
<i>Direct U.S. Department of Agriculture</i>			
Child and Adult Food Program	25171	10.558	124,243
Forest Reserve	11000	10.670	<u>55,735</u>
Subtotal - Direct U.S. Department of Agriculture			<u>179,978</u>
<i>Pass-through State of New Mexico Department of Education</i>			
School Lunch Program	21000	10.555	<u>1,842,008</u>
Subtotal - Pass-through State of New Mexico Department of Education			<u>1,842,008</u>
<b>Total U.S. Department of Agriculture</b>			<u>2,021,986</u>
<b>Total Federal Financial Assistance</b>			<u>\$ 5,300,102</u>

**STATE OF NEW MEXICO**  
**ESPANOLA PUBLIC SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**JUNE 30, 2017**

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**1. Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal grant activity of Espanola Public School District (District) and is presented on the modified accrual basis of accounting, which is the same basis as was used to prepare the fund financial statements. 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, Costs Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.

**2. Sub recipients**

The District did not provide any federal awards to sub recipients during the year.

**3. Indirect Cost Rate**

The District used the federal indirect cost rate which was mandated by the New Mexico Public Education Department for the year ended June 30, 2017.

**Reconciliation of Schedule of Expenditures of Federal Awards to Financial Statements:**

Total federal awards expended per Schedule of Expenditures of Federal Awards	\$ 5,300,102
Total expenditures funded by other sources	<u>41,816,123</u>
Total expenditures	<u>\$ 47,116,225</u>



**STATE OF NEW MEXICO  
 ESPANOLA PUBLIC SCHOOL DISTRICT  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 YEAR ENDED JUNE 30, 2017**

**SECTION I - SUMMARY OF AUDIT RESULTS**

**Financial Statements:**

Type of auditors' report issued	Unmodified
Internal control over financial reporting:	
• Material weakness identified?	Yes
• Significant deficiencies identified not considered to be material weaknesses?	Yes
Noncompliance material to financial statements noted?	No

**Federal Awards:**

Internal control over major programs:	
• Material weakness identified?	No
• Significant deficiencies identified not considered to be material weaknesses?	Yes
• Control deficiencies identified not considered to be significant deficiencies?	No
Type of auditors' report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516(a)?	Yes

**IDENTIFICATION OF MAJOR PROGRAMS:**

<u>CFDA Number</u>	<u>Federal Program</u>
84.010	Title I
84.287	21st Century
84.027/84.173	Special Education Cluster (IDEA)

Dollar threshold used to distinguish between type A and type B programs:	\$ 750,000
Auditee qualified as low-risk auditee?	No

**STATE OF NEW MEXICO**  
**ESPANOLA PUBLIC SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

**SECTION II - CURRENT YEAR AUDIT FINDINGS - FINANCIAL STATEMENTS AUDIT**

**2014-002 Compliance with Procurement Code – Bids (Repeated/Modified) – Other Matter**

**Condition**

During our review of 25 vendors with payments above \$5,000, we noted the following deficiencies:

- For 3 vendors, we were unable to review documentation that the school verified if the vendors were not suspended or debarred.
- For 1 vendor, there was no proof of offeror's evaluation kept in the procurement file.
- For 2 vendors, the signed contract or purchase order was not kept in the procurement file.
- For 1 vendor, proper supporting documents were not maintained.

The District is making progress on this finding by working with the certified Chief Procurement Officer to ensure that all files are complete and include the documentation required by the New Mexico Procurement Code.

**Criteria**

Auditing Standards state that the management is responsible for adopting sound accounting policies and for establishing and maintaining internal control that will, among other things, initiate, authorize, record, process, and report transactions (as well as events and conditions) consistent with management's assertions embodied in the financial statements. Good accounting policies require that the District be able to obtain documentation of contracts as requested as per state procurement code. The District should comply with the procurement code, Section 13-1-1 to 13-1-199, NMSA 1978 requirements required by the Purchasing Act.

**Cause**

The District did not comply with the procurement code, and ensure that all documentation was obtained as requested as per state procurement code.

**Effect**

Without appropriate supporting documentation, the District has no assurance that all revenues and disbursements have been properly authorized and disbursed in accordance with applicable grant agreements and good accounting procurement practices have been followed. When files are disorganized, this allows for the possibility that noncompliance with the Procurement Code could go unnoticed by management.

**Recommendation**

We recommend that the District implement a process to ensure that all files are complete, and contain up to date documentation required by the New Mexico Procurement Code.

**STATE OF NEW MEXICO**  
**ESPANOLA PUBLIC SCHOOL DISTRICT**  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2017

**SECTION II - CURRENT YEAR AUDIT FINDINGS - FINANCIAL STATEMENTS AUDIT**

**2014-002 Compliance with Procurement Code – Bids (Repeated/Modified) – Other Matter (Cont.)**

**Management Response**

The business office has a new CPO and management have implemented new procurement procedures. There is a two tier review process to make sure required documentation is attached to the request and the procurement code is followed. Training has been provided to EPS staff and schools that participates in the procurement process.

**Estimated Completion Date**

Process has been implemented.

**Responsible party**

Superintendent, CPO, and management.

**STATE OF NEW MEXICO**  
**ESPANOLA PUBLIC SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

**SECTION II - CURRENT YEAR AUDIT FINDINGS - FINANCIAL STATEMENTS AUDIT**

**2015-001 Internal Control over Cash Disbursement (Significant Deficiency) (Repeated/Modified)**

**Condition**

During our testwork of disbursements, we noted the following deficiencies:

**Travel:**

- For 3 out of 50 samples totaling \$199, travel authorization forms/expense reports were not properly authorized, recorded and classified.
- For 1 out of 50 samples, which totaled \$24, an itemized receipt was not maintained.

This condition improved from the prior year where the travel disbursement testwork testing found 6 out of 30 instances totaling \$3,126.

**General Disbursements:**

During our disbursements walkthrough, the client provided us with supporting documents of 9 transactions totaling \$16,285, for which an Unauthorized Purchase Form had to be submitted for a request of reimbursement or payment for unauthorized purchases that resulted from not properly processing and completing a purchase order or purchase requisition prior to the purchase of goods. The District was monitoring and storing supporting documents of purchases that did not properly follow the procurement code which was provided to the auditors.

This condition improved from the prior year where the general disbursement testwork found 4 out of 50 instances totaling \$38,574.

**Criteria**

Good accounting and internal control practices require that all disbursements must originate with authorizing documents, and be supported by properly approved documents such as purchase orders, bills, petty cash reimbursement forms, payroll and time records, leases, contracts, or other supporting documents. In addition, according to NMSA 1978 Section 6-6-3, the District is expected to conform to the rules and regulations that they have adopted relating to internal controls.

**Cause**

Policies and procedures that the District has adopted for cash disbursement transactions are not being enforced. The District staff failed to ensure that all of the required documentation to support expenditures were in place prior to final disbursement of funds.

**Effect**

The lack of enforcing the District's policies and procedures may result in a non-authorized or incorrect calculations of invoices.

**STATE OF NEW MEXICO**  
**ESPANOLA PUBLIC SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

**SECTION II - CURRENT YEAR AUDIT FINDINGS - FINANCIAL STATEMENTS AUDIT**  
**(Contd.)**

**2015-001 Internal Control over Cash Disbursement (Significant Deficiency) (Repeated/Modified)**  
**(Cont)**

**Recommendation**

The District must enforce policies and procedures that are set in place for the purchase of goods and/or services, and ensure that the vendor invoices are being checked for accuracy prior to payment. We also recommend training employees on proper purchasing procedures.

**Management Response**

Management has implemented new procedures. Purchases need to be approved and a PO needs to be in place before ordering any goods or engaging in services. Revision of invoices and payment vouchers before the checks are issued is performed by the management. A two tier review has been implemented on both purchasing and payables. Staff have been trained on the requirements of travel and per diem and procurement procedures and requirements.

A new CPO has been assigned to make sure the district's procurement process is in accordance with state procurement.

**Estimated Completion Date**

Procedures have been implemented

**Responsible party**

Superintendent, CPO, and Management.

**STATE OF NEW MEXICO**  
**ESPANOLA PUBLIC SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

**SECTION II - CURRENT YEAR AUDIT FINDINGS - FINANCIAL STATEMENTS AUDIT**  
**(CONT'D)**

**2016-001 Journal Entries (Significant Deficiency) (Repeated/Modified)**

**Condition**

During our audit, we noted that a journal entry was posted on 8/31/2016 for the over payment of an Education Retirement Board contribution in the amount of \$77,450 without any review or approval from an independent source.

This condition improved from the prior year where the testing found 25 out of 25 instances did not have any review or approval from an independent source.

**Criteria**

Good accounting policies and procedures require manual journal entries that are being posted to the accounting system be reviewed and approved by someone other than the employee preparing the journal entry.

**Cause**

The District did not follow proper procedures regarding journal entries.

**Effect**

The lack of approval of non-routine journal entries leaves the District open to mistakes not being found in a timely manner.

**Recommendation**

We recommend that the District implement a policy where all non-routine journal entries must be initiated by one employee and approved by another.

**Management Response**

JE process has been revised and changed. JEs are entered by a staff and reviewed by somebody else.

**Estimated Completion Date**

Process has been implemented.

**Responsible party**

Business office management

**STATE OF NEW MEXICO**  
**ESPANOLA PUBLIC SCHOOL DISTRICT**  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2017

**SECTION II - CURRENT YEAR AUDIT FINDINGS - FINANCIAL STATEMENTS AUDIT - (CONT'D)**

**2016-002 Internal Controls over Receipts (Significant Deficiency) (Repeated/Modified)**

Condition

During testwork over the receipting process, we noted the following:

Gate Game Revenue

- For 13 out of 25 receipts totaling \$23,056, the money was not deposited into the bank within 24 hours of receipt.
- For 1 out of 25 receipts amounting to \$548, proper supporting documents were not maintained.
- For 3 out of 25 receipts totaling \$7,994, there was a lack of segregation of duties related to the counting of money.

Candy Sale Revenue

- For 3 out of 25 receipts totaling \$9,943, the money was not deposited into the bank within 24 hours of receipt.

Miscellaneous Revenue

- For 2 out of 30 receipts totaling \$5,618, the money was not deposited into the bank within 24 hours of receipt.
- For 4 out of 30 receipts totaling \$18,245, proper supporting documents were not maintained.

The District did not make any progress in resolving this finding. This condition did not improve from the prior year where the testing found only 20 out of 80 instances.

Criteria

Internal control system on revenue recognition requires that all receipts are maintained with adequate supporting documentation in order to be processed further. A good system of internal accounting control requires adequate segregation of duties so that no one individual handles a transaction from its initiation to completion. Additionally, according to Section 6.20.2.14 of NMAC, money received and receipted shall be deposited in the bank within twenty-four (24) hours or one banking day.

Cause

The District does not have a proper control structure in place to adequately document and monitor all cash receipts.

Effect

Non-adherence to state statutes places the District in noncompliance, and lack of timeliness of deposits or failure to receipt all cash received could subject the District to a possible occurrence of fraud. Weak controls over gate game and candy sale revenue have resulted in losses in the past, and they have not been adequately addressed.

**STATE OF NEW MEXICO**  
**ESPANOLA PUBLIC SCHOOL DISTRICT**  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2017

**SECTION II - CURRENT YEAR AUDIT FINDINGS - FINANCIAL STATEMENTS AUDIT -  
(CONT'D)**

**2016-002 Internal Controls over Receipts (Significant Deficiency) (Repeated/Modified) - (Cont'd)**

**Recommendation**

The District should familiarize responsible employees with the New Mexico Administrative Code relating to Public Schools in order to ensure compliance with regulations and implement pre-numbered receipts into their receipting process. We recommend that the District emphasize the importance of timely deposits of receipts, and monitor receipts more closely in order to be compliant with state statutes. Additionally, the District should follow its internal controls over receipts that are in place, and perform periodic reviews of the proper documentation to ensure that they are operating effectively.

**Management Response**

Business office management and staff have trained school site employees in charge of receiving money regarding compliance with State Statutes. The 24 hour deposit rule has been widely communicated to all school sites. Segregation of duties regarding receiving, counting, and depositing funds have been covered and explained to all staff in charge of receiving funds.

**Estimated Completion Date**

Process has been implemented at school sites.

**Responsible party**

Business office management and staff as well as school principals and school managers are responsible.



**STATE OF NEW MEXICO**  
**ESPANOLA PUBLIC SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

**SECTION II - CURRENT YEAR AUDIT FINDINGS - FINANCIAL STATEMENTS AUDIT - (CONT'D)**

**2016-003 Budgetary Conditions (Non Compliance) (Repeated/Modified)**

**Condition**

The District had expenditure functions in which actual expenditures exceeded budgetary authority in the following funds:

<u>Fund Name</u>	<u>Function Name</u>	<u>Amount</u>
Operational Fund (11000)	Student transportation	\$ 43,802
Operational Fund (11000)	other support service	151,380
Title I - IASA (24101)	Operation & maintenance of plant	14
Entitlement IDEA - B (24106)	Central services	24,775
Entitlement IDEA - B (24106)	Student transportation	23,890
21st Century (24119)	Central services	16
LANL Foundation (26113)	Instruction	1,247
Bond Building (31100)	Capital outlay	757,374
SB-9 Local (31701)	Support services - general administration	9,039
Total Ed.Tech Debt Service Subfund (43000)	Debt service - interest	\$ 4,009

The District did not make any progress in resolving this finding. This condition did not improve from the prior year where the testing found actual expenditures exceeded budgetary authority in the 7 funds.

**Criteria**

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

**Cause**

The District did not make the appropriate budgetary adjustment requests and transfers to alleviate possible over-expenditure within functions prior to year-end.

**Effect**

As a result, the District is in non-compliance with New Mexico state law, and the control established by the use of budgets has been compromised. Continued over-expenditure of budgeted balances may result in unnecessary usage of operating funds to cover the over-expenditures.

**Recommendation**

The District must establish a policy of budgetary review at year end, and make the necessary budget adjustment requests (BARs). All BARs and or adjusting journal entries should be requested through the proper process at the Public Education Department, and be approved prior to year end.

**STATE OF NEW MEXICO**  
**ESPANOLA PUBLIC SCHOOL DISTRICT**  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2017

**SECTION II - CURRENT YEAR AUDIT FINDINGS - FINANCIAL STATEMENTS AUDIT -  
(CONT'D)**

**2016-003 Budgetary Conditions (Non Compliance) (Repeated/Modified) - (Cont'd)**

**Management Response**

Management is reviewing budget balances and expenditures. The assistant Business Director has been assigned to monitor the budget to ensure compliance with budgetary requirements.

**Estimated Completion Date**

Budget review and monitoring is in place.

**Responsible party**

Business office management.

**STATE OF NEW MEXICO**  
**ESPANOLA PUBLIC SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

**SECTION II - CURRENT YEAR AUDIT FINDINGS - FINANCIAL STATEMENTS AUDIT - (CONT'D)**

**2016-004 Late Audit Report (Significant Deficiency) (Repeated/Modified)**

**Condition**

The District's audit report for the year ended June 30, 2017 was submitted to the State Auditor on February 14, 2018 after the due date of November 15, 2017.

The District did not make any progress in resolving this finding.

**Criteria**

Audit reports not received on or before the due date of November 15, are considered to be in noncompliance with requirements of Section 2.2.2.9.A of the State Audit Rule.

**Cause**

The District was unable to provide the information necessary to complete an accurate and complete audit by the statutory deadline.

**Effect**

The result was the late submission of the District's audit report for the year ended June 30, 2017. The users of the audited financial statements and the District management do not have timely information. In addition, untimely financial statement audits may affect federal and state funding.

**Recommendation**

The District must prepare and provide all necessary information and schedules to the auditors in a timely and accurate manner. In addition, the District must ensure audit procedures are scheduled in a manner which allows for a timely submission of the financial statements to the State Auditor's Office.

**Management Response**

Management changed procedures at the business office to have reviews in place. Year-end procedures were also revised to make sure they were done in a timely manner.

**Estimated Completion Date**

Process is in place.

**Responsible party**

Superintendent and business office management.

**STATE OF NEW MEXICO**  
**ESPANOLA PUBLIC SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

**SECTION II - CURRENT YEAR AUDIT FINDINGS - FINANCIAL STATEMENTS AUDIT - (CONT'D)**

**2016-005 Deficiencies in Accounting for Capital Assets - (Material Weakness) Repeated/Modified)**

**Condition**

An asset listing as of June 30, 2017 has been compiled, resulting in a prior period adjustment relating to capital assets of \$4,665,566 in the Governmental Activity. This adjustment resulted from the fact that the School District provided the wrong reports for the capital assets roll forward, which understated the 2015-16 net book value of assets in the audited financial statements. The proper reports have been provided by the School District and used for fiscal year 2017.

The District did not make any progress, This condition did not improve from prior year where the testing found \$717,889 as a prior period adjustment for reconciling the capital assets listing.

**Criteria**

Section 2.20.1.15 of NMAC requires agencies to properly safeguard assets. All assets within an established materiality limit should be tagged with unique numbers and accounted for on the capital asset listing. Current year expenditures in capital projects accounts should be accounted for on the inventory listing. Assets that have been sold or are no longer serviceable should be deleted from inventory by Section 2.20.1.18 of NMAC.

**Cause**

Improper treatment due to inadequate procedures of fixed assets has caused inaccurate recording.

**Effect**

Inaccurate recording of capital assets will cause the net position to be either under or overstated and subject the District to possible misappropriation of assets.

**Recommendation**

Set policies and procedures on the record, and the oversight of the fixed asset schedule will help in keeping accurate records.

**Management Response**

EPS staff were not aware that they were missing reports and they didn't have all of the proper settings. This became apparent when the district had large assets disposal and the beginning balances didn't tie. After working with the vendor, the beginning balance was reconciled correctly; however, the beginning balance amount in the audited financial statements was understated due to the missing reports. EPS knows how to utilize the reports in the system now and will be working with the vendor to schedule additional training.

**Estimated Completion Date**

It will be corrected by May 2018.

**Responsible party**

Business office management.

**STATE OF NEW MEXICO**  
**ESPANOLA PUBLIC SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

**SECTION II - CURRENT YEAR AUDIT FINDINGS - FINANCIAL STATEMENTS AUDIT - (CONT'D)**

**2016-007 Late Payment of Payroll Taxes – (Material Weakness) (Repeated/Modified)**

**Condition:**

During our payroll transaction testwork and analysis, we noted a penalty payment to the IRS in the amount of \$211,047 for a failure to make a proper tax deposit.

The District did not make any progress in resolving this finding. This condition did not improve from the prior year where we noted a penalty payment to the IRS in the amount of \$46,215.

**Criteria:**

Per Internal Revenue Service (IRS) Publication 15, Circular E Employer's Tax Guide, employers must deposit social security, medicare, and withheld income taxes either monthly or semiweekly. In addition, good accounting and internal control practices require that all disbursements must originate with authorizing document and be supported by properly approved documents. According to NMSA 1978 Section 6-6-3, the District is expected to conform to the rules and regulations that they have adopted relating to internal controls.

**Context:**

By May 22 2017, the District was assessed a penalty by the IRS in the amount of \$187,642 for the tax period ended September 30, 2016. This amount consists of \$114,927 for the late filing of a 941 report for the quarter, \$6,048 for a failure to pay the tax, \$60,470 for a failure to make a proper tax deposit, and interest charges of \$6,197. On April 10, 2017, the District was assessed another penalty by the IRS in the amount of \$73,547 for the tax period ended December 31, 2016. This amount was for a failure to make a proper tax deposit. On May 29, 2017, the District was assessed a third penalty by the IRS in the amount of \$23,406 for the tax period ended March 31, 2017. This amount was for a failure to make a proper tax deposit.

The failure to make these required payments was estimated to cost the District \$284,594. As of June 30, 2017, the District paid \$211,047 of the total penalty amount \$284,594 and the remaining amount was paid on July 3, 2017 to the IRS, fulfilling the obligation.

**Cause:**

The District did not properly review payroll to verify that the payroll process is being followed and completed, and IRS obligations were paid timely.

**Effect:**

Failure to pay the IRS obligation on time makes the District susceptible to more penalties and creates opportunities for waste, fraud, and abuse.

**STATE OF NEW MEXICO**  
**ESPANOLA PUBLIC SCHOOL DISTRICT**  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2017

**2016-007 Late Payment of Payroll Taxes – (Material Weakness) (Repeated/Modified) (Cont'd)**

**Recommendation:**

The District should design internal controls, which should include management review, to verify that all federal tax payments are done on time.

**Management Response:**

EPS has a process in place. A staff in the payroll office processes all the tax payments the day payroll is paid. A report is pulled from the system and the payment is processed. The payroll supervisor makes sure that the payment is processed and notifies the Business Director. The account information is kept in a specific location in the payroll area so other staff can process the payment, in the event that the assigned staff is not in the office on payroll day.

**Estimated Completion Date**

Process has been implemented.

**Responsible party**

Business office manager and payroll supervisor.

**STATE OF NEW MEXICO**  
**ESPANOLA PUBLIC SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

**SECTION II - CURRENT YEAR AUDIT FINDINGS - FINANCIAL STATEMENTS AUDIT - (CONT'D)**

**2017-001 941 Payroll Tax Reports - (Significant Deficiency)**

**Condition**

During our review of the required payroll reports, we noted that the 941 payroll report for the quarter ending June 30, 2017 was filed on October 05, 2017. The report was due by July 31, 2017.

**Criteria**

The Internal Revenue Service (IRS) requires employers to file their quarterly 941 payroll tax reports by the end of the month following the quarter.

**Cause**

The late filing was an oversight on the part of the District, due to a lack of adequate internal controls.

**Effect**

The Internal Revenue Service (IRS) may penalize the District for failing to file the payroll tax reports within the required time frame.

**Recommendation**

We recommend the School District set up a system to remind staff of the due dates of the reports so that each report is filed timely in accordance with laws and regulations.

**Management Response**

EPS has a process in place. A staff in the payroll office has been assigned to prepare the required tax returns timely. A report is pulled from the accounting system in order for the staff to prepare the tax return. Then the tax return is submitted to the business manager for review and approval. After the review is done, if there are no corrections, the business manager signs the tax return, and sends it back to the assigned staff for her to file away.

**Estimated Completion Date**

September 2017

**Responsible party**

Business office manager and payroll supervisor.

**STATE OF NEW MEXICO**  
**ESPANOLA PUBLIC SCHOOL DISTRICT**  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2017

**SECTION III. AUDIT FINDINGS AND QUESTIONED COSTS IN RELATION TO FEDERAL AWARDS**

**FA 2016-001 Costs Allowable/Unallowable (Significant Deficiency)**

**Federal program information:**

<b>Federal agency:</b>	U.S. Department of Education
<b>Title:</b>	21st Century / Special Education Cluster (IDEA)
<b>CFDA number:</b>	84.287/84.027 & 84.173
<b>Questioned Costs:</b>	\$3,397

**Condition**

During our test work of major program expenditures, we noted the following:

- For 1 out of 50 expenditure samples tested in the amount of \$3,000, the Purchase Order and Purchase Requisition were approved after the invoice.
- For 1 out of 50 expenditure samples tested in the amount of \$397, the travel authorization form was not signed by a supervisor.

The District did make progress in resolving this finding.

**Criteria**

As per 2 CFR 225 - "Cost Principles For State, Local and Indian Tribal Governments", the costs are allowable if they are incurred and necessary and reasonable for proper and efficient performance and administration of Federal awards, allocable to Federal awards under the provisions of this circular, authorized or not prohibited under state or local laws or regulations, Conform to any limitations or exclusions set forth in these principles, federal laws, terms and conditions of the federal award, or other governing regulations as to types or amounts of cost items, consistent with policies, regulations, and procedures that apply uniformly to both Federal awards and other activities of the governmental unit, except as otherwise provided for in this circular, be determined in accordance with generally accepted accounting principles, not be included as a cost or used to meet cost sharing or matching requirements of any other Federal award in either the current or prior period, except as specifically provided by Federal law or regulation, the net of all applicable credits, adequately documented and are reasonable.

**Questioned Costs**

\$3,397

**Effect**

The District is not in compliance with 2 CFR 225, which could result in the loss or delay of grant funds.

**Cause**

Federal regulations and guidelines were not always followed or were not in place.



**STATE OF NEW MEXICO**  
**ESPANOLA PUBLIC SCHOOL DISTRICT**  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2017

**SECTION III. AUDIT FINDINGS AND QUESTIONED COSTS IN RELATION TO FEDERAL AWARDS - (CONT'D)**

**FA 2016-001 Costs Allowable/Unallowable (Significant Deficiency) - (Cont'd)**

**Auditor's Recommendation**

The District should develop and implement stronger internal controls over its accounting of disbursements to ensure that all financial activities are properly processed and recorded. Additionally, the District should implement procedures to make sure that employees adhere to the policies and procedures.

**Management Response**

Management became aware of the payment during a review of expenditures. The program staff is constantly being reminded that services and goods need to be received before payment is issued.

**Estimated Completion Date**

Process has been implemented.

**Responsible party**

Program staff and business office management

**STATE OF NEW MEXICO**  
**ESPANOLA PUBLIC SCHOOL DISTRICT**  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2017

**SECTION IV - PRIOR YEAR AUDIT FINDINGS**

Financial Statement Findings:

2014-002	Compliance with Procurement Code – Bids – Repeated/Modified
2015-001	Internal Controls over Disbursements - Repeated/Modified
2016-001	Journal Entries - Repeated/Modified
2016-002	Internal Controls over Receipts - Repeated/Modified
2016-003	Budgetary Conditions - Repeated/Modified
2016-004	Late Audit Report - Repeated/Modified
2016-005	Deficiencies in Accounting for Capital Assets - Repeated/Modified
2016-006	Internal Controls over Bank Reconciliations - Resolved
2016-007	Late Payment of Payroll Taxes - Repeated/Modified

Federal Finding

FA 2016-001 Costs Allowable/Unallowable - Repeated/Modified

**STATE OF NEW MEXICO**  
**ESPANOLA PUBLIC SCHOOL DISTRICT**  
OTHER DISCLOSURES  
JUNE 30, 2017

**AUDITOR PREPARED THE FINANCIAL**

Management is responsible for the content of the report and financial statements. It would be preferred and desirable for the District to prepare its own GAAP-basis financial statements; although the District is capable, with guidance, of preparing, reviewing and approving the financial statements, it is felt that the District's personnel do not have the time to prepare them. Therefore, the outside auditor prepared the GAAP-basis financial statements and footnotes for inclusion in the annual audit report.

**EXIT CONFERENCE**

The contents of this report were discussed on February 07, 2018. The following individuals were in attendance.

**Espanola Public Schools District**

Pablo E. Lujan  
Bobbie Gutierrez, Superintendent  
Maria Fidalgo, PED Appointed Licensed  
Business Official

**Harshwal & Company, LLP**

President  
Sanwar Harshwal, Managing Partner  
Mariem Tall, Audit Manager  
Albert Hwu, Senior Auditor

**STATE OF NEW MEXICO**  
**ESPANOLA PUBLIC SCHOOL DISTRICT**  
OTHER DISCLOSURES  
JUNE 30, 2017

**SUPERINTENDENT**

Bobbie J. Gutierrez  
[bobbie.gutierrez@k12espanola.org](mailto:bobbie.gutierrez@k12espanola.org)  
Website: [www.k12espanola.org](http://www.k12espanola.org)  
1260 Industrial Park Road  
Española, New Mexico 87532  
505-753-2254 – 367-3303  
Fax 505-367-3363



**BOARD OF EDUCATION**

Ruben Archuleta, President  
Yolanda M. Salazar, Vice President  
Gilbert A. Serrano, Secretary  
Patrick Herrera, Member  
Pablo E. Luján, Member

February 14, 2018

Office of the State Auditor  
2540 Camino Edward Ortiz, Suite A  
Santa Fe, NM 87507

Dear Mr. Johnson,

We have prepared the accompanying corrective action plan as required by the standards applicable to financial audits contained in **2 CFR 200.511(a)**. For each finding, we are providing you with the names of the contact people responsible for corrective action, the corrective action planned, and the anticipated completion date

Sincerely,

A handwritten signature in cursive script that reads 'Bobbie J. Gutierrez'.

Bobbie J. Gutierrez, Superintendent  
Espanola Public Schools

Accredited by North Central Association of Universities Colleges and Secondary Schools  
**AN EQUAL OPPORTUNITY EMPLOYER**

**STATE OF NEW MEXICO**  
**ESPANOLA PUBLIC SCHOOL DISTRICT**  
**OTHER DISCLOSURES**  
**JUNE 30, 2017**

Española Public Schools District  
Corrective Action Plan  
Year Ended June 30, 2017

**Financial statement findings**

**2014-002 Compliance with Procurement Code – Bids (Repeated/Modified) – Other Matter**

The business office has a new CPO and management has implemented new procurement procedures. There is a two tier review process to make sure required documentation is attached to the request and the procurement code is followed. Training has been provided to EPS staff and schools that participate in the procurement process.

**Estimated Completion Date**

Process has been implemented.

**Responsible party**

Superintendent, CPO, and management.

**2015-001 Internal Control over Cash Disbursement (Significant Deficiency) (Repeated/Modified)**

Management has implemented new procedures. Purchases need to be approved and a PO needs to be in place before ordering any goods or engaging in services. Revision of invoices and payment vouchers before the checks are issued is performed by management. A two tier review has been implemented on both purchasing and payables. Staff has been trained on the requirements of travel and per diem and procurement procedures and requirements. A new CPO has been assigned to make sure the district's procurement process is in accordance with state procurement.

**Estimated Completion Date**

Procedures have been implemented

**Responsible party**

Superintendent, CPO, and Management.

**2016-001 Journal Entries (Significant Deficiency) (Repeated/Modified)**

The District agrees with this recommendation; JE process has been revised and changed. JEs are entered in by a staff and reviewed by somebody else.

**Estimated Completion Date**

Process has been implemented.

**Responsible party**

Business office management

**2016-002 Internal Controls over Receipts (Significant Deficiency) (Repeated/Modified)**

**Recommendation**

The business office management and staff have trained school site employees in charge of receiving money regarding compliance with state statutes. The 24 hour deposit rule has been widely communicated to all school sites. Segregation of duties regarding receiving, counting, and depositing funds have been covered and explained to all staff in charge of receiving funds.

**Estimated Completion Date**

Process has been implemented at school sites.

**Responsible party**

Accredited by North Central Association of Universities Colleges and Secondary Schools  
AN EQUAL OPPORTUNITY EMPLOYER

**STATE OF NEW MEXICO**  
**ESPANOLA PUBLIC SCHOOL DISTRICT**  
**OTHER DISCLOSURES**  
**JUNE 30, 2017**

Española Public Schools District  
Corrective Action Plan  
Year Ended June 30, 2017

Business office management and staff as well as school principals and school managers are responsible.

**2016-003 Budgetary Conditions (Non Compliance) (Repeated/Modified)**

Management is reviewing budget balances and expenditures. The assistant Business Director has been Assigned to monitor the budget to ensure compliance with budgetary requirements.

**Estimated Completion Date**

Budget review and monitoring is in place.

**Responsible party**

Business office management.

**2016-004 Late Audit Report (Significant Deficiency) (Repeated/Modified)**

Management changed procedures at the business office to have reviews in place. Year-end procedures were also revised to make sure they were done in a timely manner.

**Estimated Completion Date**

Process is in place.

**Responsible party**

Superintendent and business office management

**2016-005 Deficiencies in Accounting for Capital Assets - (Material Weakness) Repeated/Modified)**

EPS staff was not aware that they were missing reports and they didn't have all of the proper settings. This became apparent when the district had large assets disposal and the beginning balances didn't tie. After working with the vendor, the beginning balance was reconciled correctly; however, the beginning balance amount in the audited financial statements was understated due to the missing reports. EPS knows how to utilize the reports in the system now and will be working with the vendor to schedule additional training.

**Estimated Completion Date**

It will be corrected by May 2018.

**Responsible party**

Business office management.

**2016-007 Late Payment of Payroll Taxes – (Material Weakness) (Repeated/Modified)**

EPS has a process in place. A staff in the payroll office processes all the tax payments the day payroll is paid. A report is pulled from the system, and the payment is processed. The payroll supervisor makes sure that the payment is processed and notifies the Business Director. The account information is kept in a specific location in the payroll area so other staff can process the payment, in the event that the assigned staff is not in the office on payroll day.

**Estimated Completion Date**

Process has been implemented.

**Responsible party**

Business office manager and payroll supervisor.

**Accredited by North Central Association of Universities Colleges and Secondary Schools**  
**AN EQUAL OPPORTUNITY EMPLOYER**

**STATE OF NEW MEXICO**  
**ESPANOLA PUBLIC SCHOOL DISTRICT**  
**OTHER DISCLOSURES**  
**JUNE 30, 2017**

Española Public Schools District  
Corrective Action Plan  
Year Ended June 30, 2017

**2017-001 941 Payroll Tax Reports - (Significant Deficiency)**

EPS has a process in place. A staff in the payroll office has been assigned to prepare the required tax returns in a timely manner. A report is pulled from the accounting system in order for the staff to prepare the tax return. Then the tax return is submitted to the business manager for review and approval. After the review is done, if there are no corrections, the business manager signs the tax return, and sends it back to the assigned staff for her to file away.

**Estimated Completion Date**

September 2017.

**Responsible party**

Business office manager and payroll supervisor

**Federal award findings and questioned costs**

**FA 2016-001 Costs Allowable/Unallowable (Significant Deficiency)**

Management became aware of the payment during a review of expenditures. The program staff is constantly being reminded that services and goods need to be received before payment is issued.

**Estimated Completion Date**

Process has been implemented.

**Responsible party**

Program staff and business office management