

**STATE OF NEW MEXICO
EUNICE PUBLIC SCHOOLS**

**AUDITED FINANCIAL STATEMENTS
AND OTHER FINANCIAL INFORMATION
JUNE 30, 2017**

Woodard, Cowen & Co.

Certified Public Accountants

STATE OF NEW MEXICO
 EUNICE PUBLIC SCHOOLS
 JUNE 30, 2017

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STATE OF NEW MEXICO
EUNICE PUBLIC SCHOOLS
JUNE 30, 2017

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STATE OF NEW MEXICO
EUNICE PUBLIC SCHOOLS
JUNE 30, 2017

OFFICIAL ROSTER

BOARD OF EDUCATION

Kenny Reed	President
Johnny Gaskins	Vice President
Matt Coy	Secretary
Ashley Davis	Member
David Gallegos	Member

SCHOOL OFFICIALS

Dwain Haynes	Superintendent
Cynthia Sims	Business Manager

Woodard, Cowen & Co.

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

Mr. Wayne Johnson
New Mexico State Auditor
School Board
Eunice Public Schools
Eunice, New Mexico

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information, and the budgetary comparisons for the general fund and major special revenue funds of Eunice Public Schools (the District) as of and for the year ended June 30, 2017, and the related notes to the financial statements which collectively comprise the District's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the District's non-major governmental, fiduciary funds and the budgetary comparisons for all non-major funds presented as supplementary information, as defined by the Government Accounting Standards Board, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2017 as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

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

Other Matters

Required Supplementary Information

The District has omitted the Management Discussion and Analysis that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by the omission of the Management Discussion and Analysis.

Other Information

Accounting principles generally accepted in the United States of America require that the Schedule of Proportionate Share of the Net Pension Liability on page 54, the Schedule of Contributions on page 55, with the notes to the required supplementary information of page 56 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 this required supplementary information in accordance with the auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the District's financial statements, the combining and individual fund financial statements and budgetary comparisons. The 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 schedule of changes in assets and liabilities – agency funds and the additional schedules listed as “required supplemental information” in the table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with the auditing standards generally accepted in the United States of America. In our opinion, the schedule of changes in assets and liabilities – agency funds and the additional schedules listed as “required supplemental information” in the table of contents are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2017 on our consideration of the District’s internal control over financial reporting and 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.

A handwritten signature in cursive script that reads "Woodward, Lewen & Co." The signature is written in dark ink and is centered on the page.

Portales, New Mexico
November 15, 2017

STATE OF NEW MEXICO
EUNICE PUBLIC SCHOOLS
STATEMENT OF NET POSITION

June 30, 2017

	<u>Governmental Activities</u>
<u>ASSETS</u>	
Cash and cash equivalents	\$ 18,742,567
Accounts Receivable	-
Property Taxes Receivable	522,082
Due From Other Agencies	151,163
Inventory	4,688
Total Current Assets	<u>19,420,500</u>
Non-current assets:	
Capital assets, net	53,014,295
Total Assets	<u>72,434,795</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflows of Resources related to Pensions	<u>2,013,685</u>
Total assets and deferred outflows	<u>\$ 74,448,480</u>
<u>LIABILITIES AND NET POSITION</u>	
Current:	
Accounts payable	\$ 296,984
Bond Premium, net of amortization	121,227
Accrued Interest payable	164,982
Debt due in one year	3,220,000
Total Current Liabilities	<u>3,803,193</u>
Non-current:	
Compensated Absences	28,355
Net Pension Liability	10,373,659
Debt in more than one year:	<u>21,625,000</u>
Total Non-current Liabilities	<u>32,027,014</u>
Total Liabilities	<u>35,830,207</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred Revenue	-
Deferred Inflows of Resources related to Pensions	<u>98,667</u>
Total Deferred Inflows of Resources	<u>98,667</u>
<u>NET POSITION</u>	
Net Investment in Capital Assets	28,169,295
Restricted for:	
Capital Projects	14,279,685
Debt Service	2,920,369
Inventory	4,688
Instructional Materials	13,770
Athletics	89,009
Cafeteria	96,845
Special Revenue	61,532
Unrestricted	<u>(7,115,587)</u>
Total Net Position	<u>38,519,606</u>
Total liabilities, deferred inflows and net position	<u>\$ 74,448,480</u>

The accompanying footnotes are an integral part of these financial statements.

STATE OF NEW MEXICO
EUNICE PUBLIC SCHOOLS
STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2017

Functions/Programs	Expenses	Program Revenues			Net (Expenses)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue & Changes in Net Assets
					Primary Governmental Activities
Primary government:					
Governmental activities:					
Instruction	\$ 4,677,050	\$ 80,457	\$ 391,754	-	\$ (4,204,839)
Support Services	-	-	-	-	-
Support Services-Students	588,495	-	-	-	(588,495)
Support Services-Instruction	108,210	-	1,004	-	(107,206)
Support Services-General Administration	318,527	-	44,953	-	(273,574)
Support Services-School Administration	499,009	-	76,535	-	(422,474)
Central Services	193,760	-	-	-	(193,760)
Student Transportation	257,946	-	231,354	-	(26,592)
Other Support Services	-	-	-	-	-
Food Services-Operations	354,718	61,098	301,557	-	7,937
Community Services-operations	-	-	-	-	-
Bond Interest	793,343	-	-	-	(793,343)
Depreciation-unallocated	1,596,804	-	-	-	(1,596,804)
Amortization Unallocated	-	-	-	-	-
Unallocated Revenue	-	-	-	-	-
Total governmental activities	\$ 9,387,862	\$ 141,555	\$ 1,047,157	\$ -	\$ (8,199,150)

General revenues:

Property taxes:

Levied for General purpose	\$ 434,920
Levied for Capital Projects	6,471,495
Levied for Debt Service	5,225,589
State Capital Grants	3,236,308
Fees	27,387
PED Equalization Guarantee	5,678,069
Unrestricted interest income	18,829
Private Grants	35,752
Rent	34,517
Federal Grants	5,070
Donations	275
State Grants	134,441
Loss on Asset Disposal	(70,489)
Local Grants	-
Total general revenues	21,232,163
Change in net position	13,033,013
Net position - beginning	25,511,598
Restatement	(25,005)
Restated Balance	25,486,593
Net position - ending	\$ 38,519,606

The accompanying footnotes are an integral part of these financial statements.

STATE OF NEW MEXICO
 EUNICE PUBLIC SCHOOLS

BALANCE SHEET-- GOVERNMENTAL FUNDS

June 30, 2017

	GENERAL	NEW MEXICO READS TO LEAD	HB33
ASSETS			
Cash on Deposit	\$ 1,767,777	\$ -	\$ 7,929,394
Due from Other Funds	151,163	-	-
Due from Other Governments	-	51,483	-
Property Taxes Receivable	16,996	-	209,545
Inventory	-	-	-
TOTAL ASSETS	<u>\$ 1,935,936</u>	<u>\$ 51,483</u>	<u>\$ 8,138,939</u>
LIABILITIES			
Accounts Payable	\$ 296,984	\$ -	\$ -
Due to Other Funds	-	51,483	-
TOTAL LIABILITIES	296,984	51,483	-
DEFERRED INFLOWS OF RESOURCES			
Deferred Revenue	766	-	12,514
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>766</u>	<u>-</u>	<u>12,514</u>
FUND BALANCE			
Non-spendable	-	-	-
Restricted for: Capital Projects	-	-	8,126,425
Restricted for: Debt Service	-	-	-
Restricted for: Instructional Materials	13,770	-	-
Restricted for: Athletics	-	-	-
Restricted for: Cafeteria	-	-	-
Restricted for: Special Revenue	-	-	-
Unassigned:			
General Fund	1,624,416	-	-
Special Revenue Funds	-	-	-
TOTAL FUND BALANCE	<u>1,638,186</u>	<u>-</u>	<u>8,126,425</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	<u>\$ 1,935,936</u>	<u>\$ 51,483</u>	<u>\$ 8,138,939</u>

The accompanying footnotes are an integral part of these financial statements.

SB-9	DEBT SERVICE	OTHER GOVERNMENTAL FUNDS	Total GOVERNMENTAL FUNDS
\$ 5,930,743	\$ 2,710,520	\$ 404,133	\$ 18,742,567
-	-	-	151,163
-	-	99,680	151,163
70,862	224,679	-	522,082
-	-	4,688	4,688
<u>\$ 6,001,605</u>	<u>\$ 2,935,199</u>	<u>\$ 508,501</u>	<u>\$ 19,571,663</u>
\$ -	\$ -	\$ -	\$ 296,984
-	-	99,680	151,163
-	-	99,680	448,147
5,092	14,830	-	33,202
<u>5,092</u>	<u>14,830</u>	<u>-</u>	<u>33,202</u>
-	-	4,688	4,688
5,996,513	-	156,747	14,279,685
-	2,920,369	-	2,920,369
-	-	-	13,770
-	-	89,009	89,009
-	-	96,845	96,845
-	-	61,532	61,532
-	-	-	1,624,416
-	-	-	-
<u>5,996,513</u>	<u>2,920,369</u>	<u>408,821</u>	<u>19,090,314</u>
<u>\$ 6,001,605</u>	<u>\$ 2,935,199</u>	<u>\$ 508,501</u>	<u>\$ 19,571,663</u>

The accompanying footnotes are an integral part of these financial statements.

STATE OF NEW MEXICO
 EUNICE PUBLIC SCHOOLS
 RECONCILIATION OF THE BALANCE SHEET
 ALL GOVERNMENTAL FUNDS TO THE
 STATEMENT OF NET POSITION

June 30, 2017

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

Fund Balances - total governmental funds	\$ 19,090,314
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	53,014,295
Net Pension Liability not reported in the funds	(10,373,659)
Deferred Outflows of Resources related to Pensions not reported in the funds	2,013,685
Deferred Inflows of Resources related to Pensions not reported in the funds	(98,667)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds are as follows:	
Delinquent Property Tax Receivable	33,202
Bond Premium	(121,227)
Accrued Int Payable	(164,982)
Liabilities not due and payable in the current period and therefore are not reported as liabilities in the funds.	
Bonded Debt	(24,845,000)
Compensated Absences	<u>(28,355)</u>
Net postion of governmental activities	<u><u>\$ 38,519,606</u></u>

The accompanying footnotes are an integral part of these financial statements.

STATE OF NEW MEXICO
EUNICE PUBLIC SCHOOLS

STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCE-- GOVERNMENTAL FUNDS
Year Ended June 30, 2017

	GENERAL	NEW MEXICO READS TO LEAD	HB33
REVENUE			
Residential/Non-Residential Taxes	\$ 435,024	\$ -	\$ 4,704,169
Fees - Educational	25,899	-	-
Rent and Leases	34,517	-	-
Fees Activities	1,487	-	-
Interest Income	373	-	9,223
State Equalization	5,678,069	-	-
State Flow Through Grants	-	102,469	-
State Programs	335,611	-	3,060,213
Donations	-	-	-
Sale of Property/Equipment	61	-	3,119
Access Board	5,070	-	-
Private & Local Grants	-	-	-
Federal Program	-	-	-
TOTAL REVENUES	6,516,111	102,469	7,776,724
EXPENDITURES			
Current			
Instruction	3,935,046	102,469	-
Support Services			
Support Services-Students	550,008	-	-
Support Services-Instruction	99,735	-	-
Support Services-General Administration	245,777	-	8,718
Support Services-School Administration	359,187	-	-
Central Services	175,816	-	-
Operation & Maintenance of Plant	1,315,461	-	-
Student Transportation	157,358	-	-
Food Services-Operations	-	-	-
Acquisition & Construction	159,000	-	5,579,260
Bond Principal	-	-	-
Bond Interest	-	-	-
TOTAL EXPENDITURES	6,997,388	102,469	5,587,978
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	(481,277)	-	2,188,746
Other Financing Sources			
Refunds to PED	(25,005)	-	-
Transfers In<Out>	-	-	-
Total Other Financial Sources	(25,005)	-	-
Net Change In Fund Balances	(506,282)	-	2,188,746
FUND BALANCE			
June 30, 2016	2,144,468	-	5,937,679
Restatement	-	-	-
Restated Fund Balance June 30, 2016	2,144,468	-	5,937,679
FUND BALANCE June 30, 2017	\$ 1,638,186	\$ -	\$ 8,126,425

The accompanying footnotes are an integral part of these financial statements.

SB9	DEBT SERVICE	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
\$ 1,759,538	\$ 5,221,068	\$ -	\$ 12,119,799
-	-	-	25,899
-	-	-	34,517
-	-	141,554	143,041
9,224	-	8	18,828
-	-	-	5,678,069
19,353	-	185,742	307,564
-	-	-	3,395,824
-	-	275	275
-	-	-	3,180
-	-	-	5,070
-	-	192,493	192,493
-	-	557,776	557,776
<u>1,788,115</u>	<u>5,221,068</u>	<u>1,077,848</u>	<u>22,482,335</u>
-	-	358,077	4,395,592
-	-	-	550,008
-	-	1,004	100,739
3,080	11,650	33,067	302,292
-	-	88,421	447,608
-	-	-	175,816
-	-	-	1,315,461
-	-	83,959	241,317
-	-	354,718	354,718
1,264,730	-	-	7,002,990
-	3,190,000	-	3,190,000
-	852,816	-	852,816
<u>1,267,810</u>	<u>4,054,466</u>	<u>919,246</u>	<u>18,929,357</u>
520,305	1,166,602	158,602	3,552,978
-	-	-	(25,005)
-	-	-	-
-	-	-	(25,005)
520,305	1,166,602	158,602	3,527,973
5,476,208	1,753,767	250,219	15,562,341
-	-	-	-
<u>5,476,208</u>	<u>1,753,767</u>	<u>250,219</u>	<u>15,562,341</u>
<u>\$ 5,996,513</u>	<u>\$ 2,920,369</u>	<u>\$ 408,821</u>	<u>\$ 19,090,314</u>

The accompanying footnotes are an integral part of these financial statements.

STATE OF NEW MEXICO
 EUNICE PUBLIC SCHOOLS
 RECONCILIATION OF THE STATEMENT OF REVENUES,
 EXPENDITURES, AND CHANGES IN FUND BALANCE -
 ALL GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Year Ended June 30, 2017

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

Net change in fund balance - total governmental funds	\$ 3,527,973
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital asset additions exceeded depreciation in the current year	6,953,150
Because some property taxes will not be collected for several months after the District's fiscal year ends, they are not considered "available" revenues in the government funds, and are instead reported as deferred revenues. They are however, recorded as revenues in the Statement of Activities.	12,210
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Loss on Asset Deletions Net of Proceeds	(73,669)
(Increase)/Decrease in pension expense due to net pension liability apportionment	(668,759)
Expenses in the statement of activities which do not require use of current financial resources	
Refunded to PED	25,005
Accrued Interest payable	17,474
Bond principal payments	3,190,000
Increase in Compensated Absences	7,630
Amortization of bond premium taken against bond interest	41,999
Change in Net Position	<u>\$ 13,033,013</u>

The accompanying footnotes are an integral part of these financial statements.

STATE OF NEW MEXICO
EUNICE PUBLIC SCHOOLS
COMBINED STATEMENT OF REVENUE AND EXPENDITURES--BUDGET
(NON-GAAP) AND ACTUAL-GENERAL FUND
Year Ended June 30, 2017

	General Fund			VARIANCE
	ORIGINAL BUDGET	BUDGET	ACTUAL	Favorable (Unfavorable)
REVENUE				
Residential/Non-Residential Taxes	\$ 395,464	\$ 395,464	\$ 430,357	\$ 34,893
Fees - Educational	-	-	25,899	25,899
Rent and Leases	28,800	28,800	34,517	5,717
Fees Activities	-	-	1,487	1,487
Interest Income	195	195	373	178
State Equalization	5,852,991	5,639,798	5,678,069	38,271
State Flow Through Grants	302,467	272,325	335,611	63,286
Sale of Property/Equipment	-	-	61	61
Access Board	1,000	1,000	5,070	4,070
TOTAL REVENUE	<u>6,580,917</u>	<u>6,337,582</u>	<u>\$ 6,511,444</u>	<u>\$ 173,862</u>
Cash Balance Budgeted	<u>1,617,904</u>	<u>2,126,297</u>		
TOTAL REVENUE & CASH	<u>\$ 8,198,821</u>	<u>\$ 8,463,879</u>		
EXPENDITURES				
Current				
Instruction	\$ 4,429,633	\$ 4,357,834	\$ 3,935,046	\$ 422,788
Support Services				
Support Services-Students	535,276	592,901	550,008	42,893
Support Services-Instruction	155,030	131,405	99,735	31,670
Support Services-General Administration	456,723	423,723	245,777	177,946
Support Services-School Administration	407,084	395,084	359,187	35,897
Central Services	274,427	257,427	175,816	81,611
Operation & Maintenance of Plant	1,742,025	1,948,875	1,315,461	633,414
Student Transportation	170,186	165,048	157,358	7,690
Other Support Services	28,437	28,437	-	28,437
Acquisition & Construction	-	163,145	159,000	4,145
TOTAL EXPENDITURES	<u>\$ 8,198,821</u>	<u>\$ 8,463,879</u>	<u>\$ 6,997,388</u>	<u>\$ 1,466,491</u>

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ 6,511,444
Differences-Budget to GAAP	
Property tax Receivable	16,996
Prior Year Tax Receivables	(11,563)
Current Year Deferral	(766)
Total Revenues (GAAP Basis)	<u>\$ 6,516,111</u>

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 6,997,388
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 6,997,388</u>

The accompanying footnotes are an integral part of these financial statements.

STATE OF NEW MEXICO
EUNICE PUBLIC SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)
AND ACTUAL--SPECIAL REVENUE FUND - NEW MEXICO READS TO LEAD

Year Ended June 30, 2017

	ORIGINAL BUDGET	BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
State Flow Through Grants	\$ -	\$ 105,000	\$ 63,109	(41,891)
TOTAL REVENUE	<u>-</u>	<u>105,000</u>	<u>\$ 63,109</u>	<u>\$ (41,891)</u>
Cash Balance Budgeted	<u>-</u>	<u>-</u>		
TOTAL REVENUE & CASH	<u>\$ -</u>	<u>\$ 105,000</u>		
EXPENDITURES				
Current				
Instruction	\$ -	\$ 105,000	\$ 102,469	\$ 2,531
Support Services				
TOTAL EXPENDITURES	<u>\$ -</u>	<u>\$ 105,000</u>	<u>\$ 102,469</u>	<u>\$ 2,531</u>

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ 63,109
Differences-Budget to GAAP	
Current Year Receivable	51,483
Prior Year Receivable	(12,123)
Total Revenues (GAAP Basis)	<u>\$ 102,469</u>

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 102,469
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 102,469</u>

The accompanying footnotes are an integral part of these financial statements.

STATE OF NEW MEXICO
EUNICE PUBLIC SCHOOLS
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES

June 30, 2017

ASSETS

Cash on Deposit	<u>\$ 196,433</u>
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LIABILITIES AND FUND BALANCE

Liabilities:	
Due to Student Groups	<u>196,433</u>
Total Liabilities	<u>\$ 196,433</u>

The accompanying footnotes are an integral part of these financial statements.

STATE OF NEW MEXICO
EUNICE PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS

June 30, 2017

I. Summary of Significant Accounting Policies

A. Reporting Entity

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

There were no component units.

The summary of significant accounting policies of the District is presented to assist in the understanding of the District's financial statements. The financial statements and notes are the representation of Eunice Public School District's management who is responsible for their integrity and objectivity. The financial statements of the District conform to generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the non-fiduciary activities of the school district. For the most part, the effect of interfund activity has been removed from these statements.

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

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. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues, net of estimated refunds and estimated uncollectible amounts, in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

Property taxes, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when the government receives cash. Grant revenues and deferrals are recognized in accordance with GASB 33.

STATE OF NEW MEXICO
EUNICE PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS

June 30, 2017

I. Summary of Significant Accounting Policies (continued)

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

The District reports the following major governmental funds:

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

NEW MEXICO READS TO LEAD – To account for the funding provided by the PED for the purchase of K-3 non-fiction books, K-3 non-fiction classroom libraries, and K-3 non-fiction text materials. Fund was created under the state-wide reading initiative authorized under NM Section 22-13-1.3.

HB-33 (Capital Projects) – This fund is used to account for funds received from a 2 mill levy, restricted for erecting, remodeling, making additions to, providing equipment for, and furnishing school buildings, improving school grounds and maintenance of school buildings and grounds, exclusive of salary expenses. Authority for this fund is Section 22-26-1, NMSA 1978.

SB-9 Local (Special Revenue Fund) – The revenues are derived from a district tax levy. Expenditures are restricted to capital improvements

DEBT SERVICE FUND – The debt service fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

The District also reports the following nonmajor governmental funds:

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

Capital Projects Funds – These funds are used to account for the acquisition and construction of all major governmental general fixed assets.

Similar to private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. The government has elected not to follow subsequent private-sector guidance. As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

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

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

D. Assets, liabilities, and net assets or equity

1. Deposits and investments

The government's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments.

STATE OF NEW MEXICO
EUNICE PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS

June 30, 2017

I. Summary of Significant Accounting Policies (continued)

D. Assets, liabilities, and net assets or equity (continued)

1. Deposits and investments (continued)

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

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

The State Board of Finance shall set the rate of interest in non-demand interest-bearing accounts, 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.

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

2. Receivables and payables

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

The School District's property taxes are levied each year on the assessed valuation of property located in the School District as of the preceding January 1st. The assessed valuation for the 2016 fiscal year was \$616,295,154. Mill levy rates are set by the State of New Mexico each year for the General Fund, SB – 9, HB-33 Fund and Debt Service Fund. Taxes are payable in two equal installments on November 10th and April 10th following the levy and become delinquent after 30 days

3. Inventories

The food inventories are valued at cost using the first-in/first-out (FIFO) method. USDA Commodities are recorded at estimated costs. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

4. Capital assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental-wide financial statements. The government defines capital assets as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an initial useful life extending beyond a single reporting period. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

STATE OF NEW MEXICO
EUNICE PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS

June 30, 2017

I. Summary of Significant Accounting Policies (continued)

D. Assets, liabilities, and net assets or equity (continued)

4. Capital assets (continued)

The District is including qualifying Software and Library Books in capital assets.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

<u>Assets</u>	<u>Years</u>
Buildings & Improvements	25 to 50
Equipment	5 to 10

5. Compensated absences

It is the School District's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Upon termination, resignation, retirement, or death, a twelve-month employee is entitled to be paid for their accrued unused annual leave up to 20 hours. During the fiscal year ended June 30, 2017, the annual leave liability decreased \$7,630 to \$28,355.

6. Fund equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets consist of capital assets, net of accumulated depreciation. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, laws or regulations of other governments. The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

7. Comparative data/reclassifications

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

8. Indirect Costs

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

9. Salaries and Wages

The School District pays all salaries and wages due teachers on or before June 30th of each year.

10. Estimates

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

STATE OF NEW MEXICO
EUNICE PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS

June 30, 2017

I. Summary of Significant Accounting Policies (continued)

D. Assets, liabilities, and net assets or equity (continued)

11. 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 \$5,678,069 in state equalization guarantee distributions during the year ended June 30, 2017.

Transportation Distribution: School districts in the State of New Mexico received student transportation distributions. The transportation distribution is allocated to each school district in accordance with formulas developed by the State Transportation Director and the Director of Public School Finance. The funds shall be used only for the purpose of making payments to each school district for the to and from school transportation costs of students in grades K through twelve attending public school within the school district. The District received \$147,395 in transportation distributions during the year ended June 30, 2017.

II. Reconciliation of government-wide and fund financial statements

A. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities.

The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between *net changes in fund balances - total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains, "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of this \$6,953,150 difference are as follows:

Capital Outlay	\$	8,549,954
Depreciation expense		<u>(1,596,804)</u>
Net adjustment to increase net changes in fund balances – total government funds to arrive at changes in net assets of governmental activities	\$	<u>6,953,150</u>

III. Stewardship, compliance, and accountability

A. Budgetary information

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

STATE OF NEW MEXICO
 EUNICE PUBLIC SCHOOLS
 NOTES TO FINANCIAL STATEMENTS

June 30, 2017

III. Stewardship, compliance, and accountability (continued)

A. Budgetary information (continued)

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

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

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:

- In April or May, the superintendent submits to the Board of Education a proposed operating budget of the fiscal year commencing the following July. The operating budget includes proposed expenditures and the means of financing them, and has approval by the Department of Education.
- In May or June, the budget is approved by the Board of Education
- The school board meeting, while not intended for the general public, is open for the general public unless a closed meeting has been called.
- The superintendent is authorized to transfer budgeted amounts between departments within any fund; however, the school board and the State of New Mexico Department of Education must approve any revisions that alter the total expenditures of any fund.
- Budgets for the General, Special Revenue, and Capital Projects, are adopted on a basis not consistent with generally accepted accounting principles (GAAP). Encumbrances are treated the same way for GAAP purposes and for Budget purposes.
- The Board of Education may approve amendments to the appropriated budget, which are required when a change is made affecting budgeted ending fund balance. The appropriated budget for the year ended June 30, 2016 was properly amended by the Board through the year. New Mexico state law prohibits a Governmental Agency to exceed an individual line item. These amendments resulted in the following changes:

	<u>Original Budget</u>	<u>Final Budget</u>
General Fund	\$ 8,198,821	\$ 8,463,879
Special Revenue Fund	5,450,593	5,841,119
Debt Service Fund	5,312,937	5,312,937
Capital Projects Fund	6,288,000	6,288,000
Totals	<u>\$ 25,250,351</u>	<u>\$ 25,905,935</u>

STATE OF NEW MEXICO
EUNICE PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS

June 30, 2017

III. Stewardship, compliance, and accountability (continued)

B. Deficit fund equity

There were no deficit fund balances at June 30, 2016.

IV. Detailed notes on all funds

A. Cash and temporary investments

At June 30, 2017, the carrying amount of the District's deposits was \$18,938,999 and the bank balance was \$19,433,514. Of this balance \$2,750,000 was covered by federal depository insurance and \$14,323,958 was covered by collateral held in joint safekeeping by a third party in the entity's name.

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 at least one half of the amount on deposit with the institution.

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

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

Investments held by the New Mexico State Treasurer are valued at fair value based on quoted market prices as of the valuation date. The State Treasurer Local Government Investment Pool is not SEC registered. The State Treasurer is authorized to invest the short-term investment funds, with the advice and consent of the State Board of Finance, in accordance with Sections 6-10-10 I through 6-10-10 P and Sections 6-10-10.1 A and E, NMSA 1978. The pool does not have unit shares. Per Sections 6-10-10.1F, NMSA 1978, at the end of each month all interest earned is distributed by the State Treasurer to the contributing entities in amounts directly proportionate to the respective amounts deposited in the fund and the length of time the fund amounts were invested. Participation in the local government investment pool is voluntary.

For the year ended June 30, 2017, the investments held in the LGIP had an interest risk (WAM) of 59 days and a Standard and Poor's Rating of AAAM.

B. Custodial Credit Risk - Deposits

The State Treasurer monitors pledged collateral related to most state agency bank accounts. Pledged collateral information specific to the District is not available because the bank co-mingles pledged collateral for all state funds it holds.

Custodial risk is the risk that in the event of bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. As of June 30, 2017, \$1,614,556 of the government's deposits totaling \$19,433,514 was exposed to custodial credit risk.

Uninsured and Uncollateralized	<u>\$1,614,556</u>
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STATE OF NEW MEXICO
 EUNICE PUBLIC SCHOOLS
 NOTES TO FINANCIAL STATEMENTS

June 30, 2017

IV. Detailed notes on all funds (continued)

C. Due To and From Other Funds

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

Interfund Payables:

Due to Operational Fund	
Title I	\$ 28,912
Entitlement	30,594
Results Plan	1,382
Teacher and Principal Training	7,246
New Mexico Reads to Lead	51,483
Kindergarten Three Plus	31,546
Total due to Operational Fund	<u>\$ 151,163</u>

The balance of \$151,163 resulted from loans made to establish working capital for the individual funds. All loans are considered to be repaid within one year.

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

	<u>Unavailable</u>
Grant draw-downs prior to meeting	
All eligibility requirements	\$ 0
Delinquent Property Taxes	<u>33,202</u>
Total deferred/unearned revenue	
For governmental funds	<u>\$ 33,202</u>

D. Receivables

Due from other governments:	
Title I	\$ 28,912
Entitlement	30,594
Results Plan	1,382
Teacher and Principal Training	7,246
New Mexico Reads to Lead	51,483
Kindergarten Three Plus	31,546
Total due from other governments	<u>\$ 151,163</u>

Due from local taxes	
General	\$ 16,996
Senate Bill Nine	70,862
HB-33	209,545
Debt Service	224,679
Total Property Tax Receivable	<u>\$ 522,082</u>

STATE OF NEW MEXICO
 EUNICE PUBLIC SCHOOLS
 NOTES TO FINANCIAL STATEMENTS

June 30, 2017

IV. Detailed notes on all funds (continued)

E. Capital Assets

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

EUNICE PUBLIC SCHOOLS

	Audited Balance 6/30/2016	Additions	Retirements	Ending Balance 6/30/2017
Governmental Activities				
Capital Assets, not being depreciated:				
Land	\$ 1,699,396	\$ -	\$ -	\$ 1,699,396
Construction in Progress	255,532	8,114,995	-	8,370,527
Total Capital Assets, not being depreciated	1,954,928	8,114,995	-	10,069,923
Capital Assets, being depreciated:				
Buildings & Improvements	64,561,617	192,204	(590,343)	64,169,478
Equipment	2,620,459	242,755	-	2,863,214
Total Capital Assets being depreciated	67,188,076	434,959	(590,343)	67,032,692
Less accumulated depreciation for:				
Buildings and Improvements	21,476,907	1,414,108	(516,674)	22,374,341
Equipment	1,531,282	182,696	-	1,713,978
Total accumulated depreciation	23,008,189	1,596,804	(516,674)	24,088,319
Total Capital Assets, being depreciated, net	44,179,887	(1,161,845)	73,669	42,944,373
Governmental activities capital assets, net	<u>\$46,134,815</u>	<u>\$ 6,953,150</u>	<u>\$ 73,669</u>	<u>\$ 53,014,296</u>

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

Depreciation expense was not charged to function/programs of the School District because the detail information was not available.

STATE OF NEW MEXICO
 EUNICE PUBLIC SCHOOLS
 NOTES TO FINANCIAL STATEMENTS

June 30, 2017

IV. Detailed notes on all funds (continued)

F. Long-Term Debt

General Obligation Bonds

Series	Original Amount	Interest Rate	Balance 6/30/2016	Additions	Retirements	Balance 6/30/2017	Amount Due in One Year
2009	\$ 6,000,000	3.0%-4.0%	\$ 3,595,000	\$ -	540,000	\$ 3,055,000	\$ 565,000
2010	16,000,000	2.0%-4.0%	8,000,000	-	1,750,000	6,250,000	1,750,000
2011	8,100,000	3.25%-3.40%	7,075,000	-	225,000	6,850,000	225,000
2012	8,100,000	2.00%-3.00%	6,300,000	-	450,000	5,850,000	450,000
2013	1,400,000	2.00%-2.125%	1,165,000	-	125,000	1,040,000	130,000
2013	2,400,000	1.00%-2.00%	1,900,000	-	100,000	1,800,000	100,000
Total	\$ 42,000,000		\$ 28,035,000	\$ -	3,190,000	\$ 24,845,000	\$ 3,220,000

Fiscal Year	Principal	Interest	Total
2018	\$ 3,220,000	\$ 755,779	\$ 3,975,779
2019	3,445,000	660,981	4,105,891
2020	3,480,000	554,667	4,034,667
2021	3,610,000	442,466	4,052,466
2022	4,315,000	309,616	4,624,616
2023-2024	6,775,000	249,690	7,024,690
	\$ 24,845,000	\$ 2,973,109	\$ 27,818,109

Legal Debt Margin

The legal debt margin is specified by Article IX Section 11 of the Constitution of the State of New Mexico as not greater than 6% of the assessed value of the taxable property within the School District. Based on these criteria, the maximum general obligation debt permissible is \$30,924,777 including \$24,845,000 debt outstanding based on the 2017 initial valuation.

The District's 12-month employees are allowed to accrue unused annual leave and are paid up to 20 hours of accrued annual upon their separation from the district. Activity for the fiscal year ended June 30, 2017 was as follows:

Beginning Balance	Increases	Decreases	Ending Balance	Amount Due in one year
\$35,985	\$27,042	(\$34,672)	\$28,355	\$28,355

In past periods, payment of accrued annual leave has been made from the General Fund.

V. Other information

A. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injury to employees; and natural disasters. The New Mexico Public Schools Insurance Authority (NMSIA) was formed on April 5, 1985 under the New Mexico Public Schools Insurance Authority Act, Chapter 22, Section 2 of the New Mexico Statutes Annotated (NMSA 1978), as amended, as an insurance fund to provide health, disability and life insurance coverage (benefits coverage), and property, casualty and workers' compensation insurance coverage (risk coverage) to participating public schools, school board members, public school employees, and retirees within the State of New Mexico. The District is one of 91 members that participate in NMPSIA. Participation in NMPSIA is mandatory for all K-12 public schools except those with enrollment exceeding 60,000 students. Participation is voluntary for other public education institutions. The District pays an annual premium to the pool for its general insurance coverage. The agreement for formation of NMPSIA provides that the pool will be self-sustaining through member premiums. NMPSIA establishes self-insured retentions by line of coverage and procures insurance or reinsurance, where indicated, in excess of the self-insured retention on a per occurrence basis. NMPSIA will publish its own financial report for the year ended June 30, 2016.

STATE OF NEW MEXICO
EUNICE PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS

June 30, 2017

V. Other information (continued)

B. Contingent liabilities

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

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

C. Employee retirement plan

General Information about the Pension Plan

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

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

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

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

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

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

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

STATE OF NEW MEXICO
EUNICE PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS

June 30, 2017

C. Employee retirement plan (continued)

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

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

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

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

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

Benefit Options – The Plan has three benefit options available.

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

June 30, 2017

C. Employee retirement plan (continued)

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

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

As of July 1, 2013, for current and future retirees the COLA is immediately reduced until the Plan is 100% funded. The COLA reduction is based on the median retirement benefit of all retirees excluding disability retirements. Retirees with benefits at or below the median and with 25 or more years of service credit will have a 10% COLA reduction; their average COLA will be 1.8%. Once the funding is greater than 90%, the COLA reductions will decrease. The retirees with benefits at or below the median and with 25 or more years of service credit will have a 5% COLA reduction; their average COLA will be 1.9%.

Members on disability retirement are entitled to a COLA commencing on July 1 of the third full year following disability retirement. A member on regular retirement who can prove retirement because of a disability may qualify for a COLA beginning July 1 in the third full year of retirement.

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

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

Fiscal Year	Date Range	Wage Category	Member Rate	Employer Rate	Combined Rate	Increase Over Prior Year
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 6-30-17	Over \$20k	10.70%	13.90%	24.60%	0.00%
2016	7-1-15 to 6-30-17	\$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 \$110,615 and \$152,041, which equal the amount of the required contributions for each fiscal year.

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 \$10,373,659 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015. The total pension liability was rolled-forward from the valuation date to the plan year ending June 30, 2016 using generally accepted actuarial principles. Therefore, the District's portion was established as of the measurement date of June 30, 2016. There were no significant events or changes in benefit provision that required an adjustment to the roll-forward liabilities as of June 30, 2016. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating educational institutions, actuarially determined. At June 30, 2016, the District's proportion was .14415%, which was a increase of 0.00403% from its proportion measured as of June 30, 2015.

STATE OF NEW MEXICO
 EUNICE PUBLIC SCHOOLS
 NOTES TO FINANCIAL STATEMENTS

June 30, 2017

C. Employee retirement plan (continued)

For the year ended June 30, 2017, the District recognized pension expense of \$668,759. At June 30, 2017, District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 45,005	\$ 98,667
Changes of assumptions	211,166	
Net difference between projected and actual earnings on pension plan investments	619,221	
Changes in proportion and differences between contributions and proportionate share of contributions	561,282	
Employer contributions subsequent to the measurement date	577,011	
Total	<u>\$2,013,685</u>	<u>\$ 98,667</u>

\$577,011 reported as deferred outflows of resources related to pensions resulting from the District's 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:

Year ended June 30:	
2018	\$ 450,557
2019	\$ 390,543
2020	\$ 345,904
2021	\$ 151,003

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	3.0%
Salary increases	Composed of 3.0% inflation, plus a 0.75% productivity increase rate, plus a step-rate promotional increase for members with less than 10 years of service.
Investment rate of return	7.75% compounded annually, net of expenses. This is made up of a 3.00% inflation rate and a 4.75 real rate of return. The long-term expected rate of return on pension plan investments is determined annually using a building-block approach that includes the following: 1) rate of return projections are the sum of current yield plus projected changes in price (valuation, defaults, etc.), 2) application of key economic projections (inflation, real growth, dividends, etc.), and 3) structural themes (supply and demand imbalances, capital flows, etc.) developed for each major asset class.
Average of Expected Remaining Service Lives	3.77 years.

STATE OF NEW MEXICO
 EUNICE PUBLIC SCHOOLS
 NOTES TO FINANCIAL STATEMENTS

June 30, 2017

C. Employee retirement plan (continued)

Mortality	Healthy males: Based on the RP-2000 Combined Mortality Table with White Collar adjustments, generational mortality improvements with Scale BB. Healthy females: Based on GRS Southwest Region Teacher Mortality Table, set back one year, generational mortality improvements in accordance with Scale BB from the table's base year of 2012. Disabled males: RP-2000 Disabled Mortality Table for males, set back three years, projected to 2016 with Scale BB. Disabled females: RP-2000 Disabled Mortality Table for females, no set back, projected to 2016 with Scale BB. Active members: RP-2000 Employee Mortality Tables, with males set back two years and scaled at 80%, and females set back five years and scaled at 70%. Static mortality improvement from the table's base year of 2000 to the year 2016 in accordance with Scale BB. No future improvement was assumed for preretirement mortality.
Retirement Age	Experience-based table rates based on age and service, adopted by the Board on June 12, 2015 in conjunction with the six-year experience study for the period ending June 30, 2014.
Cost-of-living increases	2% per year, compounded annually.
Payroll growth	3.5% per year (with no allowance for membership growth).
Contribution accumulation	5% increase per year for all years prior to the valuation date. (Contributions are credited with 4.0% interest, compounded annually, applicable to the account balance in the past as well as the future).
Disability Incidence	Approved rates applied to eligible members with at least 10 years of service.

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

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

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

STATE OF NEW MEXICO
 EUNICE PUBLIC SCHOOLS
 NOTES TO FINANCIAL STATEMENTS

June 30, 2017

C. Employee retirement plan (continued)

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

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

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate. The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.75 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:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
District's proportionate share of the net pension liability	\$13,739,670	\$10,373,659	\$7,580,820

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

Payable to the pension plan. The District has no payables to the pension plan.

STATE OF NEW MEXICO
EUNICE PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS

June 30, 2017

V. Other information (continued)

D. Post-retirement health care benefits

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

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

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

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

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

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

STATE OF NEW MEXICO
EUNICE PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS

June 30, 2017

V. Other information (continued)

D. Post-retirement health care benefits (continued)

The District's contributions to the RHCA for the years ended June 30, 2017, 2016 and 2015 were \$83,023, \$82,342 and \$79,662, respectively, which equal the required contributions for each year.

E. Fund Balances Classified

Fund Balance is classified as Nonspendable, restricted, committed, assigned and/or unassigned upon the use of the resources in the government funds. The constraints placed on the fund balance for the major government funds and all other governmental funds are presented here.

Fund Balances	General Fund	House Bill 33	Senate Bill 9	Debt Service	Other Governmental Funds	Total Governmental Funds
Non-Spendable:	-	-	-	-	-	-
Inventory	\$ -	\$ -	\$ -	\$ -	\$ 4,688	\$ 4,688
Total Nonspendable	-	-	-	-	4,688	4,688
Restricted for:						
Capital Projects	-	8,126,425	5,996,513	-	156,747	14,279,685
Debt Service	-	-	-	2,920,369	-	2,920,369
Athletics	-	-	-	-	89,009	89,009
Cafeteria	-	-	-	-	96,845	96,845
Instructional Materials	13,770	-	-	-	-	13,770
Special Revenue	-	-	-	-	61,532	61,532
Total restricted	13,770	8,126,425	5,996,513	2,920,369	404,133	17,461,210
Unassigned	1,624,416	-	-	-	-	1,624,416
Total Fund Balances	\$ 1,638,186	\$ 8,126,425	\$ 5,996,513	\$ 2,920,369	\$ 408,821	\$ 19,090,314

F. Restatement of Net Position

Restatements of Net Position are as follows:

Net Position at June 30, 2017	\$ 25,511,598
Restatement:	
Amounts paid back to PED for Instructional Materials	(7,351)
Amounts paid back to PED for Transportation	(17,654)
Restated Net Position July 1, 2017	<u>\$ 25,486,593</u>

NON-MAJOR SPECIAL REVENUE FUNDS

CAFETERIA – to account for financing for school hot lunch program. Funding is provided from fees from patrons and USDA food reimbursements, under the National School Lunch Act of 1946, as amended, New Mexico Statutes Annotated, State Law 22-13-13.

ATHLETICS – to account for revenues received from non-instructional activities for use in the district's athletic and other non-instructional programs. Required by the New Mexico State Department of Education Manual of Procedures for New Mexico School Districts to be accounted for as a separate fund. Authority for this fund is the New Mexico Administrative Code 6.20.2.

TITLE I – The Title I project provides remedial instruction in language arts for educationally deprived students in low-income areas. The Federal Government through the New Mexico State Department of Education under the Elementary funds the project and Secondary Education Act of 1965, Title I, Chapter I, part A, 20 U.S.C. 2701 et seq. Reported as a special revenue fund.

IDEA B – ENTITLEMENT – P.L. 94-142, Individuals with Disabilities Education Act – To account for a federal grant restricted to the operation and maintenance of meeting the special education need of children with disabilities. Authority for the creation of this fund is Individuals with Disabilities Act, Part B, Sec. 611, as amended; Public Laws 91-230,93-380,94-142,98-199,99-457,100-630 and 101-476; 20 U.S.C. 1401-1419, Public Law 105-17.

IDEA-B Preschool - to assist states in providing free, appropriate public education to all handicapped children from ages 3 to 5. The program is funded by the United States Government. Authority for creation of this fund is Part Public Law 105-17.

IDEA B – RISK POOL – To account for a federal grant restricted to the operation and maintenance of meeting the special education needs of children with disabilities. (Authority, Individuals with Disabilities Act, Part B Sec 611, as amended; P.L. 91-230, 93-380, 94-142, 98-199, 99-457, 100-630, and 101-476; U.S.C. 1401-1419, P.L. 105-17)

IDEA B – RESULTS PLAN – To provide funding to schools for professional development, coaching, technical assistance, and additional funds to support school improvement targeted to early elementary reading achievement. Authority for this fund comes from the Individuals with Disabilities Act, Part B.

TEACHER/PRINCIPAL TRAINING – To provide grants to State Education Agencies on a formula basis to increase student academic achievement through strategies such as improving teacher and principal quality and increasing the number of highly qualified teachers in the classroom and highly qualified principals and assistant principals in schools and hold local educational agencies and schools accountable for improvements in student academic achievement. The authority for the creation of this fund is the Elementary and Secondary Education Act of 1965 as amended, Title I, Part A, Public Law 107-110.

JTPA — To Account for funds provided by the New Mexico Department of Labor. The objective of the program is to provide individualized remedial instruction in math; reading and writing for each participant based on assessed needs and is restricted to expenditure by the applicant.

HUBBARD FOUNDATION – To account for funds awarded by the Hubbard Foundation, a private foundation (to non-profit organizations), to assist in a district wide educational reading initiative named Reading Recovery

MICROSOFT SETTLEMENT – Funding for this fund is provided by the antitrust settlement between the State of New Mexico and Microsoft Corporation. The purpose of this program is to help New Mexico school districts to purchase a wide variety of computer hardware, software, and professional development services.

CHEVRON SCHOOL GRANTS – To account for the receipt and use of funds received from the Chevron Corporation. These funds are to be used for professional development and support of the District's mathematics programs. This fund was established by Chevron's gift and approval of the school board.

2009 DUAL CREDIT INSTRUCTIONAL MATERIALS – to fund all public, charter, and state supported schools for dual credit course materials approved by the Higher Education Department and through a college/university which has an approved agreement with the school. Funding and authority provided by House Bill 2, 2009 page 226 lines 12-19.

NON-MAJOR SPECIAL REVENUE FUNDS

(continued)

2012 G.O. BOND STUDENT LIBRARY – This fund is used to account for the revenue and expenditures to acquire supplementary library books, equipment, and library resources for public schools and juvenile detention libraries statewide.

KINDERGARTEN THREE PLUS – To account for the funds used to provide additional educational time for students in kindergarten through the third grade with at least 25 additional instructional days beginning up to two months earlier than the regular school year. The funding and authority provided by the NM PED.

SCHOOL BUSESSES — To account for funds provided through the State of New Mexico that allow schools to acquire and operate their own student transportation service. Funding and authority provided through New Mexico PED.

NON-MAJOR CAPITAL PROJECTS FUND

BOND BUILDING (Capital Projects Fund) – To account for the costs of capital improvements, such as erecting, remodeling, making additions to, providing equipment for and furnishing school buildings, purchasing and improving school grounds funded from the sale of General Obligation Bonds.

SB-9 STATE (Special Revenue Fund) - To account for state match of the District tax levy for erecting, remodeling, making additions to, providing equipment for, and furnishing school buildings, improving school grounds and maintenance of school buildings and grounds, exclusive of salary expense of employees. Authority for the creation of this fund is NMSA 22-25-1 to 22-25-10.

STATE OF NEW MEXICO
EUNICE PUBLIC SCHOOLS

COMBINING BALANCE SHEET--NON-MAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS
JUNE 30, 2017

	SPECIAL REVENUE			
	CAFETERIA	ATHLETICS	TITLE I	ENTITLEMENT
ASSETS				
Cash	\$ 96,845	\$ 89,009	\$ -	\$ -
Accounts Receivable	-	-	-	-
Due from Other Governments	-	-	28,912	30,594
Inventory	4,688	-	-	-
TOTAL ASSETS	\$ 101,533	\$ 89,009	\$ 28,912	\$ 30,594
LIABILITIES				
Due to other Funds	\$ -	\$ -	\$ 28,912	\$ 30,594
Accounts Payable	-	-	-	-
TOTAL LIABILITIES	-	-	28,912	30,594
DEFERRED INFLOWS OF RESOURCES				
Deferred Revenue	-	-	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	-	-	-	-
FUND BALANCE				
Non-spendable	4,688	-	-	-
Restricted	96,845	89,009	-	-
TOTAL FUND BALANCE	101,533	89,009	-	-
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	\$ 101,533	\$ 89,009	\$ 28,912	\$ 30,594

The accompanying footnotes are an integral part of these financial statements.

SPECIAL REVENUE

PRESCHOOL	RISK POOL	RESULTS PLAN	TEACHER PRINCIPAL TRAINING	JTPA	HUBBARD FOUNDATION	MICROSOFT SETTLEMENT
\$ -	\$ -	\$ -	-	\$ 69	\$ 124	\$ 739
-	-	-	-	-	-	-
-	-	1,382	7,246	-	-	-
-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,382</u>	<u>\$ 7,246</u>	<u>\$ 69</u>	<u>\$ 124</u>	<u>\$ 739</u>
-	-	\$ 1,382	\$ 7,246	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	1,382	7,246	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	69	124	739
-	-	-	-	69	124	739
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,382</u>	<u>\$ 7,246</u>	<u>\$ 69</u>	<u>\$ 124</u>	<u>\$ 739</u>

The accompanying footnotes are an integral part of these financial statements.

STATE OF NEW MEXICO
 EUNICE PUBLIC SCHOOLS

COMBINING BALANCE SHEET--NON-MAJOR GOVERNMENTAL FUNDS
 SPECIAL REVENUE FUNDS
 JUNE 30, 2017

	SPECIAL REVENUE		
	CHEVRON SCHOOL GRANTS	2009 DUAL CREDIT INSTRUCTIONAL MATERIALS	2012 GO BOND STUDENT LIBRARY
ASSETS			
Cash	\$ 60,600	\$ -	\$ -
Accounts Receivable		-	-
Due from Other Governments	-		
Inventory	-	-	-
TOTAL ASSETS	\$ 60,600	\$ -	\$ -
LIABILITIES			
Due to other Funds	\$ -		
Accounts Payable	-	-	-
TOTAL LIABILITIES	-	-	-
DEFERRED INFLOWS OF RESOURCES			
Deferred Revenue	-	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	-	-	-
FUND BALANCE			
Non-spendable	-	-	-
Restricted	60,600	-	-
TOTAL FUND BALANCE	60,600	-	-
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	\$ 60,600	\$ -	\$ -

The accompanying footnotes are an integral part of these financial statements.

SPECIAL REVENUE		CAPITAL PROJECTS			
KINDERGARTEN THREE PLUS	SCHOOL BUSES	BOND BUILDING	SENATE BILL NINE STATE	TOTAL NONMAJOR FUNDS	
\$ -	\$ -	\$ 156,747	\$ -	\$ 404,133	
-	-	-	-	-	-
31,546	-	-	-	99,680	
-	-	-	-	4,688	
<u>\$ 31,546</u>	<u>\$ -</u>	<u>\$ 156,747</u>	<u>\$ -</u>	<u>\$ 508,501</u>	
\$ 31,546	\$ -	\$ -	\$ -	\$ 99,680	
-	-	-	-	-	-
<u>31,546</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>99,680</u>	
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	4,688	
-	-	156,747	-	404,133	
-	-	<u>156,747</u>	<u>-</u>	<u>408,821</u>	
<u>\$ 31,546</u>	<u>\$ -</u>	<u>\$ 156,747</u>	<u>\$ -</u>	<u>\$ 508,501</u>	

The accompanying footnotes are an integral part of these financial statements.

STATE OF NEW MEXICO
EUNICE PUBLIC SCHOOLS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2017

	SPECIAL REVENUES			
	CAFETERIA	ATHLETICS	TITLE I	ENTITLEMENT
REVENUE				
Fees Activities	\$ 61,097	\$ 80,457	\$ -	\$ -
Interest Income	8	-	-	-
State Flow Through Grants	-	-	-	-
Donations	-	275	-	-
Local Grants	-	-	-	-
Federal Program	301,557	-	74,136	141,601
TOTAL REVENUES	362,662	80,732	74,136	141,601
EXPENDITURES				
Current				
Instruction	-	96,640	62,250	40,745
Support Services				
Support Services-Students	-	-	-	-
Support Services-Instruction	-	-	-	-
Support Services-General Administration	-	-	-	24,321
Support Services-School Administration	-	-	11,886	76,535
Student Transportation	-	-	-	-
Food Services-Operations	354,719	-	-	-
Community Services-operations	-	-	-	-
Acquisition & Construction	-	-	-	-
TOTAL EXPENDITURES	354,719	96,640	74,136	141,601
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	7,943	(15,908)	-	-
OTHER FINANCING SOURCES (USES)				
TRANSFERS IN/ TRANSFERS OUT	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
Net Change In Fund Balance	7,943	(15,908)	-	-
FUND BALANCE				
Beginning Fund Balance June 30, 2016	93,590	104,917	-	-
Restatement	-	-	-	-
Restated Fund Balance June 30, 2016	93,590	104,917	-	-
FUND BALANCE June 30, 2017	\$ 101,533	\$ 89,009	\$ -	\$ -

The accompanying footnotes are an integral part of these financial statements.

SPECIAL REVENUE

PRESCHOOL	RISK POOL	TEACHER PRINCIPAL TRAINING	TEACHER PRINCIPAL TRAINING	JTPA	HUBBARD FOUNDATION	MICROSOFT SETTLEMENT
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	5,752	-
1,748	-	29,988	8,746	-	-	-
<u>1,748</u>	<u>-</u>	<u>29,988</u>	<u>8,746</u>	<u>-</u>	<u>5,752</u>	<u>-</u>
1,748	-	29,988	-	-	5,628	-
-	-	-	-	-	-	-
-	-	-	8,746	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>1,748</u>	<u>-</u>	<u>29,988</u>	<u>8,746</u>	<u>-</u>	<u>5,628</u>	<u>-</u>
-	-	-	-	-	124	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-
-	-	-	-	-	124	-
-	-	-	-	69	-	739
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 69</u>	<u>\$ 124</u>	<u>\$ 739</u>

The accompanying footnotes are an integral part of these financial statements.

STATE OF NEW MEXICO
EUNICE PUBLIC SCHOOLS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2017

	SPECIAL REVENUE		
	CHEVRON SCHOOL GRANTS	2009 DUAL CREDIT INSTRUCTIONAL MATERIALS	2012 GO BOND STUDENT LIBRARY
REVENUE			
Fees Activities	\$ -	\$ -	\$ -
Interest Income	-	-	-
State Flow Through Grants	-	6,161	1,004
Donations	-	-	-
Local Grants	30,000	-	-
Federal Program	-	-	-
TOTAL REVENUES	30,000	6,161	1,004
EXPENDITURES			
Current			
Instruction	20,299	6,161	
Support Services			
Support Services-Students	-	-	-
Support Services-Instruction	-	-	1,004
Support Services-General Administration	-	-	-
Support Services-School Administration	-	-	-
Student Transportation	-	-	-
Food Services-Operations	-	-	-
Community Services-operations	-	-	-
Acquisition & Construction	-	-	-
TOTAL EXPENDITURES	20,299	6,161	1,004
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	9,702	-	-
OTHER FINANCING SOURCES (USES)			
TRANSFERS IN/ TRANSFERS OUT	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-
Net Change In Fund Balance	9,702	-	-
FUND BALANCE			
Beginning Fund Balance June 30, 2016	50,898	-	-
Restatement	-	-	-
Restated Fund Balance June 30, 2016	50,898	-	-
FUND BALANCE June 30, 2017	\$ 60,600	\$ -	\$ -

The accompanying footnotes are an integral part of these financial statements.

SPECIAL REVENUE		CAPITAL PROJECTS			TOTAL NONMAJOR FUNDS
KINDERGARTEN THREE PLUS	SCHOOL BUSES	BOND BUILDING	SENATE BILL NINE STATE		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 141,554
-	-	-	-	-	8
94,618	83,959	-	-	-	185,742
-	-	-	-	-	275
-	-	-	156,741	-	192,493
-	-	-	-	-	557,776
94,618	83,959	-	156,741	-	1,077,848
94,618	-	-	-	-	358,077
-	-	-	-	-	-
-	-	-	-	-	1,004
-	-	-	-	-	33,067
-	-	-	-	-	88,421
-	83,959	-	-	-	83,959
-	-	-	-	-	354,719
-	-	-	-	-	-
-	-	-	-	-	-
94,618	83,959	-	-	-	919,247
-	-	-	156,741	-	158,602
-	-	-	-	-	-
-	-	156,741	(156,741)	-	-
-	-	156,741	(156,741)	-	-
-	-	156,741	-	-	158,602
-	-	6	-	-	250,219
-	-	-	-	-	-
-	-	6	-	-	250,219
\$ -	\$ -	\$ 156,747	\$ -	\$ -	\$ 408,821

The accompanying footnotes are an integral part of these financial statements.

STATE OF NEW MEXICO
EUNICE PUBLIC SCHOOLS

COMBINING BALANCE SHEET -- GENERAL FUND

June 30, 2017

	OPERATIONAL	TRANSPORTATION	INSTRUCTIONAL MATERIALS	TEACHERAGE	TOTALS
ASSETS					
Cash on Deposit	\$ 1,659,667	\$ 7,690	\$ 13,770	\$ 86,650	\$ 1,767,777
Due From Other Governments	-	-	-	-	-
Due from Other Funds	151,163	-	-	-	151,163
Taxes Receivable	16,996	-	-	-	16,996
TOTAL ASSETS	\$ 1,827,826	\$ 7,690	\$ 13,770	\$ 86,650	\$ 1,935,936
LIABILITIES					
Due to Other Funds	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts Payable	296,984	-	-	-	296,984
TOTAL LIABILITIES	296,984	-	-	-	296,984
DEFERRED INFLOWS OF RESOURCES					
Unearned Revenue	766	-	-	-	766
TOTAL DEFERRED INFLOWS OF RESOURCES	766	-	-	-	766
FUND BALANCE					
Fund Balance					
Restricted	-	-	13,770	-	13,770
Unassigned	1,530,076	7,690	-	86,650	1,624,416
TOTAL FUND BALANCE	1,530,076	7,690	13,770	86,650	1,638,186
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	\$ 1,827,826	\$ 7,690	\$ 13,770	\$ 86,650	\$ 1,935,936

The accompanying footnotes are an integral part of these financial statements.

STATE OF NEW MEXICO
EUNICE PUBLIC SCHOOLS

COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES
IN FUND BALANCE -- GENERAL FUND

Year Ended June 30, 2017

	OPERATIONAL	TRANSPORTATION	INSTRUCTIONAL MATERIALS	TEACHERAGE	TOTALS
REVENUE					
Residential/Non-Residential Taxes	\$ 435,024	\$ -	\$ -	\$ -	\$ 435,024
Fees - Educational	25,899	-	-	-	25,899
Rent and Leases	-	-	-	34,517	34,517
Fees-Activities	1,487	-	-	-	1,487
Interest Income	203	-	-	170	373
State Equalization	5,678,069	-	-	-	5,678,069
State Programs	134,441	147,395	53,775	-	335,611
Donations	-	-	-	-	-
Sale of Property/Equipment	61	-	-	-	61
Access Board	5,070	-	-	-	5,070
TOTAL REVENUES	6,280,254	147,395	53,775	34,687	6,516,111
EXPENDITURES					
Instruction	3,841,586	-	93,460	-	3,935,046
Support Services					
Support Services-Students	550,008	-	-	-	550,008
Support Services-Instruction	99,735	-	-	-	99,735
Support Services-General Administration	245,777	-	-	-	245,777
Support Services-School Administration	359,187	-	-	-	359,187
Central Services	175,816	-	-	-	175,816
Operation & Maintenance of Plant	1,251,647	-	-	63,814	1,315,461
Student Transportation	-	157,358	-	-	157,358
Other Support Services	-	-	-	-	-
Acquisition & Construction	159,000	-	-	-	159,000
TOTAL EXPENDITURES	6,682,756	157,358	93,460	63,814	6,997,388
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(402,502)	(9,963)	(39,685)	(29,127)	(481,277)
OTHER FINANCING SOURCES (USES)					
Refunds to PED	-	(17,654)	(7,351)	-	(25,005)
TRANSFERS IN/ TRANSFERS OUT	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES	-	(17,654)	(7,351)	-	(25,005)
Net Change In Fund Balance	(402,502)	(27,617)	(47,036)	(29,127)	(506,282)
FUND BALANCE					
June 30, 2016	1,932,578	35,307	60,806	115,777	2,144,468
Restatement	-	-	-	-	-
Restated Fund Balance June 30, 2016	1,932,578	35,307	60,806	115,777	2,144,468
FUND BALANCE June 30, 2017	\$ 1,530,076	\$ 7,690	\$ 13,770	\$ 86,650	\$ 1,638,186

The accompanying footnotes are an integral part of these financial statements.

STATE OF NEW MEXICO
EUNICE PUBLIC SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)
AND ACTUAL--GENERAL FUND--OPERATIONAL

Year Ended June 30, 2017

	ORIGINAL BUDGET	BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Residential/Non-Residential Taxes	\$ 395,464	\$ 395,464	\$ 430,357	\$ 34,893
Fees - Educational	-	-	25,899	25,899
Fees Activities	-	-	1,487	1,487
Interest Income	150	150	203	53
State Equalization	5,852,991	5,639,798	5,678,069	38,271
State Flow Through Grants	90,000	90,000	134,441	44,441
Sale of Property/Equipment	-	-	61	61
Access Board	1,000	1,000	5,070	4,070
TOTAL REVENUE	6,339,605	6,126,412	\$ 6,275,587	\$ 149,175

Cash Balance Budgeted	1,509,517	1,939,451		
TOTAL REVENUE & CASH	\$ 7,849,122	\$ 8,065,863		

EXPENDITURES				
Current				
Instruction	\$ 4,387,352	\$ 4,262,098	\$ 3,841,586	\$ 420,512
Support Services				
Support Services-Students	535,276	592,901	550,008	42,893
Support Services-Instruction	155,030	131,405	99,735	31,670
Support Services-General Administration	456,723	423,723	245,777	177,946
Support Services-School Administration	407,084	395,084	359,187	35,897
Central services	274,427	257,427	175,816	81,611
Operation & Maintenance of Plant	1,604,793	1,811,643	1,251,647	559,996
Other Support Services	28,437	28,437	-	28,437
Acquisition & Construction	-	163,145	159,000	4,145
TOTAL EXPENDITURES	\$ 7,849,122	\$ 8,065,863	\$ 6,682,756	\$ 1,383,107

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ 6,275,587
Differences-Budget to GAAP	
Property tax Receivable	16,996
Prior Year Tax Receivable	(11,563)
Current Year Deferral	(766)
Total Revenues (GAAP Basis)	\$ 6,280,254

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 6,682,756
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	\$ 6,682,756

The accompanying footnotes are an integral part of these financial statements.

STATE OF NEW MEXICO
EUNICE PUBLIC SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)
AND ACTUAL--GENERAL FUND--TRANSPORTATION

Year Ended June 30, 2017

	ORIGINAL BUDGET	BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
State Flow Through Grants	\$ 170,186	\$ 147,395	\$ 147,395	\$ -
TOTAL REVENUE	<u>170,186</u>	<u>147,395</u>	<u>\$ 147,395</u>	<u>\$ -</u>
Cash Balance Budgeted	<u>-</u>	<u>17,653</u>		
TOTAL REVENUE & CASH	<u>\$ 170,186</u>	<u>\$ 165,048</u>		
EXPENDITURES				
Current				
Student Transportation	\$ 170,186	\$ 165,048	\$ 157,358	\$ 7,690
TOTAL EXPENDITURES	<u>\$ 170,186</u>	<u>\$ 165,048</u>	<u>\$ 157,358</u>	<u>\$ 7,690</u>

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ 147,395
Differences-Budget to GAAP	
Total Revenues (GAAP Basis)	<u>\$ 147,395</u>

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 157,358
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 157,358</u>

The accompanying footnotes are an integral part of these financial statements.

STATE OF NEW MEXICO
EUNICE PUBLIC SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)
AND ACTUAL--GENERAL FUND--INSTRUCTIONAL MATERIALS

Year Ended June 30, 2017

	ORIGINAL BUDGET	BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
State Flow Through Grants	\$ 42,281	\$ 34,930	\$ 53,775	\$ 18,845
TOTAL REVENUE	<u>42,281</u>	<u>34,930</u>	<u>\$ 53,775</u>	<u>\$ 18,845</u>
Cash Balance Budgeted	<u>-</u>	<u>60,806</u>		
TOTAL REVENUE & CASH	<u>\$ 42,281</u>	<u>\$ 95,736</u>		
EXPENDITURES				
Current				
Instruction	\$ 42,281	\$ 95,736	\$ 93,460	\$ 2,276
TOTAL EXPENDITURES	<u>\$ 42,281</u>	<u>\$ 95,736</u>	<u>\$ 93,460</u>	<u>\$ 2,276</u>

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ 53,775
Differences-Budget to GAAP	
Total Revenues (GAAP Basis)	<u>\$ 53,775</u>

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 93,460
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 93,460</u>

The accompanying footnotes are an integral part of these financial statements.

STATE OF NEW MEXICO
EUNICE PUBLIC SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)
AND ACTUAL--GENERAL FUND-TEACHERAGE FUND

Year Ended June 30, 2017

	ORIGINAL BUDGET	BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Rent and Leases	\$ 28,800	\$ 28,800	\$ 34,517	\$ 5,717
Interest Income	45	45	170	125
TOTAL REVENUE	<u>28,845</u>	<u>28,845</u>	<u>\$ 34,687</u>	<u>\$ 5,842</u>
Cash Balance Budgeted	<u>108,387</u>	<u>108,387</u>		
TOTAL REVENUE & CASH	<u>\$ 137,232</u>	<u>\$ 137,232</u>		
EXPENDITURES				
Current				
Operation & Maintenance of Plant	\$ 137,232	\$ 137,232	\$ 63,814	\$ 73,418
Acquisition & Construction	-	-	-	-
TOTAL EXPENDITURES	<u>\$ 137,232</u>	<u>\$ 137,232</u>	<u>\$ 63,814</u>	<u>\$ 73,418</u>

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

Sources/inflows of resources

Actual amounts (budgetary basis) \$ 34,687
Differences-Budget to GAAP

Total Revenues (GAAP Basis) \$ 34,687

Uses/outflows of resources

Actual amounts (budgetary basis) \$ 63,814
Differences-budget to GAAP
Total Expenditures (GAAP Basis) \$ 63,814

The accompanying footnotes are an integral part of these financial statements.

STATE OF NEW MEXICO
EUNICE PUBLIC SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)
AND ACTUAL--CAPITAL PROJECTS FUND--HOUSE BILL 33

Year Ended June 30, 2017

	ORIGINAL BUDGET	BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Residential/Non-Residential Taxes	\$ 1,594,339	\$ 1,594,339	\$ 4,553,791	\$ 2,959,452
Interest Income	1,500	1,500	9,223	7,723
State Flow Through Grants			3,060,213	3,060,213
Sale of Property/Equipment	-	-	3,119	3,119
TOTAL REVENUE	<u>1,595,839</u>	<u>1,595,839</u>	<u>\$ 7,626,346</u>	<u>\$ 6,030,507</u>
Cash Balance Budgeted	<u>4,692,161</u>	<u>4,692,161</u>		
TOTAL REVENUE & CASH	<u>\$ 6,288,000</u>	<u>\$ 6,288,000</u>		
EXPENDITURES				
Current				
Support Services-General Administration	\$ 2,932	\$ 12,932	\$ 8,717	\$ 4,215
Acquisition & Construction	6,285,068	6,275,068	5,579,260	695,808
TOTAL EXPENDITURES	<u>\$ 6,288,000</u>	<u>\$ 6,288,000</u>	<u>\$ 5,587,977</u>	<u>\$ 700,023</u>

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ 7,626,346
Differences-Budget to GAAP	
Property tax Receivable	209,545
Prior Year Tax Receivables	(51,562)
Current Year Deferral	(12,514)
Prior Year Deferral	4,909
Total Revenues (GAAP Basis)	<u>\$ 7,776,724</u>

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 5,587,977
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 5,587,977</u>

The accompanying footnotes are an integral part of these financial statements.

STATE OF NEW MEXICO
EUNICE PUBLIC SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)
AND ACTUAL--CAPITAL PROJECTS FUND--SENATE BILL 9 LOCAL

Year Ended June 30, 2017

	ORIGINAL BUDGET	BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Residential/Non-Residential Taxes	\$ 1,387,251	\$ 1,387,251	\$ 1,740,421	\$ 353,170
Interest Income	1,300	1,300	9,224	7,924
State Equalization				-
State Flow Through Grants	-	-	19,353	19,353
TOTAL REVENUE	<u>1,388,551</u>	<u>1,388,551</u>	<u>\$ 1,768,998</u>	<u>\$ 380,447</u>
Cash Balance Budgeted	<u>3,130,013</u>	<u>3,130,013</u>		
TOTAL REVENUE & CASH	<u>\$ 4,518,564</u>	<u>\$ 4,518,564</u>		
EXPENDITURES				
Current				
Support Services-General Administration	\$ 2,933	\$ 5,433	\$ 3,080	\$ 2,353
Acquisition & Construction	4,515,631	4,513,131	1,264,730	3,248,401
TOTAL EXPENDITURES	<u>\$ 4,518,564</u>	<u>\$ 4,518,564</u>	<u>\$ 1,267,810</u>	<u>\$ 3,250,754</u>

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ 1,768,998
Differences-Budget to GAAP	
Property tax Receivable	
Prior Year Tax Receivables	(51,562)
Current Year Receivable	70,862
Prior Year Receivable	
Current Year Deferral	(5,092)
Prior Year Deferral	4,909
Total Revenues (GAAP Basis)	<u>\$ 1,788,115</u>

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 1,267,810
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 1,267,810</u>

The accompanying footnotes are an integral part of these financial statements.

STATE OF NEW MEXICO
EUNICE PUBLIC SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)
ACTUAL (NON GAAP BUDGETARY BASIS)--DEBT SERVICE FUND

Year Ended June 30, 2017

	ORIGINAL BUDGET	BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Residential/Non-Residential Taxes	\$ 4,042,817	\$ 4,042,817	\$ 5,092,585	\$ 1,049,768
TOTAL REVENUE	<u>4,042,817</u>	<u>4,042,817</u>	<u>\$ 5,092,585</u>	<u>\$ 1,049,768</u>
Cash Balance Budgeted	<u>1,270,120</u>	<u>1,270,120</u>		
TOTAL REVENUE & CASH	<u>\$ 5,312,937</u>	<u>\$ 5,312,937</u>		
EXPENDITURES				
Current				
Support Services-General Administration	\$ 8,528	\$ 8,528	\$ 9,612	\$ (1,084)
Principal	3,190,000	3,190,000	3,190,000	-
Interest and Finance Charges	855,317	855,317	854,854	463
Debt Service Reserve	1,259,092	1,259,092	-	1,259,092
TOTAL EXPENDITURES	<u>\$ 5,312,937</u>	<u>\$ 5,312,937</u>	<u>\$ 4,054,466</u>	<u>\$ 1,258,471</u>

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ 5,092,585
Differences-Budget to GAAP	
Property tax Receivable	224,679
Prior Year Tax Receivables	(91,671)
Current Year Deferral	(14,830)
Prior Year Deferral	10,305
Total Revenues (GAAP Basis)	<u>\$ 5,221,068</u>

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 4,054,466
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 4,054,466</u>

The accompanying footnotes are integral part of these financial statements.

STATE OF NEW MEXICO
EUNICE PUBLIC SCHOOLS
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES-- AGENCY FUNDS

Year Ended June 30, 2017

	Balance 6/30/2016	ADDITIONS	DEDUCTIONS	Balance 6/30/2017
Annual	\$ 51,467	\$ 5,705	\$ 8,178	\$ 48,994
Arts Club	1,180	-	1,180	-
Drama Club	108	-	-	108
Scholarship Fund	500	4,000	1,500	3,000
High School Student Activity	15,082	10,227	10,907	14,402
High School Student Council	462	-	253	209
Middle School General Activity	8,005	13,359	20,609	755
Middle School Shop	362	22	384	-
Library	22,709	11,836	15,920	18,625
Miscellaneous	10,254	952	4,132	7,074
Activity Center	76,944	-	13,995	62,949
Pep Club	1,737	11,391	13,128	-
Textbooks	3,942	1,005	3,540	1,407
Senior Class	5,288	-	3,445	1,843
Junior Class	-	14,695	11,409	3,286
Sophomore Class	-	5,701	3,399	2,302
Graduating Class	3,138	-	228	2,910
Activity Interest	2	21	-	23
National Honor Society	2,500	2,172	3,780	892
Elementary General	10,339	14,009	22,927	1,421
NMPSIA	-	503	503	-
REC Reimbursement	202	1,523	1,316	409
Freddie Mitchell Memorial Golf Acct	9,473	16,507	19,602	6,378
Welding Shop Acct	1,043	-	1,015	28
CMS Library Fund	1,294	47	604	737
EHS Library Fund	234	245	479	-
Drug Testing	1,764	131	1,895	-
Alumni Cheer	250	-	-	250
ID Tag Replacement	8,830	1,670	4,672	5,828
1970 Alumni Fund	2,125	-	-	2,125
Eunice Community Foundation	5,658	-	4,000	1,658
Mettie Jordan Science Supplies	7,240	-	7,239	1
Chevron Math & Science Donation	2,690	-	1,584	1,106
CMS Jr Leadership Conference	-	385	385	-
CMS Student Council & Honor Soc	2,268	1,885	1,638	2,515
First Robotics	316	12,194	7,312	5,198
Total	<u>\$ 257,406</u>	<u>\$ 130,185</u>	<u>\$ 191,158</u>	<u>\$ 196,433</u>

The accompanying footnotes are an integral part of these financial statements.

STATE OF NEW MEXICO
EUNICE PUBLIC SCHOOLS

SCHEDULE OF PLEDGED COLLATERAL

JUNE 30, 2017

	TOTAL DEPOSITS	FDIC INSURANCE	UNINSURED DEPOSITS	COLLATERAL REQUIRED	COLLATERAL PLEGGED	UNINSURED & UNCOLLATERALIZED DEPOSITS	PLEGGED COLLATERAL DEFICIT
WELLS FARGO BANK	\$ 15,371,651	\$ 500,000	\$ 14,871,651	\$ 7,435,826	\$ 13,257,095	\$ 1,614,556	\$ -
COLLATERAL		MATURES					
FNMA 3138MGM93	40,211	2/1/2043					
FNMA 3138WRQJ2	202,387	4/1/2043					
FNMA 31417D2H5	1,891,282	5/1/2043					
FGH-3 3128MJWB2	11,123,215	5/1/2045					
	<u>\$ 13,257,095</u>						
COLLATERAL IS HELD AT MINNEAPOLIS, MINNESOTA							
NEW MEXICO STATE TREASURER	\$ 33,093	\$ -	\$ 33,093	\$ 33,093	\$ 33,093	\$ -	\$ -
SECURITIES HELD BY CHASE BANK, NEW YORK CITY, NY							
MORETON CAPITAL							
SANTANDER BANK NATL ASSN	\$ 250,000	250,000					
COMENITY CAP BANK UTAH	250,000	250,000					
BANK BARODA NEW YORK	250,000	250,000					
ALLEGIANCE BANK HOUSTON	250,000	250,000					
BANK INDIA NEW YORK	250,000	250,000					
STATE BANK INDIA NEW YORK	250,000	250,000					
PRIVATE BANK & TC CHICAGO	250,000	250,000					
EAGLEBANK BETHESDA	250,000	250,000					
FIRSTBANK PR SANTURCE	245,000	250,000					
WELLS FARGO BANK	250,000	250,000					
FNB OMAHA	250,000	250,000					
ALLY BANK	250,000	250,000					
US GOVT MONEY MARKET	1,033,770		1,033,770	1,033,770	1,033,770		
	<u>\$ 4,028,770</u>	<u>\$ 3,000,000</u>	<u>\$ 1,033,770</u>	<u>\$ 1,033,770</u>	<u>\$ 1,033,770</u>	<u>\$ -</u>	<u>\$ -</u>
Totals	<u>\$ 19,433,514</u>	<u>\$ 3,500,000</u>	<u>\$ 15,938,514</u>	<u>\$ 8,502,689</u>	<u>\$ 14,323,958</u>	<u>\$ 1,614,556</u>	<u>\$ -</u>

See Independent Auditor's Report

STATE OF NEW MEXICO
EUNICE PUBLIC SCHOOLS

BANK SUMMARY

JUNE 30, 2017

Bank	ACCT TYPE	FUND	BANK BALANCE	OUTSTANDING CHECKS	OUTSTANDING DEPOSITS	CASH BALANCE
Wells Fargo Bank	Checking	Operational	* \$ 1,645,016	\$ 56,460	\$ -	\$ 1,588,556
	Checking	Capital Improvement	* 12,739,807	41,489	-	12,698,318
	Checking	Cafeteria	* 96,845	-	-	96,845
	Checking	Activities & Athletics	* 212,094	15,662	-	196,432
	Checking	Payroll Clearing	677,889	380,904	-	296,985
			* -	-	-	-
Total Wells Fargo Bank			<u>15,371,651</u>	<u>494,515</u>	<u>-</u>	<u>14,877,136</u>
New Mexico State Treas	C.D.	Capital Improvement	* 32,778	-	-	32,778
New Mexico State Treas	C.D.	Teachergage	* 315	-	-	315
Total New Mexico Treas			<u>33,093</u>			<u>33,093</u>
Moreton Capital	C.D.	Capital Improvement	2,995,000			2,995,000
	MM	Capital Improvement	1,033,770			1,033,770
Total Moreton Capital			<u>4,028,770</u>			<u>4,028,770</u>
Amount on Deposit			<u>\$ 19,433,514</u>	<u>\$ 494,515</u>	<u>\$ -</u>	\$ 18,938,999
Less: Agency Funds						(196,432)
Total Cash						<u>\$ 18,742,567</u>

See Independent Auditor's Report

STATE OF NEW MEXICO
EUNICE PUBLIC SCHOOLS

BANK RECONCILIATION

June 30, 2017

	<u>OPERATIONAL</u>	<u>TRANSP.</u>	<u>FOOD SERVICES</u>	<u>ATHLETICS</u>	<u>FEDERAL PROJECTS</u>	<u>LOCAL/STATE ACCOUNT</u>
Audited Net Cash						
JUNE 30, 2016	\$ 1,921,014	\$ 35,307	\$ 92,062	\$ 107,445	\$ 68	\$ 51,637
Investments	-	-	-	-	-	-
TOTAL CASH BALANCE						
JUNE 30, 2016	1,921,014	35,307	92,062	107,445	68	51,637
Add: Prior year void checks	-	-	-	-	-	-
2016-2017 Revenue	6,275,588	147,395	337,270	80,732	328,006	328,596
Loans in	-	-	-	-	68,134	83,030
Transfers In	-	-	-	-	-	-
TOTAL AVAILABLE CASH	8,196,602	182,702	429,332	188,177	396,208	463,263
Prior year void checks	-	-	-	-	-	-
2016-2017 Expenditures	6,682,755	157,358	332,487	99,169	261,934	314,136
Transfers Out	-	-	-	-	-	-
	6,682,755	157,358	332,487	99,169	261,934	314,136
NET CASH, JUNE 30, 2017	1,513,847	25,344	96,845	89,008	134,274	149,127
Cash On hand	-	-	-	-	-	-
Paid back to PED	-	(17,654)	-	-	-	-
Held Payroll Checks	296,985	-	-	-	-	-
Loans (Out) In	(151,164)	-	-	-	(134,206)	(87,663)
TOTAL CASH, JUNE 30, 2017	<u>\$ 1,659,668</u>	<u>\$ 7,690</u>	<u>\$ 96,845</u>	<u>\$ 89,008</u>	<u>\$ 68</u>	<u>\$ 61,464</u>

See Independent Auditor's Report

SB-9	ACTIVITIES	INSTRUCTIONAL MATERIALS	HB-33	TEACHERAGE	BOND BUILDING	PUBLIC SCHOOL CAPITAL OUTLAY	DEBT SERVICE
\$ 5,429,555	\$ 257,407	\$ 60,806	\$ 5,891,025	\$ 115,777	\$ 6	\$ -	\$ 1,672,400
-	-	-	-	-	-	-	-
5,429,555	257,407	60,806	5,891,025	115,777	6	-	1,672,400
1,768,998	130,185	53,775	7,626,346	34,687	-	156,741	5,092,586
-	-	-	-	-	156,741	-	-
7,198,553	387,592	114,581	13,517,371	150,464	156,747	156,741	6,764,986
1,267,811	191,159	93,460	5,587,977	63,814	-	-	4,054,466
-	-	-	-	-	-	156,741	-
1,267,811	191,159	93,460	5,587,977	63,814	-	156,741	4,054,466
5,930,742	196,433	21,121	7,929,394	86,650	156,747	-	2,710,520
-	-	-	-	-	-	-	-
-	-	(7,351)	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 5,930,742</u>	<u>\$ 196,433</u>	<u>\$ 13,770</u>	<u>\$ 7,929,394</u>	<u>\$ 86,650</u>	<u>\$ 156,747</u>	<u>\$ -</u>	<u>\$ 2,710,520</u>

STATE OF NEW MEXICO
 EUNICE MUNICIPAL SCHOOLS
 SCHEDULE OF THE PROPORTIONATE SHARE OF NET PENSION LIABILITY
 Educational Retirement Board (ERB) Pension Plan

JUNE 30, 2017

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Proportion of the net pension liability	0.14415%	0.14012%	0.13065%
Proportionate share of the net pension liability	\$ 10,373,659	\$ 9,075,946	\$ 7,454,528
Covered Employee Payroll	\$ 4,151,148	\$ 3,825,725	\$ 3,601,292
Proportionate share of the net pension liability as a percentage of its covered-employee payroll	249.90%	237.23%	207.00%
Plan fiduciary net position as a percentage of total pension liability	61.58%	63.97%	66.54%

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

STATE OF NEW MEXICO
 EUNICE MUNICIPAL SCHOOLS
 SCHEDULE OF CONTRIBUTIONS Educational Retirement Board (ERB) Pension Plan

JUNE 30, 2017

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 577,011	\$ 572,273	553653
Contributions in relation to the contractually required contribution	\$ 577,011	\$ 572,273	553653
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	4151148	\$ 3,825,725	\$ 3,601,292
Contributions as a percentage of covered-employee payroll	13.90%	14.96%	15.37%

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

STATE OF NEW MEXICO
EUNICE PUBLIC SCHOOLS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION: SCHEDULE OF THE PROPORTIONATE
SHARE OF NET PENSION LIABILITY and SCHEDULE OF CONTRIBUTIONS Educational
Retirement Board (ERB) Pension Plan
JUNE 30, 2017

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

Changes of assumptions.

ERB conducts an actuarial experience study for the Plan on a biennial basis. Based on the six-year actuarial experience study presented to the Board of Trustees on June 12 2015, ERB implemented the following changes in assumptions for fiscal years 2015 and 2014.

1. Fiscal year 2015 and 2014 valuation assumptions that changed based on this study:

- a. Lower wage inflation from 4.25% to 3.75%
- b. Lower payroll growth from 3.75% to 3.50%
- c. Update demographic assumptions to use currently published tables
- d. Population growth per year from 0.50% to 0.00%

2. Assumptions that were not changed:

- a. Investment return will remain at 7.75%
- b. Inflation will remain at 3.00%
- c. COLA assumption 2.00% per year
- d. Payroll growth remain at 3.50%

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

See also the **Actuarial Assumptions** subsection of the financial statement note disclosure **General Information on the Pension Plan**.

Woodard, Cowen & Co.

Certified Public Accountants

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
Board of Education
Eunice Public Schools
Eunice, 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, and the aggregate remaining fund information of Eunice Public Schools (the District), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 15, 2017.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies. 2017-001 & 2017-004.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from 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 2017-001, 2017-002, 2017-003 & 2017-004.

The District's Response to Findings

The District's response to the 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 the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

A handwritten signature in cursive script that reads "Woodard, Cowen & Co." The signature is written in black ink and is centered on the page.

Woodard, Cowen & Compan

Portales, New Mexico

November 15, 2017

STATE OF NEW MEXICO
EUNICE PUBLIC SCHOOLS
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

June 30, 2017

PRIOR YEAR AUDIT FINDINGS

None

STATE OF NEW MEXICO
EUNICE PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND RESPONSES – per Section 12-6-5 NMSA 1978

JUNE 30, 2017

2017-001 – Unauthorized charges on District’s gas card (compliance and control)

Statement of condition: Management revealed to the auditor that a district employee had misused the District gas card. Upon review of the gas card statements, 26 instances were found where use of the gas card didn’t match the District’s travel schedule. The 26 instances amounted to \$825 of unauthorized gas use.

Criteria: NMAC 6.20.2.11.A regarding internal control structure standards states that every school district shall establish and maintain an internal control structure to provide management with reasonable assurance that assets are safeguarded against loss from unauthorized use or disposition.

Cause: The District employee had access to the gas cards and to the gas card statement. That employee would “check off” all the gas card transactions on the gas card statement to make it appear that each charge was authorized and associated with District travel.

Effect: The District has had a loss of funds.

Recommendation: District management should better track the location and possession of the District’s gas cards. Gas card use should be associated and directly tied to authorized travel in District vehicles. The District should collect and maintain the gas receipts to be matched to the gas card statement.

Response: District management had already dismissed the employee, filed charges, reported suspected theft to the State Auditor’s office, and reported to the auditor. The District now has a fleet manager, who oversees the vehicle fleet, matching gas charges with vehicle use. The accounts payable clerk in the central office will also be matching gas charges with a District trip log starting immediately.

2017-002 – Overspent budget – (compliance)

Statement of condition: During the review of the budget and expenditure year-end report, it was noted that Support Services – General Administration for the Debt Service Fund was overspent by \$1,084.

Criteria: NMAC 6.20.2.9 A states that over-expenditure of a function shall not be allowed.

Cause: The expenditures recorded in this function are the tax collection fees from the local tax collector. The local tax collector collected more property taxes than anticipated, thus the fee was higher than anticipated.

Effect: The District shows a line item that is overspent. However, the District did receive more tax revenue than anticipated.

Recommendation: Management should budget the tax collection fee to equal 1% of property taxes receivable.

Response: Management concurs and the business manager will budget the 1% fee for the total amount of property tax receivable for the next fiscal year and will monitor property tax received against what is budgeted.

STATE OF NEW MEXICO
EUNICE PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND RESPONSES – per Section 12-6-5 NMSA 1978 (continued)

JUNE 30, 2017

2017-003 – Deposit of funds not made within 24-hours (compliance)

Statement of condition: During the testing of bank deposits, one deposit totaling \$10 out of 14 deposits tested was not in compliance. This was a single instance from the central office for a background check.

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

Cause: The deposit was simply put away and forgotten about.

Effect: The purpose of the 24hour rule is to limit the vulnerability of fund to theft or loss. The longer funds sit on District property there is an increased chance of theft or loss. In addition, some activities are dependent on having funds available in the bank to pay for fund raising or operating expenditures. Funds kept in the office are not available for expenditures.

Recommendation: All funds should be deposited with 24 hours or one banking day. Funds that must remain on District property due the bank being closed should be in a secure place to prevent theft or destruction. Management should continue monitoring the process and continue training District staff.

Response: The business manager reviewed collection and deposit procedures with the central office staff before auditor's completed fieldwork.

2017-004 – Gasoline and diesel charged to HB-33 – (compliance and control)

Statement of condition: During the review of the gas card statements, it was noted that the gasoline and diesel expenditures were charged to HB-33.

Criteria: This practice goes against the tax levy question placed before the voters. The ballot question for the current levy does not include paying for fuel with SB-9 tax receipts.

Cause: Gasoline and diesel expenditures were coded to HB-33 Operation and maintainance of plant.

Effect: The District is in violation of its ballot initiative and has spent funds not allowed from the SB-9 – Local fund.

Recommendation: The District should cease immediately the charging of fuel to HB-33.

Response: Management will cease immediately the charging of fuel to HB-33 and instead charge those expenditures to the Opertaional fund or an appropriate other fund.

STATE OF NEW MEXICO
EUNICE PUBLIC SCHOOLS

Year Ended June 30, 2017

OTHER DISCLOSURES

AUDITOR PREPARED FINANCIAL STATEMENTS

These financial statements and related footnotes and supplemental information were prepared by the auditor. The auditor cannot be a part of the District's internal control; thus the preparation of the report is not a substitute for managements internal control and is not considered in the auditors evaluation of the severity of the internal control deficiency.

EXIT CONFERENCE

An Exit Conference was held on November 15, 2017. Present were Dwain Haynes, Superintendent; Cynthia Sims, Business Manager; and Johnny Gaskins, Board of Education Vice President. Our firm was represented by Gayland Cowen, CPA. Also present was a member of the District's audit committee, Penny Parker, parent.