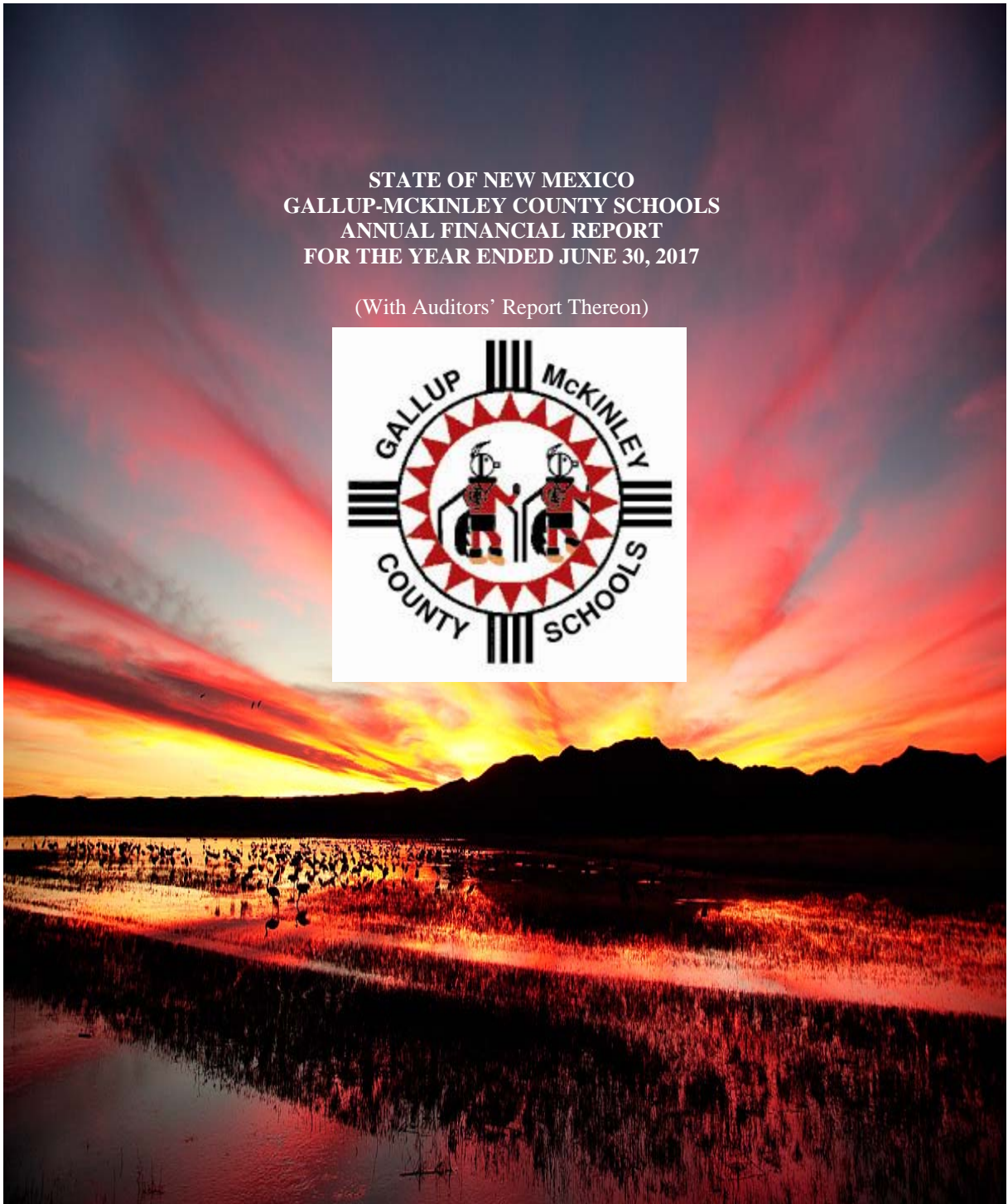
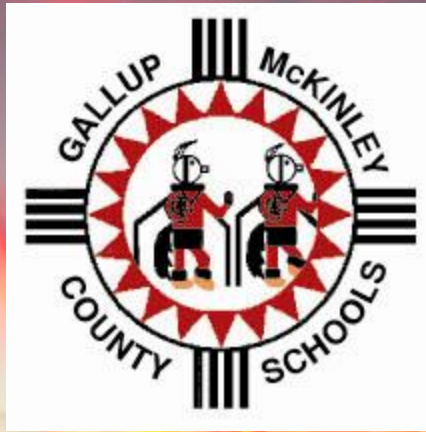


STATE OF NEW MEXICO  
GALLUP-MCKINLEY COUNTY SCHOOLS  
ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED JUNE 30, 2017

(With Auditors' Report Thereon)





## **INTRODUCTORY SECTION**

**STATE OF NEW MEXICO**  
**GALLUP-MCKINLEY COUNTY SCHOOLS**  
**FOR THE YEAR ENDED JUNE 30, 2017**  
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**STATE OF NEW MEXICO**  
**GALLUP-MCKINLEY COUNTY SCHOOLS**  
**FOR THE YEAR ENDED JUNE 30, 2017**  
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**STATE OF NEW MEXICO**  
**GALLUP-MCKINLEY COUNTY SCHOOLS**  
**OFFICIAL ROSTER**  
**JUNE 30, 2017**

<u>Name</u>	<u>Board of Education</u>	<u>Title</u>
Charles Long		President
Christopher Mortensen		Vice President
Michael Schaaf		Secretary
Kevin Mitchell		Member
Priscilla Manuelito		Member
<u>School Officials</u>		
Mike Hyatt		Superintendent
Pauletta White		Assistant Superintendent of Student Services
Jvanna Hanks		Assistant Superintendent of Business Services
Tim Bond		Assistant Superintendent for Support Services
Gerald Horacek		Assistant Superintendent of Curriculum and Instruction
Joan Nez		Secretary to the Superintendent
Evelyn E. Barreras		Administrative Assistant

**FINANCIAL SECTION**







# Griego Professional Services, LLC

Certified Public Accountants

## INDEPENDENT AUDITORS' REPORT

Tim Keller, New Mexico State Auditor  
The Office of Management and Budget  
To the Board of Education  
Gallup-McKinley County Public Schools  
Gallup, New Mexico

### Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the general funds and major special revenue funds of Gallup-McKinley County Public Schools, New Mexico, as of and for the year ended June 30, 2017, and related notes to the financial statements which collectively comprise the District's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 these financial statements that are free from material misstatements, whether due to fraud or error.

### Auditor's Responsibility

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

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

### Opinion

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

P.O. Box 37379 • Albuquerque, NM 87176-7379  
8500 Menaul Blvd. NE, Ste. B295 • Albuquerque, NM 87112  
Phone (505) 856-2741 - Fax (505) 856-7510



## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America also require that the Schedule of Proportionate Share of the Net Pension Liability and Schedule of Contributions on page 50 be represented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the *Governmental Accounting Standard Board* who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

### *Other Information*

The combining and individual fund financial statements are the responsibility of management and were derived from and directly relate to the underlying accounting and other records used to prepare the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code Federal regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the financial statements. The additional schedules listed as "Supporting Schedules" in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is 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 13, 2017 on our consideration of Gallup-McKinley County Public Schools, New Mexico's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Albuquerque, New Mexico  
November 13, 2017



**BASIC  
FINANCIAL STATEMENTS**

**STATE OF NEW MEXICO**  
**GALLUP-McKINLEY COUNTY PUBLIC SCHOOLS**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2017**

Exhibit A-1  
(Page 1 of 2)

	<b>Primary Government Governmental Activities</b>	<b>Component Unit</b>
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 45,645,238	\$ 510,646
Property taxes receivable	625,542	-
Intergovernmental receivables	3,555,081	-
Other receivables	-	-
Inventory	683,949	-
	<b>50,509,810</b>	<b>510,646</b>
<b>Noncurrent assets:</b>		
Restricted cash and cash equivalents	25,773,717	-
Restricted investments	-	-
Bond issuance costs (net amortization of \$46,355)	127,948	-
Capital assets (net of accumulated depreciation):		
Land	10,826,978	-
Buildings and building improvements	483,654,109	-
Furniture, fixtures and equipment	27,138,144	215,402
Construction in progress	33,497,559	-
Less: accumulated depreciation	(155,548,958)	(60,610)
	<b>425,469,497</b>	<b>154,792</b>
Total noncurrent assets	<b>425,469,497</b>	<b>154,792</b>
Total assets	<b>\$ 475,979,307</b>	<b>\$ 665,438</b>
<b>Deferred outflow of resources</b>		
Related to pension	18,295,502	223,359
Total assets and deferred outflow of resources	<b>\$ 494,274,809</b>	<b>\$ 888,797</b>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**GALLUP-McKINLEY COUNTY PUBLIC SCHOOLS**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2017**

Exhibit A-1  
(Page 2 of 2)

	<b>Primary Government Governmental Activities</b>	<b>Component Unit</b>
<b>LIABILITIES AND NET POSITION</b>		
<b>Current liabilities</b>		
Accounts payable	\$ 604,364	\$ 6,753
Accrued payroll liabilities	5,077,789	8,147
Deposit payable	67,899	-
Accrued interest	242,805	-
Current portion of compensated absences	390,997	-
Current portion of bonds payable	7,160,000	-
Total current liabilities	13,543,854	14,900
<b>Noncurrent liabilities:</b>		
Bond underwriter premiums (net of amortization of \$716,401)	1,627,712	-
Bonds Payable	53,295,000	-
Net pension liability	177,074,725	1,234,908
Accrued compensated absences	167,570	7,015
Total noncurrent liabilities	232,165,007	1,241,923
Total liabilities	245,708,861	1,256,823
<b>Deferred inflow of resources:</b>		
Related to pensions	4,634,416	11,746
<b>Net Position:</b>		
Net investment in capital assets	337,613,068	154,792
Restricted for:		
Debt service	16,863,963	-
Capital projects	9,719,811	8,869
Special revenue	20,552,583	-
Unrestricted	(140,817,893)	(543,433)
Total net position	243,931,532	(379,772)
Total liabilities, deferred inflow of resources and net position	\$ 494,274,809	\$ 888,797

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**GALLUP-McKINLEY COUNTY PUBLIC SCHOOLS**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2017**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>
<b>Primary Government</b>		<b>Charges for Service</b>
Governmental activities:		
Instruction	\$ 100,878,418	\$ 1,746,606
Support services:		
Students	11,728,593	-
Instruction	4,300,306	-
General Administration	1,789,787	-
School Administration	6,760,543	-
Other Support Services	195,884	-
Central Services	3,513,064	-
Operation & Maintenance of Plant	14,667,230	-
Student Transportation	6,795,913	-
Food Services Operation	7,073,374	188,502
Community Services	6,878	-
Interest on long-term debt	8,065,844	-
Capital outlay:		
Depreciation - unallocated	-	-
Total Primary Government	\$ 165,775,834	\$ 1,935,108
<b>Component Unit</b>		
Charter School	1,258,196	-

The accompanying notes are an integral part of these financial statements



<b>Program Revenues</b>			<b>Net (Expenses) Revenues and Changes in Net Position</b>	<b>Component Unit</b>
<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>			
\$ 51,250,510	\$ -		\$ (47,881,302)	\$ -
2,778,029	-		(8,950,564)	-
731,565	-		(3,568,741)	-
-	-		(1,789,787)	-
-	-		(6,760,543)	-
-	-		(195,884)	-
-	-		(3,513,064)	-
-	18,517,714		3,850,484	-
4,836,207	-		(1,959,706)	-
7,086,601	-		201,729	-
-	-		(6,878)	-
-	-		(8,065,844)	-
-	-		-	-
<u>\$ 66,682,912</u>	<u>\$ 18,517,714</u>		<u>(78,640,100)</u>	<u>-</u>
<u>6,074</u>	<u>23,489</u>			<u>\$ (1,228,633)</u>
<b>General Revenues:</b>				
Property taxes:				
Levied for general purposes		\$ 375,394	\$ -	
Levied for debt service		7,551,776	-	
Levied for capital projects		1,728,871	10,134	
Oil and gas taxes		5,599	-	
State Equalization Guarantee		64,251,630	1,245,847	
Investment income		2,508,652		
Loss on asset disposal		(6,699,092)		
Miscellaneous		6,742,205		-
Total general revenues		<u>76,465,035</u>	<u>1,255,981</u>	
Change in net position		(2,175,065)	27,348	
Net position - beginning		246,106,597	(407,120)	
Net position - ending		<u>\$ 243,931,532</u>	<u>\$ (379,772)</u>	

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**GALLUP-MCKINLEY COUNTY SCHOOLS**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2017**

	Operational Fund				
	General 11000	Teacherage 12000	Transportation 13000	Instructional Materials 14000	Food Services 21000
<b>ASSETS</b>					
<i>Current Assets</i>					
Cash and temporary investments	\$ 23,582,693	\$ 225,295	\$ 193,981	\$ 542,304	\$ 2,410,045
Accounts receivable					
Taxes	21,932	-	-	-	-
Due from other governments	-	-	-	-	-
Interfund receivables	3,290,431	-	-	-	-
Other	-	-	-	-	-
Inventory	154,580	-	-	-	104,561
<i>Total assets</i>	<u>27,049,636</u>	<u>225,295</u>	<u>193,981</u>	<u>542,304</u>	<u>2,514,606</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<i>Current Liabilities:</i>					
Accounts payable	383,690	19,510	2,387	-	627
Accrued payroll liabilities	4,014,734	2,734	123,144	-	32,354
Deposits held for others	-	67,899	-	-	-
Interfund payables	-	-	-	-	-
Deferred revenue - property taxes	18,834	-	-	-	-
Deferred revenue - other	-	-	-	-	-
<i>Total liabilities</i>	<u>4,417,258</u>	<u>90,143</u>	<u>125,531</u>	<u>-</u>	<u>32,981</u>
<i>Fund balances</i>					
Fund Balance:					
Nonspendable	154,580	-	-	-	104,561
Restricted	-	135,152	68,450	542,304	2,377,064
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	22,477,798	-	-	-	-
<i>Total fund balance</i>	<u>22,632,378</u>	<u>135,152</u>	<u>68,450</u>	<u>542,304</u>	<u>2,481,625</u>
<i>Total liabilities and fund balance</i>	<u>\$ 27,049,636</u>	<u>\$ 225,295</u>	<u>\$ 193,981</u>	<u>\$ 542,304</u>	<u>\$ 2,514,606</u>

The accompanying notes are an integral part of these financial statements

Impact Aid Indian Special Education 25147	Bond Building 31100	Capital Improvements SB-9 31700	Debt Service 41000	Other Governmental Funds	Total Primary Government
\$ 13,542,197	\$ 3,501,719	\$ 4,084,308	\$ 16,376,865	\$ 6,959,548	\$ 71,418,955
-	-	116,512	487,098	-	625,542
-	-	-	-	3,555,081	3,555,081
-	-	-	-	-	3,290,431
-	-	-	-	-	-
-	-	424,808	-	-	683,949
<u>13,542,197</u>	<u>3,501,719</u>	<u>4,625,628</u>	<u>16,863,963</u>	<u>10,514,629</u>	<u>79,573,958</u>
-	162,423	4,467	-	31,260	604,364
241,052	-	-	-	663,771	5,077,789
-	-	-	-	-	67,899
-	-	20,211	-	3,270,220	3,290,431
-	-	86,902	363,232	-	468,968
-	-	-	-	-	-
<u>241,052</u>	<u>162,423</u>	<u>111,580</u>	<u>363,232</u>	<u>3,965,251</u>	<u>9,509,451</u>
-	-	424,808	-	-	683,949
13,301,145	3,339,296	4,089,240	16,500,731	6,537,556	46,890,938
-	-	-	-	14,524	14,524
-	-	-	-	-	-
-	-	-	-	(2,702)	22,475,096
<u>13,301,145</u>	<u>3,339,296</u>	<u>4,514,048</u>	<u>16,500,731</u>	<u>6,549,378</u>	<u>70,064,507</u>
<u>\$ 13,542,197</u>	<u>\$ 3,501,719</u>	<u>\$ 4,625,628</u>	<u>\$ 16,863,963</u>	<u>\$ 10,514,629</u>	<u>\$ 79,573,958</u>

The accompanying notes are an integral part of these financial statements



**STATE OF NEW MEXICO**  
**GALLUP-McKINLEY COUNTY PUBLIC SCHOOLS**  
**GOVERNMENTAL FUNDS**  
**RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION**  
**JUNE 30, 2017**

Exhibit B-1  
(Page 2 of 2)

	Governmental Funds
Amounts reported for governmental activities in the statement of net assets are different because:	
Fund balances - total governmental funds	\$ 70,064,507
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	399,567,832
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds:	
Delinquent property taxes not collected within sixty days after year end are not considered "available" revenues and are considered to be deferred revenue in the fund financial statements, but are considered revenue in the Statement of Activities	468,968
Bond issuance costs, including original issue discounts and premiums are not financial resources and, therefore, are not reported in the funds	
Bond issuance costs net of accumulated amortization	127,948
Bond underwriter premiums net of accumulated amortization	(1,627,712)
Deferred inflows and outflows that are attributable to future periods and therefore, are not reported in the funds:	
Deferred outflows related to pension	18,295,502
Deferred inflows related to pension	(4,634,416)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds:	
Accrued interest	(242,805)
Accrued compensated absences	(558,567)
Net pension liability	(177,074,725)
General obligation bonds	(60,455,000)
Net Position-Total Governmental Activities	\$ 243,931,532

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**GALLUP-McKINLEY COUNTY PUBLIC SCHOOLS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	Operational Fund				Food Services 21000
	General 11000	Teacherage 12000	Transportation 13000	Instructional Materials 14000	
<i>Revenues:</i>					
Property and other taxes	\$ 393,199	\$ -	\$ -	\$ -	\$ -
State grants	64,255,730	658	4,836,207	690,661	-
Federal grants	27,217,006	-	-	-	6,829,740
Charges for services	357,969	575,486	-	-	188,502
Miscellaneous	30,043	-	-	-	-
Interest	3,766	-	-	-	93
<i>Total revenues</i>	<u>92,257,713</u>	<u>576,144</u>	<u>4,836,207</u>	<u>690,661</u>	<u>7,018,335</u>
<i>Expenditures:</i>					
<i>Current:</i>					
Instruction	58,123,410	-	-	1,056,704	-
Support Services					
Students	9,030,959	-	-	-	-
Instruction	2,307,422	-	-	-	-
General Administration	1,096,688	-	-	-	-
School Administration	6,755,765	-	-	-	-
Central Services	2,576,698	-	-	-	-
Operation & Maintenance of Plant	16,509,777	595,099	-	-	-
Student Transportation	121,837	-	4,858,769	-	-
Other Support Services	195,884	-	-	-	-
Food Services Operations	44,180	-	-	-	6,726,806
Community Service	-	-	-	-	-
Capital outlay	204,102	-	-	-	-
Debt service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Bond Issuance Costs	-	-	-	-	-
<i>Total expenditures</i>	<u>96,966,722</u>	<u>595,099</u>	<u>4,858,769</u>	<u>1,056,704</u>	<u>6,726,806</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(4,709,009)</u>	<u>(18,955)</u>	<u>(22,562)</u>	<u>(366,043)</u>	<u>291,529</u>
<i>Other financing sources (uses):</i>					
Operating transfers	-	-	-	-	-
Proceeds from bond issues	-	-	-	-	-
Premiums on bonds issued	-	-	-	-	-
Return of cash to PED	-	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net changes in fund balances</i>	<u>(4,709,009)</u>	<u>(18,955)</u>	<u>(22,562)</u>	<u>(366,043)</u>	<u>291,529</u>
<i>Fund balances - beginning of year</i>	<u>27,341,387</u>	<u>154,107</u>	<u>91,012</u>	<u>908,347</u>	<u>2,190,096</u>
<i>Fund balances - end of year</i>	<u>\$ 22,632,378</u>	<u>\$ 135,152</u>	<u>\$ 68,450</u>	<u>\$ 542,304</u>	<u>\$ 2,481,625</u>

The accompanying notes are an integral part of these financial statements

Impact Aid Indian Special Education 25147	Bond Building 31100	Capital Improvements SB-9 31700	Debt Service 41000	Other Governmental Funds	Total Primary Government
\$ -	\$ -	\$ 1,807,006	\$ 7,875,341	\$ -	\$ 10,075,546
-	-	3,528,304	-	4,978,189	78,289,749
6,669,649	430	-	-	16,194,292	56,911,117
-	-	1,102	-	820,341	1,943,400
-	-	-	-	-	30,043
-	4,788	-	2,499,982	23	2,508,652
<u>6,669,649</u>	<u>5,218</u>	<u>5,336,412</u>	<u>10,375,323</u>	<u>21,992,845</u>	<u>149,758,507</u>
213,483	-	-	-	16,210,160	75,603,757
1,042,163	-	-	-	1,391,217	11,464,339
907,661	-	-	-	998,477	4,213,560
137,028	-	18,089	65,000	353,701	1,670,506
-	-	-	-	-	6,755,765
669,745	-	-	-	97,067	3,343,510
-	-	-	-	12,932	17,117,808
-	-	-	-	1,264,815	6,245,421
-	-	-	-	-	195,884
-	-	-	-	244,482	7,015,468
-	-	-	-	6,878	6,878
-	9,529,033	4,344,531	-	140,160	14,217,826
-	-	-	6,710,000	-	6,710,000
-	-	-	1,874,208	-	1,874,208
-	-	-	-	-	-
<u>2,970,080</u>	<u>9,529,033</u>	<u>4,362,620</u>	<u>8,649,208</u>	<u>20,719,889</u>	<u>156,434,930</u>
<u>3,699,569</u>	<u>(9,523,815)</u>	<u>973,792</u>	<u>1,726,115</u>	<u>1,272,956</u>	<u>(6,676,423)</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>3,699,569</u>	<u>(9,523,815)</u>	<u>973,792</u>	<u>1,726,115</u>	<u>1,272,956</u>	<u>(6,676,423)</u>
<u>9,601,576</u>	<u>12,863,111</u>	<u>3,540,256</u>	<u>14,774,616</u>	<u>5,276,422</u>	<u>76,740,930</u>
<u>\$ 13,301,145</u>	<u>\$ 3,339,296</u>	<u>\$ 4,514,048</u>	<u>\$ 16,500,731</u>	<u>\$ 6,549,378</u>	<u>\$ 70,064,507</u>

The accompanying notes are an integral part of these financial statements





**STATE OF NEW MEXICO**  
**GALLUP-McKINLEY COUNTY PUBLIC SCHOOLS**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2017**

Exhibit B-2  
(Page 2 of 2)

	Governmental Funds
Amounts reported for governmental activities in the statement of activities are different because:	
Net change in fund balances - total governmental funds	\$ (6,676,423)
Capital Outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net assets and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities. This is the amount by which depreciation exceeds capital outlays for the period.	
Depreciation expense	(12,561,610)
Capital Outlays	30,979,873
Loss on disposition of assets	(6,705,222)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds	
Change in deferred revenue related to property taxes receivable	(413,906)
Governmental funds report district pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense	
Change in pensions contributions/expense	(14,249,946)
The issuance of long-term debt (e.g., bonds, notes, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities:	
Amortization of bond issuance costs	(12,795)
Amortization of bond premiums	181,103
Bond issuance premiums	-
Decrease in accrued interest payable	518,364
Decrease in accrued compensated absences	55,497
Bond proceeds	-
Principal payments on bonds	6,710,000
Change in Net Position-Total Governmental Activities	<u>\$ (2,175,065)</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**GALLUP-McKINLEY COUNTY PUBLIC SCHOOLS**  
**OPERATIONAL FUND**

Exhibit C-1

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
<i>Revenues:</i>				
Property taxes	\$ 357,096	\$ 357,096	\$ 396,090	\$ 38,994
State grants	67,221,287	64,234,424	64,255,730	21,306
Federal grants	25,135,424	27,335,910	27,217,006	(118,904)
Miscellaneous	82,250	34,750	45,230	10,480
Miscellaneous	47,500	47,500	57,801	10,301
Interest	-	-	4,462	4,462
<i>Total revenues</i>	<u>92,843,557</u>	<u>92,009,680</u>	<u>91,976,319</u>	<u>(33,361)</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	61,940,251	57,856,749	55,394,861	2,461,888
Support Services				
Students	8,077,969	11,599,666	9,017,209	2,582,457
Instruction	2,558,717	3,145,217	2,318,119	827,098
General Administration	1,077,666	1,466,886	1,116,209	350,677
School Administration	7,232,141	7,191,087	6,889,197	301,890
Central Services	2,950,621	2,961,350	2,638,564	322,786
Operation & Maintenance of Plant	20,922,046	18,846,241	16,541,231	2,305,010
Student Transportation	74,100	154,100	121,837	32,263
Other Support Services	2,785,998	2,987,166	196,882	2,790,284
Food Services Operations	24,000	84,000	44,180	39,820
Community Services	-	-	-	-
Capital outlay	2,100,781	2,100,781	204,102	1,896,679
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>109,744,290</u>	<u>108,393,243</u>	<u>94,482,391</u>	<u>13,910,852</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(16,900,733)</u>	<u>(16,383,563)</u>	<u>(2,506,072)</u>	<u>13,877,491</u>
<i>Other financing sources (uses):</i>				
Designated cash	16,900,733	16,383,563	-	(16,383,563)
Operating transfers	-	-	-	-
Proceeds from bond issues	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>16,900,733</u>	<u>16,383,563</u>	<u>-</u>	<u>(16,383,563)</u>
<i>Net changes in fund balances</i>	<u>-</u>	<u>-</u>	<u>(2,506,072)</u>	<u>(2,506,072)</u>
<i>Fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>29,379,016</u>	<u>29,379,016</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,872,944</u>	<u>\$ 26,872,944</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues			281,394	
Adjustments to expenditures			(2,484,331)	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ (4,709,009)</u>	

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**GALLUP-McKINLEY COUNTY PUBLIC SCHOOLS**  
**TEACHERAGE FUND**

Exhibit C-2

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

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<i>Revenues:</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	-	-	658	658
Federal grants	-	-	-	-
Miscellaneous	600,000	600,000	874,256	274,256
Interest	-	-	-	-
<i>Total revenues</i>	<u>600,000</u>	<u>600,000</u>	<u>874,914</u>	<u>274,914</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	-	-	-	-
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & Maintenance of Plant	719,995	719,995	593,687	126,308
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Community Services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>719,995</u>	<u>719,995</u>	<u>593,687</u>	<u>126,308</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(119,995)</u>	<u>(119,995)</u>	<u>281,227</u>	<u>401,222</u>
<i>Other financing sources (uses):</i>				
Designated cash	119,995	119,995	-	(119,995)
Operating transfers	-	-	-	-
Proceeds from bond issues	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>119,995</u>	<u>119,995</u>	<u>-</u>	<u>(119,995)</u>
<i>Net changes in fund balances</i>	<u>-</u>	<u>-</u>	<u>281,227</u>	<u>281,227</u>
<i>Fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(55,932)</u>	<u>(55,932)</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 225,295</u>	<u>\$ 225,295</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues			(298,770)	
Adjustments to expenditures			(1,412)	
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)</i>			<u>\$ (18,955)</u>	

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**GALLUP-McKINLEY COUNTY PUBLIC SCHOOLS**  
**TRANSPORTATION FUND**

Exhibit C-3

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

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<i>Revenues:</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	5,534,892	4,836,207	4,836,207	-
Federal grants	-	-	-	-
Miscellaneous	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	5,534,892	4,836,207	4,836,207	-
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	-	-	-	-
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Student Transportation	5,524,892	4,897,466	4,846,149	51,317
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Community Services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	5,524,892	4,897,466	4,846,149	51,317
<i>Excess (deficiency) of revenues over (under) expenditures</i>	10,000	(61,259)	(9,942)	51,317
<i>Other financing sources (uses):</i>				
Designated cash	(10,000)	61,259	-	(61,259)
Operating transfers	-	-	-	-
Proceeds from bond issues	-	-	-	-
<i>Total other financing sources (uses)</i>	(10,000)	61,259	-	(61,259)
<i>Net changes in fund balances</i>	-	-	(9,942)	(9,942)
<i>Fund balances - beginning of year</i>	-	-	203,923	203,923
<i>Fund balances - end of year</i>	\$ -	\$ -	\$ 193,981	\$ 193,981
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues			-	
Adjustments to expenditures			(12,620)	
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)</i>			\$ (22,562)	

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**GALLUP-McKINLEY COUNTY PUBLIC SCHOOLS**  
**INSTRUCTIONAL MATERIALS FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL**  
**FOR THE YEAR ENDING JUNE 30, 2017**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
<i>Revenues:</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	621,494	519,669	690,661	170,992
Federal grants	-	-	-	-
Miscellaneous	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	<u>621,494</u>	<u>519,669</u>	<u>690,661</u>	<u>170,992</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	1,520,994	1,419,169	1,056,704	362,465
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Community Services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>1,520,994</u>	<u>1,419,169</u>	<u>1,056,704</u>	<u>362,465</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(899,500)</u>	<u>(899,500)</u>	<u>(366,043)</u>	<u>533,457</u>
<i>Other financing sources (uses):</i>				
Designated cash	899,500	899,500	-	(899,500)
Operating transfers	-	-	-	-
Proceeds from bond issues	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>899,500</u>	<u>899,500</u>	<u>-</u>	<u>(899,500)</u>
<i>Net changes in fund balances</i>	<u>-</u>	<u>-</u>	<u>(366,043)</u>	<u>(366,043)</u>
<i>Fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>908,347</u>	<u>908,347</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 542,304</u>	<u>\$ 542,304</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues			-	
Adjustments to expenditures			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ (366,043)</u>	

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**GALLUP-McKINLEY COUNTY PUBLIC SCHOOLS**  
**FOOD SERVICES FUND**

Exhibit C-5

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

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<i>Revenues:</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	-	-	-	-
Federal grants	6,411,901	6,507,762	6,829,740	321,978
Miscellaneous	55,000	55,000	188,502	133,502
Interest	-	-	93	93
<i>Total revenues</i>	<u>6,466,901</u>	<u>6,562,762</u>	<u>7,018,335</u>	<u>455,573</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	-	-	-	-
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Food Services Operations	8,039,342	7,733,550	7,259,907	473,643
Community Services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>8,039,342</u>	<u>7,733,550</u>	<u>7,259,907</u>	<u>473,643</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(1,572,441)</u>	<u>(1,170,788)</u>	<u>(241,572)</u>	<u>929,216</u>
<i>Other financing sources (uses):</i>				
Designated cash	1,572,441	1,170,788	-	(1,170,788)
Operating transfers	-	-	-	-
Proceeds from bond issues	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>1,572,441</u>	<u>1,170,788</u>	<u>-</u>	<u>(1,170,788)</u>
<i>Net changes in fund balances</i>	<u>-</u>	<u>-</u>	<u>(241,572)</u>	<u>(241,572)</u>
<i>Fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>2,651,617</u>	<u>2,651,617</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,410,045</u>	<u>\$ 2,410,045</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues			-	
Adjustments to expenditures			533,101	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ 291,529</u>	

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**GALLUP-McKINLEY COUNTY PUBLIC SCHOOLS**  
**IMPACT AID INDIAN SPECIAL EDUCATION FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL**  
**FOR THE YEAR ENDING JUNE 30, 2017**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
<i>Revenues:</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	-	-	-	-
Federal grants	-	-	6,669,649	6,669,649
Miscellaneous	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>6,669,649</u>	<u>6,669,649</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	2,860,336	2,855,836	260,166	2,595,670
Support Services				
Students	3,844,750	3,841,078	1,042,163	2,798,915
Instruction	1,420,345	1,424,385	915,086	509,299
General Administration	297,548	299,806	140,172	159,634
School Administration	170,488	170,488	-	170,488
Central Services	1,004,261	1,006,135	684,264	321,871
Operation & Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Community Services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>9,597,728</u>	<u>9,597,728</u>	<u>3,041,851</u>	<u>6,555,877</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(9,597,728)</u>	<u>(9,597,728)</u>	<u>3,627,798</u>	<u>13,225,526</u>
<i>Other financing sources (uses):</i>				
Designated cash	9,597,728	9,597,728	-	(9,597,728)
Operating transfers	-	-	-	-
Proceeds from bond issues	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>9,597,728</u>	<u>9,597,728</u>	<u>-</u>	<u>(9,597,728)</u>
<i>Net changes in fund balances</i>	<u>-</u>	<u>-</u>	<u>3,627,798</u>	<u>3,627,798</u>
<i>Fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>9,914,399</u>	<u>9,914,399</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,542,197</u>	<u>\$ 13,542,197</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues			-	
Adjustments to expenditures			71,771	
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)</i>			<u>\$ 3,699,569</u>	

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**GALLUP-McKINLEY COUNTY PUBLIC SCHOOLS**  
**AGENCY FUNDS**  
**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**  
**JUNE 30, 2017**

Exhibit D-1

	<u>Agency Funds</u>
<b>ASSETS</b>	
<i>Current Assets</i>	
Cash	\$ 703,153
<i>Total assets</i>	<u>703,153</u>
<b>LIABILITIES</b>	
<i>Current Liabilities</i>	
Deposits held in trust for others	<u>703,153</u>
<i>Total liabilities</i>	<u>703,153</u>

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



STATE OF NEW MEXICO  
GALLUP-MCKINLEY COUNTY SCHOOLS  
NOTES TO THE FINANANCIAL STATEMENTS  
JUNE 30, 2017

**NOTE 1. Summary of Significant Accounting Policies**

The Gallup-McKinley County Schools was created under the provision of Chapter 22 Article 5, Paragraph 4, New Mexico Statutes 1978 to provide public education for the children within the District. The School Board is authorized to establish policies and regulations for its own government consistent with the laws of the State of New Mexico and the regulations of the State Board of Education and the Legislative Finance Committee. The School Board is comprised of five members who are elected for terms of four years.

The School Board operates twenty schools within the District. In conjunction with the regular education programs, all of these schools offer special education. In addition, the School Board provides transportation for the students.

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 Gallup-McKinley County Schools' management, who is responsible for their integrity and objectivity. The financial statements of the Gallup-McKinley County Schools (the "District") have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standard Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The financial statements have incorporated all applicable GASB pronouncements as well as Financial Accounting Standards Board (FASB) statements and interpretations, Accounting Principles, Board Opinions and Accounting Research Bulletins of the Committee on accounting procedures issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. The Government-Wide financial statements have incorporated all applicable GASB pronouncements as well as Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles, Board Opinions and Accounting Research Bulletins of the Committee on Accounting Procedures issued after November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. The more significant of the District's accounting policies are described below.

During the year ended June 30, 2016, the District adopted GASB Statements No. 72, *Fair Value Measurement and Application*, No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, No. 79, *Certain External Investment Pools and Pool Participants*, and a portion of No 73, *Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. GASB Statements Nos. 72, 76, and 79, as well as the implemented portion of Statement No. 73, are required to be implemented for the fiscal year ending June 30, 2017.

GASB Statement No. 72 addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The requirements of this Statement will enhance comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and accepted valuation techniques. This Statement also will enhance fair value application guidance and related disclosures in order to provide information to financial statement users about the impact of fair value measurements on a government's financial position.

GASB Statement No. 73 establishes accounting and financial reporting standards for defined benefit pensions and defined contribution pensions that are not provided to employees of state and local government employers and are not within the scope of Statement 68. A portion of this pronouncement is effective for June 30, 2017 year end and a portion is effective for June 30, 2017 year end. Effective for June 30, 2017 are the amendments for Statement No.s 67 and 68 and assets accumulated for pensions not administered as trusts. The amendments of this pronouncement clarifies application of certain provisions of GASB 67 and 68 with regards to the following issues: (1) Information that is required to be presented as notes to the 10-year schedules of RSI about investment-related factors that significantly affect trends in reported amounts; (2) Accounting and financial reporting for separately financed specific liabilities of individual employers and nonemployer contributing entities for defined benefit pensions; and

STATE OF NEW MEXICO  
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NOTES TO THE FINANANCIAL STATEMENTS  
JUNE 30, 2017

**NOTE 1. Summary of Significant Accounting Policies - (Continued)**

(3) Timing of employer recognition of revenue for the support of nonemployer contributing entities not in a special funding situation.

In addition, effective for June 30, 2017 year ends, the requirements of this Statement extend the approach to accounting and financial reporting established in Statement 68 to all pensions, with modifications as necessary to reflect that, for accounting and financial reporting purposes, any assets accumulated for pensions that are provided through pension plans that are not administered through trusts that meet the criteria specified in Statement 68 should not be considered pension plan assets. It also requires that information similar to that required by Statement 68 be included in notes to financial statements and required supplementary information by all similarly situated employers and nonemployer contributing entities.

The objective of GASB Statement No. 77 is to provide financial statement users with essential information about the nature and magnitude of the reduction in tax revenues through tax abatement programs in order to better assess (a) whether current year revenues were sufficient to pay for current year services, (b) compliance with financial-related legal or contractual requirements, (c) where a government's financial resources come from and how it uses them and (d) financial position and economic condition and how they have changed over time. The pronouncement is effective as of June 30, 2017. The District is a recipient of property tax revenues assessed, calculated and collected by McKinley County. The County is responsible and makes the determination of all individual tax abatements, if any; therefore, the District's current and future revenues that may be affected by any such abatement agreements entered by the County. The District has made sufficient attempts to obtain abatement information required by GASB 77 entered by the County. As of June 30, 2017, the District is not aware of tax abatement entered by the County which would have a financial effect on the property tax revenue received and due the District.

GASB Statement No. 79 addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. An external investment pool qualifies for that reporting if it meets all of the applicable criteria established in this Statement. The specific criteria address (1) how the external investment pool transacts with participants; (2) requirements for portfolio maturity, quality, diversification, and liquidity; and (3) calculation and requirements of a shadow price. Significant noncompliance prevents the external investment pool for measuring all of its investments at amortized cost for financial reporting purposes. Professional judgement is required to determine if instances of noncompliance with the criteria established by this Statement during the reporting period, individually or in the aggregate, were significant. This Statement will enhance comparability of financial statements among governments by establishing specific criteria used to determine whether a qualifying external investment pool may elect to use an amortized cost exception to fair value measurement. Those criteria will provide for qualifying external investment pools and participants in those pools with consistent application of an amortized cost-based measurement for financial reporting purposes. That measurement approximates fair value and mirrors the operations of external investment pools that transact with participants at a stable net asset value per share.

GASB Statement No. 82 objective is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information; (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and; (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

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**NOTE 1. Summary of Significant Accounting Policies - (Continued)**

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

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

The basic – but not the only – criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens. A third criterion used to evaluate the potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Finally, the nature and significance of a potential component unit to the primary government could warrant its inclusion within the reporting entity. Based upon the application of these criteria, the District has two discretely presented component units as described in the following paragraphs, and is not a component unit of another governmental agency.

Middle College High School is a discretely presented component unit of the District, as defined by GASB Statements No. 14 and 39, and has a separate governing board. The Charter School does not issue separate financial statements. Charter Schools operate under the Senate Bill 192, Chapter 281, Laws of 1999, and are responsible for maintaining separate accounting records, and are component units of the school districts they operate within.

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

The government-wide financial statements (i.e., the statement of net position and the statement of activities and changes in net position) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Gallup-McKinley County Schools does not have business-type activities as of June 30, 2017.

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

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

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

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**NOTE 1. Summary of Significant Accounting Policies - (Continued)**

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

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

GASB No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and GASB No. 65, *Items Previously Reported as Assets and Liabilities*, amend GASB No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis for State and Local Governments*, to incorporate deferred outflows of resources and deferred inflows of resources in the financial reporting model.

**Deferred outflows of resources** – a consumption of net position by the government that is applicable to a future reporting period. It has a positive effect on net position, similar to assets.

**Deferred inflows of resources** – an acquisition of net position by the government that is applicable to a future reporting period. It has a negative effect on net position, similar to liabilities.

**Net position** – the residual of the net effects of assets, deferred outflows of resources, liabilities, and deferred inflows of resources.

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

However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

The *agency funds* are custodial in nature (assets equal liabilities) and do not present results of operations or have a measurement focus. Agency funds are accounted for using the accrual basis of accounting. These funds are used to account for assets that the District holds for others in an agency capacity.

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

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JUNE 30, 2017

**NOTE 1. Summary of Significant Accounting Policies - (Continued)**

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

The *General Fund* is the primary operating fund of the District, and accounts for all financial resources, except those required to be accounted for in other funds.

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

The *Debt Service Funds* account for the services of general long-term debt not being financed by proprietary or nonexpendable trust funds.

The *Capital Projects Funds* account for the acquisition of fixed assets or construction of major capital projects not being financed by proprietary or nonexpendable trust funds.

Under the requirements of GASB #34, the District is required to present certain of its governmental funds as major funds based upon certain criteria. The major funds presented in the fund financial statements include the following (in addition to the General Fund), which may include funds that were not required to be presented as major but were at the discretion of management:

The District reports the following major governmental funds:

The *General Fund* is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. Revenues are provided by School tax levy, state equalization and transportation funds, state instructional material allocations, and earnings from investments. Expenditures include all costs associated with the daily operations of the District except for those items included in other funds. The General Fund includes the *Transportation Fund*, which is used to account for the transportation Distribution received from the New Mexico Public Education Department which is used to pay for the costs associated with transporting school age children. It also includes the *Instructional Materials Fund*, which is used to account for the monies received from the New Mexico Public Education Department for the purposes of purchasing instructional materials (books, manuals, periodicals, etc.) used in the education of students.

The *Food Service Fund* is used to account for income from meal sales, State and Federal reimbursements and to make cash disbursements for activities dealing with preparation and serving of meals.

The *Impact Aid Indian Education Special Revenue Fund* is used to account for resources provided to the District which are to be used for supplemental special education for students in federally impacted areas. Funding is provided by PL 81-874.

The *Bond Building Capital Projects Fund* is used to account for bond proceeds and any income earned thereon. The proceeds are restricted for the purpose of making additions to and furnishing of school buildings, or purchasing or improving school grounds or any combination thereof, as approved by the voters of the District.

The *Capital Improvements Capital Projects Fund* is to account for funds received from the New Mexico Public School Facilities Authority (PFSA) for: capital expenditures for an adequate education program, core administrative function of the public school facilities authority and for project management expense upon approval of the council; and for the purpose of demolishing abandoned school district facilities. Funding authority is Chapter 22, Article 24, NMSA 1978.

The *Debt Service Fund* is used to account for the accumulation of resources for the payment of General Long-Term Debt principal and interest.

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**NOTE 1. Summary of Significant Accounting Policies - (Continued)**

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

Additionally, the government reports the following fund types:

*Fiduciary Funds:*

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

The fiduciary funds account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds. The fiduciary funds are for student activities.

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

Program revenues included in the Statement of Activities derive directly from the program itself or from parties outside the District's taxpayer or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the District's general revenues. Program revenues are categorized as (a) charges for services, which include revenues collected for cafeteria fees and lost books, etc., (b) program-specific operating grants, which includes revenues received from state and federal sources such as Title I and IDEA-B to be used as specified within each program grant agreement, and (c) program-specific capital grants and contributions, which include revenues from the state resources such as SB-9 and HB-33 funding to be used for capital projects. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes and other items not properly included among program revenues.

Private-sector standards of accounting and financial reporting issued prior to November 30, 1989, generally are followed in both the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The District has elected not to follow subsequent private-sector guidance.

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

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

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

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

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**NOTE 1. Summary of Significant Accounting Policies - (Continued)**

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

State statutes authorize the District to invest in Certificates of Deposit, obligations of the U.S. Government, and the State Treasurer's Investment Pool.

Investments for the District are reported at fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties. 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.

**Restricted Assets:** Restricted assets consist of those funds expendable for operating purposes but restricted by donors or other outside agencies as to the specific purpose for which they may be expended. The District's restricted assets are made up of all capital project and debt service funds.

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

The District receives monthly income from a tax levy in McKinley County. The funds are collected by the County Treasurer and are remitted to the District in the following month. Under the modified accrual method of accounting, the amount remitted by the McKinley County Treasurer's in July and August 2016 is considered 'measurable and available' and, accordingly, is recorded as revenue in the governmental fund financial statements during the year ended June 30, 2017.

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

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

**Instructional Materials:** The New Mexico Public Education Department (PED) receives federal material leasing funds from which it makes annual allocations to the various school districts for the purchase of educational materials. Of each allocation, fifty percent is restricted to the requisition of material listed in the State Board of Education 'State Adopted Instructional Material' list, while fifty percent of each allocation is available for purchases directly from vendors, for which the school district receives cash draw-

downs, or transfer to the fifty percent account for requisition of material from the adopted list. The Districts are allowed to carry forward unused textbook credits from year to year.

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

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**NOTE 1. Summary of Significant Accounting Policies - (Continued)**

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

**Capital Assets:** Capital assets, which include property, plant, and equipment, are reported in the applicable governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000, per section 12-6-10 NMSA 1978, and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Pursuant to the implementation of GASB Statement No. 34, the historical cost of infrastructure assets, (retroactive to 1979) are to be included as part of the governmental capital assets reported in the government wide statements. Donated capital assets are recorded at estimated fair market value at the date of donation. Information Technology Equipment including software is being capitalized and included in furniture, fixtures, and equipment in accordance with NMAC 2.20.1.9 C (5).

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. No interest was included as part of the cost of capital assets under construction during the year ended June 30, 2017.

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

Buildings/building improvements	20-40 years
Furniture and equipment	3-12 years

**Deferred Revenues:** The District recognizes grant revenue at the time the related expense is made if the expenditure of funds is the prime factor for determining eligibility for reimbursement; therefore, amounts received and not expended in the Special Revenue Funds are shown as deferred revenues. Amounts receivable from the property taxes levied for the current year that are not considered to be “available” under the current financial resources measurement focus are reported as deferred revenues in the governmental fund financial statements.

**Compensated Absences:** Twelve-month employees are entitled to accumulate annual leave up to 15 days (20 days for Superintendent and Associate Superintendent) per year. Days earned will be prorated based upon hire date. Annual leave is supposed to be taken in the year earned or the succeeding fiscal year; however, a maximum of 15 days (20 days for Superintendent and Associate Superintendent), depending on the employment status of the employee, may be carried over to the succeeding year. Administrators may also choose to put days into the employee’s annual leave bank. Administrative employee’s annual leave ban may accumulate up to a maximum of 30 working days. Any additional days over the 30 days are lost. Once days are banked they may not be withdrawn, except for use under FMLA provisions or other extenuating circumstances approved by the Superintendent. Upon termination, employees are paid for their accrued annual leave, up to a maximum of 30 days.

Qualified employees are entitled to 12 to 15 days of sick leave per year depending upon length of contract and hire date. There is no limit to the amount of sick leave which an employee may accumulate; however, the only employees that are eligible to be paid out are those that are retiring that have provided a written notice of an intent to retire to the personnel office no later than April 15 of the current fiscal year. The rate of payment is determined annually based upon current budgetary consideration and is announced by a memo from the Superintendent.

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. In



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**NOTE 1. Summary of Significant Accounting Policies - (Continued)**

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

prior years, substantially all of the related expenditures have been liquidated by the general fund. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported in the government-wide statement of net position.

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

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

**Net Position and Fund Equity:** Governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The detail of the County's fund balances is presented in Note 16.

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

*Invested in capital assets, net of related debt:* Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

*Restricted Net Position:* Consists of net position with constraints "legally enforceable" constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulation of other governments; or (2) law through constitutional provisions or enabling legislation. Legally Enforceable is means that a government can be compelled by an external party – such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation, only for the purposes specified by the legislation. Generally, the enforceability of an enabling legislation restriction is determined by professional judgment. If it is determined that the restrictions continue to be legally enforceable, then for the purposes of financial reporting, the restricted net position should not reflect and reduction for resources used for purposes not stipulated by the enabling legislation. Descriptions for the related restrictions for net position are restricted for "debt service or capital projects."

*Unrestricted Net Position:* All other net position that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

The Government-wide Statement of Net Position reports \$47,136,357 of restricted net position related to grants of which \$30,272,394 relates to restricted enabling legislation.

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

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**NOTE 1. Summary of Significant Accounting Policies - (Continued)**

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

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

*E. Revenues*

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

**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 Schools received \$64,251,630 in state equalization guarantee distributions during the year ended June 30, 2017.

**Tax Revenues:** The District receives mill levy and ad-valorem tax revenues primarily for debt service and capital outlay purposes. Tax revenues are recognized when they are in the hands of the collecting agency. The District records only the portion of the taxes considered to be 'measurable' and 'available' on a modified accrual basis. The District recognized \$9,656,041 in tax revenues during the year ended June 30, 2017. Descriptions of the individual debt service and capital outlay funds contained in these financial statements include information regarding the authority for the collection and use of these taxes.

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

**Transportation Distribution:** School districts in the State of New Mexico receive student transportation distributions. The transportation distribution is allocated to each school district in accordance with formulas developed by the State Transportation Director and the Director of Public School Finance. The funds shall be used only for the purpose of making payments to each school district for the to-and-from school transportation costs of students in grades K through twelve attending public school within the school district. The District received \$4,836,207 in transportation distributions during the year ended June 30, 2017.

**Instructional Materials:** The New Mexico Public Education Department (PED) receives federal material leasing funds from which it makes annual allocations to the various school districts for the purchase of educational materials. Of each allocation, fifty percent is restricted to the requisition of materials listed in the State Board of Education "State Adopted Instructional Material" list, while fifty percent of each allocation is available for purchases directly from vendors. Allocations received from the State for the year ended June 30, 2017 totaled \$690,661.

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**NOTE 1. Summary of Significant Accounting Policies - (Continued)**

*E. Revenues - (Continued)*

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

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

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

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

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

During the year ended June 30, 2017, the District did not receive funds for special capital outlay funds.

**SB-9 State Match:** The Director shall distribute to any school district that has imposed a tax under the Public School Capital Outlay Improvements Act (22-25-1 to 22-25-10 NMSA 1978) an amount from the public school capital improvements fund that is equal to the amount by which the revenue estimated to be received from the imposed tax as specified in Subsection B of section 22-25-3 NMSA 1978, assuming a one hundred percent collection rate, is less than an amount calculated by multiplying the product obtained by the rate imposed in the District under the Public School Capital Improvements Act. The distribution shall be made by December 1, of each year that the tax is imposed in accordance with Section 22-25-3 NMSA 1978. Provided, however, in the event that sufficient funds are not available in the public school

capital improvement funds to make the state distribution provided for in this section, the dollar per program unit figure shall be reduced as necessary.

The district received \$3,528,304 in state SB-9 matching during the year end June 30, 2017.

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

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**NOTE 1. Summary of Significant Accounting Policies - (Continued)**

*E. Revenues - (Continued)*

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

**NOTE 2. Stewardship, Compliance and Accountability**

*Budgetary Information*

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

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

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

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

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

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

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**NOTE 2. Stewardship, Compliance and Accountability (Continued)**

*Budgetary Information (Continued)*

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

The Board of Education may approve amendments to the appropriated budget, which are required when a change is made affecting budgeted ending fund balance. New Mexico state law prohibits a Governmental Agency from exceeding an individual function.

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

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

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

**NOTE 3. Cash and Investments**

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, money market accounts, and United States Government obligations. All invested funds of the District properly followed State investment requirements as of June 30, 2017.

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

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**NOTE 3. Cash and Investments – (Continued)**

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

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

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

According to the Federal Deposit Insurance Corporation, public unit deposits are funds owned by the public unit. Time deposits, savings deposits and interest bearing NOW accounts of a public unit in an institution in the same state will be insured up to \$250,000 in aggregate and separate from the \$250,000 coverage for public unit demand deposits at the same institution. Also, until December 31, 2017 all funds in a "noninterest-bearing transaction account" are insured in full by the Federal Deposit Insurance Corporation.. This temporary unlimited coverage is in addition to, and separate from, the coverage of at least \$250,000 available to depositors under the FDIC's general deposit insurance rules.

**Primary Government**  
**Deposits:**

*Custodial Credit Risk – Deposits.* Custodial credit risk is the risk that in the event of bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk, other than the following state statutes as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978.) At June 30, 2017, \$73,983,365 of the District's deposits of \$74,733,365 was exposed to custodial credit risk. \$51,688,034 was uninsured and collateralized by collateral held by the pledging bank's trust department, not in the District's name. \$23,589,949 of the District's deposits was uninsured and uncollateralized at June 30, 2017.

	<u>Wells Fargo</u>	<u>Bank of America (NMFA)</u>	<u>Pinnacle Bank</u>	<u>Total</u>
Total amounts of deposits	\$ 5,454,183	\$ 2,056,251	\$ 67,222,931	\$ 74,733,365
FDIC coverage	<u>(250,000)</u>	<u>(250,000)</u>	<u>(250,000)</u>	<u>(750,000)</u>
Total uninsured public funds	<u>\$ 5,204,183</u>	<u>\$ 1,806,251</u>	<u>\$ 66,972,931</u>	<u>\$ 73,983,365</u>
Pledged collateral held by pledging bank's trust department or agent but not in agency's name	<u>5,327,620</u>	<u>2,977,432</u>	<u>43,382,982</u>	<u>\$ 51,688,034</u>
Uninsured and uncollateralized	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 23,589,949</u>	<u>\$ 23,589,949</u>
Collateral requirement (50% of uninsured public funds)	\$ 2,602,092	\$ 903,126	\$ 33,486,466	\$ 36,991,684
Pledged security	<u>5,327,620</u>	<u>2,977,432</u>	<u>43,382,982</u>	<u>51,688,034</u>
Total under (over) collateralized	<u>\$ (2,725,528)</u>	<u>\$ (2,074,306)</u>	<u>\$ (9,896,516)</u>	<u>(14,696,350)</u>

STATE OF NEW MEXICO  
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**NOTE 3. Cash and Investments – (Continued)**

**Reconciliation of Cash and Temporary Investments**

Statement of Net Position	
Cash and temporary investments per Exhibit B-1	
Governmental Activities	\$ 71,418,955
Statement of Fiduciary Net Position – cash per Exhibit D-1	<u>703,153</u>
	72,122,108
Outstanding checks and other reconciling items	<u>2,592,979</u>
Bank balance of deposits and investments	<u><u>\$ 74,715,087</u></u>

**Component Unit**

*Custodial Credit Risk – Deposits.* Custodial credit risk is the risk that in the event of bank failure, the Charter Schools deposits may not be returned to it. The Charter School does not have a deposit policy for custodial credit risk. At June 30, 2017, \$54,391 of the Charter School’s deposits of \$304,391 was exposed to custodial credit risk as it was uninsured and uncollateralized. As of June 30, 2017, the carrying amount of these deposits was \$301,391. The Charter School is a 501(c) (3) tax exempt organization not subject to the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978).

**Reconciliation of Cash and Investments**

	<u>Wells Fargo Bank, N.A.</u>
Total amounts of deposits	\$ 511,889
FDIC coverage	<u>(250,000)</u>
Total uninsured public funds	<u><u>\$ 261,889</u></u>
Pledged collateral held by pledging bank’s trust department or agent but not in agency’s name	155,303
Collateral requirement (50% of uninsured public funds)	\$ 130,945
Pledged security	<u>155,303</u>
Under (over) collateralized	<u><u>\$ (24,358)</u></u>

STATE OF NEW MEXICO  
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**NOTE 3. Cash and Temporary Investments - (Continued)**

Statement of Net Position	
Cash and cash equivalents per Exhibit A-1	
Component Unit (including restricted cash)	\$ 510,646
Statement of Fiduciary Net Position – cash per Statement F-4	<u>—</u>
	510,646
Outstanding checks and other reconciling items	<u>1,243</u>
Bank balance of deposits and temporary investments	<u><u>\$ 511,889</u></u>

**NOTE 4. Receivables**

Receivables as of June 30, 2017 are as follows:

**Primary Government:**

	<u>General</u>	<u>Food Service</u>	<u>Capital Impr. SB-9</u>
Property taxes	\$ 21,932	\$ —	\$ 116,512
Intergovernmental	—	—	—
Other	<u>—</u>	<u>—</u>	<u>—</u>
Totals by category	<u>\$ 21,932</u>	<u>\$ —</u>	<u>\$ 116,512</u>

	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Primary Government</u>
Property taxes	\$ 487,098	\$ —	\$ 625,542
Intergovernmental	—	3,555,081	3,555,081
Other	<u>—</u>	<u>—</u>	<u>—</u>
Totals by category	<u>\$ 487,098</u>	<u>\$ 3,555,081</u>	<u>\$ 4,180,623</u>

The above receivables are deemed 100% collectible. In accordance with GASB #33, property tax receivables are presented net of deferred revenue in the amount of \$468,968 on the governmental fund financial statements. “Other” receivables consist of insurance reimbursements.

**Component Unit:**

The School did not maintain accounts receivable balances as of June 30, 2017.



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**NOTE 5. Interfund Receivables, Payables, and Transfers**

The District did had the following operating transfers for the year ended June 30, 2017.

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

<b>Governmental Activities:</b>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
<b>Major Funds:</b>		
General Fund	\$ 3,290,431	\$ —
Capital Improvements Fund	—	20,211
Bond Building Fund	—	—
<b>Nonmajor Funds:</b>		
Special Revenue Funds	—	3,270,220
Total Governmental Activities	<u>3,290,431</u>	<u>3,290,431</u>

**Component Unit:**

<b>Governmental Activities:</b>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 27	\$ —
Special Revenue Funds	—	27
Total Governmental Activities	<u>\$ 27</u>	<u>\$ 27</u>

All Interfund balances are to be paid within one year.

**NOTE 6. Capital Assets**

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

	<u>Balance June 30, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Adjustments/ Transfers</u>	<u>Balance June 30, 2017</u>
<b>Capital Assets used in Governmental Activities:</b>					
Capital assets not being depreciated:					
Land	\$ 11,016,096	\$ —	\$ (189,118)	\$ —	\$ 10,826,978
Construction in progress	30,590,284	22,089,058	—	(19,181,783)	33,497,559
Total assets not being depreciated	<u>41,606,380</u>	<u>22,089,058</u>	<u>(189,118)</u>	<u>(19,181,783)</u>	<u>44,324,537</u>
Buildings and building improvements	\$ 474,036,030	\$ 7,096,672	\$ (16,660,376)	\$ 19,181,783	\$ 483,654,109
Furniture, fixtures & equipment	26,169,946	1,794,143	(856,221)	30,276	27,138,144
Total assets being depreciated	<u>500,205,976</u>	<u>8,890,815</u>	<u>(17,516,597)</u>	<u>19,212,059</u>	<u>510,792,253</u>
Total assets	<u>\$ 541,812,356</u>	<u>\$ 30,979,873</u>	<u>\$ (17,705,715)</u>	<u>\$ 30,276</u>	<u>\$ 555,116,790</u>
<b>Less Accumulated Depreciation:</b>					
Buildings and building improvements	\$ 133,893,597	\$ 11,198,055	\$ (10,117,793)	\$ (72)	\$ 134,973,787
Furniture, fixtures & equipment	20,063,968	1,363,555	(851,472)	(880)	20,575,169
Total accumulated depreciation	<u>\$ 153,957,565</u>	<u>\$ 12,561,610</u>	<u>\$ (10,969,266)</u>	<u>\$ (952)</u>	<u>\$ 155,548,957</u>
Net Capital Assets	<u>\$ 387,854,791</u>	<u>\$ 18,418,263</u>	<u>\$ (6,736,449)</u>	<u>\$ 31,228</u>	<u>\$ 399,567,833</u>

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**NOTE 6. Capital Assets (Continued)**

Capital assets, net of accumulated depreciation, at June 30, 2017 appear in the Statement of Net Position and/or the Fund Statements Balance Sheets as follows: Governmental activities \$12,561,610.

Depreciation expense for the year ended June 30, 2017 was charged to governmental activities as follows:

Instruction	\$ 11,248,520
Support Services – Students	264,254
Support Services – Instruction	86,746
Support Services – General Administration	119,281
Support Services – School Administration	4,778
Central Services	169,554
Operations / Maintenance of Plant	60,079
Transportation Services	550,492
Food Services	<u>57,906</u>
 Total depreciation expense	 \$ <u>12,561,610</u>

**Component Unit:**

	<u>Balance June 30, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Adjustments/ Transfers</u>	<u>Balance June 30, 2017</u>
<b>Capital Assets used in Governmental Activities:</b>					
Buildings & building improvements	\$ 187,941	—	—	—	187,941
Furniture, fixtures & equipment	<u>27,461</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>27,461</u>
Total assets	<u>\$ 215,402</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>215,402</u>
<b>Less Accumulated Depreciation:</b>					
Buildings & building improvement	\$ 28,453	4,697	—	—	33,150
Furniture, fixtures & equipment	<u>26,268</u>	<u>1,192</u>	<u>—</u>	<u>—</u>	<u>27,460</u>
Total accumulated depreciation	<u>\$ 54,721</u>	<u>5,889</u>	<u>—</u>	<u>—</u>	<u>60,610</u>
Net Capital Assets	<u>\$ 160,681</u>	<u>5,889</u>	<u>—</u>	<u>—</u>	<u>154,792</u>

Capital assets, net of accumulated depreciation, at June 30, 2017 appear in the Statement of Net Position and/or the Fund Statements Balance Sheets as follows: Governmental activities \$5,889.

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**NOTE 6. Capital Assets (Continued)**

Depreciation expense for the year ended June 30, 2017 was charged to governmental activities as follows:

Instruction	\$ 5,889
Total depreciation expense	<u>\$ 5,889</u>

**NOTE 7. Long-Term Debt**

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

	Series 3/3/2008	Series 1/6/2009	Series 5/3/2010	Series 11/12/2010
Original Issue:	\$ 5,500,000	\$ 6,000,000	\$ 4,750,000	\$ 8,200,000
Principal:	August 1	August 1	August 1	August 1
Interest:	February 1 August 1	February 1 August 1	February 1 August 1	February 1 August 1
Interest Rates:	3.45%-4.00%	3.45%-5.00%	1.33%-4.35%	.836-3.77%
Maturity Date:	8/1/2021	8/1/2022	8/1/2023	8/1/2027

	Series 10/25/2011	Series 10/25/2011	Series 8/6/2013	Series 10/21/2014
Original Issue:	\$ 7,050,000	\$ 10,850,000	\$ 1 3,025,000	\$ 9,000,000
Principal:	August 1	August 1	August 1	August 1
Interest:	February 1 August 1	February 1 August 1	February 1 August 1	February 1 August 1
Interest Rates:	2.00%-3.25%	2.00%-3.00%	3.00%-5.00%	2.00%-4.00%
Maturity Date:	8/1/2027	8/1/2020	8/1/2028	8/1/2027

	Series 3/16/2012
Original Issue:	\$ 24,765,000.00
Principal:	August 1
Interest:	February 1 August 1
Interest Rates:	0.80%-3.05%
Maturity Date:	8/1/2026

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**NOTE 7. Long-Term Debt (Continued)**

	Balance <u>June 30, 2016</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2017</u>	Due within <u>One Year</u>
General Obligation Bonds	\$ 49,335,000	\$ 4,925,000	\$ 0	\$ 44,410,000	\$ 5,355,000
Revenue Bonds	17,830,000	1,785,000	0	16,045,000	1,805,000
Compensated Absences	614,064	645,724	701,220	558,567	390,997
Total	<u>\$ 67,779,064</u>	<u>\$ 7,355,724</u>	<u>\$ 701,220</u>	<u>\$ 61,013,567</u>	<u>\$ 7,550,997</u>

The annual requirements to amortize the Bonds and Revenue Bonds payable as of June 30, 2017, including interest payments are as follows. The interest rates range for .80% - 5.00% with maturity dates until August 1, 2028.

Fiscal Year <u>Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	Total Debt <u>Service</u>
2018	\$ 5,355,000	\$ 1,357,743	\$ 6,712,743
2019	4,830,000	1,206,853	6,036,853
2020	4,225,000	1,061,251	5,286,251
2021	4,345,000	920,465	5,265,465
2022	4,600,000	763,982	5,363,982
2023-2027	16,960,000	1,898,597	18,858,597
2028-2032	4,095,000	247,561	4,342,561
Totals	<u>\$ 44,410,000</u>	<u>\$ 7,456,452</u>	<u>\$ 51,866,452</u>

Fiscal Year <u>Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	Total Debt <u>Service</u>
2018	\$ 1,805,000	\$ 358,161	\$ 2,163,161
2019	1,835,000	328,662	2,163,662
2020	1,865,000	294,418	2,159,418
2021	1,900,000	254,769	2,154,769
2022	1,940,000	210,013	2,150,013
2023-2027	6,700,000	389,785	7,089,785
Totals	<u>\$ 16,045,000</u>	<u>\$ 2,204,902</u>	<u>\$ 17,880,808</u>

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

Compensated Absences – Administrative employees of the Schools are able to accrue a limited amount of vacation and other compensatory time during the year. During fiscal year June 30, 2017, compensated absences decreased \$55,497 over the prior year accrual. See Note 1 for more details.

Operating Leases – The District leases office equipment under short-term cancelable operating leases. Rental cost for the year ended June 30, 2017 was \$83,184.

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**NOTE 7. Long-Term Debt (Continued)**

**Component Unit:**

Compensated Absences – Two employees of the Charter are able to accrue a limited amount of vacation and other compensatory time during the year. During fiscal year June 30, 2017, compensated absences decreased \$1,564 over the prior year accrual. Changes to compensated absences occurring during the year ended June 30, 2017 are as follows:

	Balance June 30, 2016	Additions	Deletions	Balance June 30, 2017	Due within One Year
Compensated Absences	\$ 8,579	\$ 16,281	\$ (17,845)	\$ 7,015	\$ —
Total	\$ 8,579	\$ 16,281	\$ (17,845)	\$ 7,015	\$ —

**NOTE 8. Risk Management**

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

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

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

**NOTE 9. Other Required Individual Fund Disclosures**

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

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

**District:**

Save the Children	\$ 14,841
Pump up the volume Preschools	10,263
Smart Start K-3 Utah	7,545

**School:**

Public School Capital Outlay	27
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<b>Total</b>	<b>\$ 32,676</b>
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These deficits are expected to be funded by additional grant funds and charges for services, where applicable.

- B.** Excess of expenditures over appropriations. The District and the Charter School did not have any funds which exceeded approved budgetary authority for the year ended June 30, 2017.

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**NOTE 9. Other Required Individual Fund Disclosures (Continued)**

- C. In the budget, designated cash appropriations exceeded prior year available balances. The District and the School did not maintain funds in which designated cash appropriations exceeded prior year available balances.

**NOTE 10. Pension Plan – Educational Retirement Board**

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

Membership in the Plan is a condition of employment. Employees of public schools, universities, regional cooperatives, special schools and state agencies providing educational programs, who are employed at more than 25% of a full-time equivalency, are required to be members of the Plan. There were 146,089 active, retired and inactive members in fiscal year 2015; there were 140,008 active, retired and inactive members in fiscal year 2014.

*Benefits provided.* The Plan provides for retirement benefits, disability benefits, survivor benefits and cost-of-living adjustments to plan members (certified teachers, and other employees of State public school districts, colleges and universities) and beneficiaries. Benefits are based on three components: the member's final average salary (FAS), the number of years of service credit, and a 2.35% factor. The gross annual benefit is determined by multiplying the three components together. The FAS is the average of the member's salaries for the previous 20 quarters of service prior to retirement or the highest average annual earnings for any 20 consecutive calendar quarters.

For members employed before July 1, 2010, a member is eligible to retire when one of the following events occurs: the member's age and earned service credit add up to the sum or 75 or more; the member is at least sixty-five years of age and has five or more years of earned service credit; or the member has service credit totaling 25 years or more. Chapter 288, Laws of 2009 changed the eligibility requirements for new members first employed on or after July 1, 2010. The eligibility for a member who either becomes a new member on or after July 1, 2010, or at any time prior to that date refunded all member contributions and then became, or becomes, reemployed after that date is as follows: the member's age and earned service credit add up to the sum of 80 or more; the member is at least sixty-seven years of age and has five or more years of earned service credit; or the member has service credit totaling 30 years or more.

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

Retired members and surviving beneficiaries receiving benefits receive an automatic cost of living adjustment (COLA) to their benefit each July 1, beginning in the year the member attains or would have attained age 65 or on July 1 of the year following the member's retirement date, whichever is later. Prior to June 30, 2013 the COLA adjustment was equal to one-half the change in the Consumer Price Index (CPI), except that the COLA shall not exceed 4% nor be less than 2%, unless the change in CPI is less than 2%, in which case, the Cola would equal the change in the CPI, but never less than zero. As of July 1, 2013, for current and future retirees the COLA was immediately reduced until the plan is 100% funded. The COLA reduction was based on the median retirement

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**NOTE 10. Pension Plan – Educational Retirement Board (Continued)**

benefit of all retirees excluding disability retirements. Retirees with benefits at or below the median and with 25 or more years of service credit will have a 10% COLA reduction; their average COLA will be 1.8%. All other retirees will have a 20% COLA reduction; their average COLA will be 1.6%. Once the funding is greater than 90%, the COLA reductions will decrease. The retirees with benefits at or below the median and with 25 or more years of service credit will have a 5% COLA reduction; their average COLA will be 1.9%. All other retirees will have a 10% COLA reduction; their average will be 1.8%. Members on disability retirement are entitled to a COLA commencing on July 1 of the third full year following disability retirement. A member on regular retirement who can prove retirement because of a disability may qualify for a COLA beginning July 1 in the third full year of retirement.

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

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

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

Option B – If the member elects Option B, the monthly benefit is reduced to provide for a 100% survivor's benefit. The reduced benefit is payable during the life of the member and upon the retiree's death, the same benefit is paid to the beneficiary for his or her lifetime. The named beneficiary may not be changed after the effective date of retirement since the amount of the option s calculated using bit the age of the member and the beneficiary. If the beneficiary predeceases the member, the member's benefit will be adjusted by returning to Option A benefit amount. The IRS prohibits the selection of Option B for a non-spouse beneficiary more than 10 years younger than the member.

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

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

*Contributions.* The contribution requirements of defined benefit plan members and the District are established in state statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. For the fiscal year ended June 30, 2017 employers contributed 13.15% of employees' gross annual salary to the Plan. Employees earning \$20,000 or less contributed 7.90% and employees earning more than \$20,000 contributed 10.70% of their gross annual salary. For fiscal year ended June 30, 2017 employers contributed 13.90%, and employees earning \$20,000 or less continued to contribute 7.90% and employees earning more than \$20,000 contributed an increased amount of 10.70% of their gross annual salary. Contributions to the pension plan from the District and Charter Schools for the year ended June 30, 2017 were \$9,260,840 and \$76,620.

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**NOTE 10. Pension Plan – Educational Retirement Board (Continued)**

*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:* The total ERB pension liability, net pension liability, and sensitivity information were based on an annual actuarial valuation performed as of June 30, 2016. The total ERB pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2016, using generally accepted actuarial principles. Therefore, the employer’s portion was established as of the measurement date June 30, 2016. At June 30, 2017, the District reported a liability of \$177,074,725 for its proportionate share of the net pension liability. The District’s proportion of the net pension liability is based on the employer contributing entity’s percentage of total employer contributions for the fiscal year ended June 30, 2017. At June 30, 2016, the District’s proportion was 2.46059 percent, which was an decrease of .07126% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the District recognized pension expense of \$9,260,840. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between expected and actual experience	\$ 768,216	\$ 1,684,204
Changes of assumptions	3,604,532	—
Net difference between projected and actual Earnings on pension plan investments	10,569,887	—
Changes in proportion and differences between the District’s contributions and proportionate Share of contributions	3,352,867	2,950,212
District’s contributions subsequent to the measurement date	—	—
Total	<u>\$ 18,295,502</u>	<u>\$ 4,634,416</u>

\$18,295,502 reported as deferred outflows of resources related to pensions resulting from the District contributions subsequent to the measurement date June 30, 2017 will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year Ending June 30,</u>	
2018	\$ 1,169,691
2019	3,977,060
2020	5,936,765
2021	2,577,571
2022	—

*Actuarial assumptions.* As described above, the total ERB pension liability and net pension liability are based on an actuarial valuation performed as of June 30, 2016. The total ERB pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2016 using generally accepted actuarial principles. There were no significant events or changes in benefit provisions that required an adjustment to the roll-forward liabilities as of June 30, 2016. Specifically, the liabilities measured as of June 30, 2015 incorporate the following assumptions:

1. All members with an annual salary of more than \$20,000 will contribute 10.7% during the fiscal year ending June 30, 2015 and 10.7% thereafter.
2. Members hired after June 30, 2013 will have an actuarially reduced retirement benefit if they retire before age 55 and their COLA will be deferred until age 67.



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**NOTE 10. Pension Plan – Educational Retirement Board (Continued)**

3. COLAs for most retirees are reduced until ERB attains a 100% funded status.

4. These assumptions were adopted by ERB on June 12, 2015 in conjunction with the six-year experience study period ending June 30, 2014.

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

Actuarial Cost Method	Normal
Amortization Method	Level Percentage of Payroll
Remaining Period	Amortized – closed 30 years from June 30, 2012 to June 30, 2042
Asset Valuation Method (valuation)	5 year smoothed market for funding valuation (fair value for financial valuation)
Inflation	3.00%
Salary Increases	Composition: 3% inflation, plus 1.25% productivity increase rate, plus step rate promotional increases for members with less than 10 years of service
Investment Rate of Return	7.75%
Retirement Age	Experience based table of age and service rates
Mortality	70% of RP-2000 Combined Mortality Table with White Collar Adjustment projected to 2015 using Scale AA (one year setback for females)

The long-term expected rate of return on pension plan investments is determined annually using a building-block approach that includes the following: 1) rate of return projections are the sum of current yield plus projected changes in price (valuation, defaults, etc.), 2) application of key economic projections (inflation, real growth, dividends, etc.), and 3) structural themes (supply and demand imbalances, capital flows, etc.). These items are developed for each major asset class. Best estimates of geometric real rates of return for each major asset class included in the Plan's target asset allocation for 2014 and 2013 for 30-year return assumptions are summarized in the following table:

<u>Asset Class</u>	2014 <u>Long-term Expected Real Rate of Return</u>	2015 <u>Long-term Expected Real Rate of Return</u>
Cash	-0.25%	0.00%
Treasuries	0.00%	0.25%
IG Corp Credit	1.75%	1.50%
MBS	0.25%	0.50%
Core Bonds	0.64%	0.73%
TIPS	0.75%	0.75%
High Yield Bonds	2.50%	2.50%
Bank Loans	2.75%	2.75%
Global Bonds (Unhedged)	-0.50%	-1.00%
Global Bonds (Hedged)	-0.38%	-0.84%
EMD External	2.75%	2.75%
EMD Local Currency	3.25%	3.50%
Large Cap Equities	4.25%	4.25%
Small/Mid Cap	5.50%	4.50%
International Equities (Unhedged)	4.75%	4.75%
International Equities (Hedged)	5.14%	5.22%
Emerging International Equities	6.25%	6.00%
Private Equity	6.25%	6.25%
Private Debt	4.75%	4.75%
Private Real Assets	4.50%	4.50%
Real Estate	3.25%	3.25%
Commodities	2.25%	2.50%
Hedge Funds	3.25%	3.50%

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**NOTE 11. Pension Plan – Educational Retirement Board – (Continued)**

*Discount rate:* A single discount rate of 7.75% was used to measure the total ERB pension liability as of June 30, 2016 and June 30, 2015. This single discount rate was based on the expected rate of return on pension plan investments of 7.75%. Based on the stated assumptions and the projection of cash flows, the Plan’s fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current pension plan members. Therefore the long term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The projection of cash flows used to determine this single discount rate assumed that Plan contributions will be made at the current statutory levels. Additionally, contributions received through the Alternative Retirement Plan (ARP), ERB’s defined contribution plan, are included in the projection of cash flows. ARP contributions are assumed to remain at a level percentage of ERB payroll, where the percentage of payroll is based on the most recent five year contribution history. Sensitivity of the District’s proportionate share of the net pension liability to changes in the discount rate.

The following table 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.

Fiscal Year <u>Ending June 30,</u>	1% Decrease <u>(6.75%)</u>	Current Discount <u>Rate (7.75%)</u>	1% Increase <u>(8.75%)</u>
District’s proportionate share of the net pension liability	\$ 234,531,361	\$ 177,074,725	\$ 129,401,949

**Component Unit, Middle College High Charter School – Pension Plan – Educational Retirement Board**

*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:* The total ERB pension liability, net pension liability, and sensitivity information were based on an annual actuarial valuation performed as of June 30, 2016. The total ERB pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2016, using generally accepted actuarial principles. Therefore, the employer’s portion was established as of the measurement date June 30, 2016. At June 30, 2017, the District reported a liability of \$1,234,908 for its proportionate share of the net pension liability. The District’s proportion of the net pension liability is based on the employer contributing entity’s percentage of total employer contributions for the fiscal year ended June 30, 2016. At June 30, 2016, the District’s proportion was .01716 percent, which was an increase of .00064% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2017, the School recognized pension expense of \$76,620. At June 30, 2017, the School reported deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between expected and actual experience	\$ 5,357	\$ 11,746
Changes of assumptions	25,138	—
Net difference between projected and actual Earnings on pension plan investments	73,714	—
Changes in proportion and differences between the School’s contributions and proportionate Share of contributions	119,150	—
School’s contributions subsequent to the measurement date	—	—
Total	<u>\$ 223,359</u>	<u>\$ 11,746</u>

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**NOTE 11. Pension Plan – Educational Retirement Board (Continued)**

\$223,359 reported as deferred outflows of resources related to pensions resulting from the District contributions subsequent to the measurement date June 30, 2017 will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year <u>Ending June 30,</u>		
2018	\$	78,454
2019		71,911
2020		43,274
2021		17,976
2022		—

The following table 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.

Fiscal Year <u>Ending June 30,</u>	1% Decrease <u>(6.75%)</u>	Current Discount <u>Rate (7.75%)</u>	1% Increase <u>(8.75%)</u>
School’s proportionate share of the net pension liability	\$ 1,635,607	\$ 1,234,908	\$ 902,441

**NOTE 12. Post-Employment Benefits – State Retiree Health Care Plan**

*Plan Description.* The District and Charter School contribute 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](http://www.nmrhca.state.nm.us).

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**NOTE 12. Post-Employment Benefits – State Retiree Health Care Plan (Continued)**

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

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. For employees that were members of an enhanced retirement plan (State police and adult correctional officer member coverage plan 1; municipal police member coverage plans 3, 4 or 5; municipal fire member coverage plans 3, 4 or 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act) during the fiscal year ended June 30, 2017, the statute required each participating employer to contribute 2.5% of each participating employee’s annual salary; and each participating employee was required to contribute 1.25% of their salary. For employees that were not members of an enhanced retirement plan during the fiscal year ended June 30, 2017, the statute required each participating employer to contribute 2.0% of each participating employee’s annual salary; 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, 2017, the legislature shall review and adjust the distributions pursuant to Section 7-1-6.1 NMSA 1978 and the employer and employee contributions to the authority in order to ensure the actuarial soundness of the benefits provided under the Retiree Health Care Act.

The District’s contributions to the RHCA for the years ended June 30, 2017, 2016 and 2015 were \$1,409,829, \$1,362,228, and \$1,333,657, respectively, which equal the required contributions for each year.

The Charter School’s contributions to the RHCA for the years ended June 30, 2017, 2016 and 2015 were \$9,802, \$9,390, and \$5,456, respectively, which equal the required contributions for each year.

**NOTE 13. Commitments**

The District has various contracts (primarily construction) they are committed to complete totaling approximately \$3,596,080 as of June 30, 2017. The funding to cover these commitments is through legislative grants and cash reserves.

<u>Project</u>	<u>Remaining Commitment</u>	<u>Remaining State Project</u>
Del Norte Elementary	\$ 366,135	\$ 1,437,788
Ramah Elementary	133,682	330,260
Track Refurbishment	227,860	-
Security and cameras	896,860	-
Bleachers at Tohatchi	203,495	-
Totals	<u>\$ 1,828,032</u>	<u>\$ 1,768,048</u>

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**NOTE 14. Contingent Liabilities**

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

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

**NOTE 15. Joint Powers Agreement**

**Cooperative Procurement Agreement**

Participants: Mckinley County  
City of Gallup  
Gallup-McKinley County Public Schools  
Responsible Party: All Participants  
Description: To conduct cooperative procurement utilizing services of each entity.  
Begin date: May 2, 2002  
Ending date: Until notified  
Estimated amount of project: Unknown  
Amount contributed: None  
Audit responsibility: Each Participant  
Fiscal Agent: Not applicable

**Resolution of the Intergovernmental Relations Committee of the Navajo Nation Council**

Participants: Navajo Nation of Dine Education  
Gallup-McKinley County Public Schools  
Responsible Party: Navajo Nation of Dine Education  
Description: To collaborate on and endorse a relevant curriculum that increases the awareness of students, teachers and employee to cultural diversity and provides opportunities for staff development to enhance that relationship.  
Begin date: May 2, 2002  
Ending date: Until notified  
Estimated amount of project: Unknown  
Amount contributed: None  
Audit responsibility: Each Participant  
Fiscal Agent: Navajo Nation of Dine Education

**JPA for Shared Use of Facilities**

Participants: City of Gallup  
Gallup-McKinley County Public Schools  
Responsible Party: Each Participant  
Description: To share both school district and city recreational, training, and educational facilities.  
Begin date: 1977  
Ending date: Unknown  
Estimated amount of project: None  
Amount contributed: None  
Audit responsibility: Each Participant  
Fiscal Agent: Not applicable

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**NOTE 15. Joint Powers Agreement (Continued)**

**Memorandum of Understanding with Gallup Lions Club Operations KidSight**

Participants: Gallup-McKinley County Public Schools  
Gallup Lions Club Operation KidSight  
Responsible Party: Both  
Description: Lions club will provide free phot eye screening for children 3 to 6 years of age in NM  
Begin date: October 23, 2014  
Ending date: Unknown  
Estimated amount of project: Unknown  
Amount contributed: None  
Audit responsibility: Both

**Memorandum of Understanding with New Mexico Mathematics, Engineering, Science Achievement, Inc. (MESA)**

Participants: Gallup-McKinley County Public Schools  
MESA  
Responsible Party: Both  
Description: Stipends to be provided to MESA advisor working with a minimum of 20 students.  
Begin date: September 6, 2014  
Ending date: Unknown  
Estimated amount of project: Unknown  
Amount contributed: Unknown  
Audit responsibility: Both  
Fiscal Agent: Gallup-McKinley County Public Schools

**Aquatics Center Operations**

Participants: City of Gallup  
Gallup-McKinley County Public Schools  
Responsible Party: City of Gallup  
Description: To operate the Aquatics Center Swimming Facility  
Begin date: April 4, 2004  
Ending date: Until withdrawn  
Estimated amount of project: \$8,250,000  
Amount contributed: \$2,250,000  
Audit responsibility: City of Gallup  
Fiscal Agent: City of Gallup

STATE OF NEW MEXICO  
GALLUP-MCKINLEY COUNTY SCHOOLS  
NOTES TO THE FINANANCIAL STATEMENTS  
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**NOTE 16. Subsequent Accounting Standard Pronouncements**

In August 2015, GASB Statement No. 77 *Tax Abatement Disclosures*, was issued. Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2015. Earlier application is encouraged. The District will implement this standard during the fiscal year ended June 30, 2017. The District is still evaluating how this pronouncement will affect the financial statements.

In November 2016, GASB Statement No. 83 *Certain Asset Retirement Obligations*, was issued. Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2018. Earlier application is encouraged. The District is still evaluating how this pronouncement will affect the financial statements.

In January 2017, GASB Statement No. 84 *Fiduciary Activities*, was issued. Effective Date: The provisions of this Statement are effective for fiscal years beginning after December 15, 2018. This pronouncement will not affect the District's financial statements.

In March 2017, GASB Statement No. 85 *Omnibus 2017*, was issued. Effective Date: The provisions of this Statement are effective for fiscal years beginning after June 15, 2017. The standard will be implemented during the fiscal year ended June 30, 2017.

In May 2017, GASB Statement No. 86 *Certain Debt Extinguishment Issues*, was issued. Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2017. Earlier application is encouraged.

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

**NOTE 17. Subsequent Events**

In August 2017, the District issued series 2017A and 2017B bonds in the amount of \$6,900,000 and \$6,775,000. The 2017A bonds are to be utilized for various capital projects within the District. The 2017B bond issuance is to refund the 2008 bond and the 2009 escrow funds.

**NOTE 18. Governmental Fund Balance**

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

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

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

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

STATE OF NEW MEXICO  
GALLUP-MCKINLEY COUNTY SCHOOLS  
NOTES TO THE FINANANCIAL STATEMENTS  
JUNE 30, 2017

**NOTE 18. Governmental Fund Balance (continued)**

*Committed:* Consist of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority. Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action (for example, legislation, resolution, ordinance) it employed to previously commit those amounts body itself or (b) a body (a budget or finance committee, for example) or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes.

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

Detail relating to the fund balance classifications is displayed below:

District	Operational Fund									
	General 11000	Teacherage 12000	Transportation 13000	Instructional Materials 31200	Food Services 21000	Impact Aid Special Education 25147	Bond Building 31100	Capital Improvements SB-9 31700	Debt Service 41000	Nonmajor Governmental Funds
<b>Fund Balance:</b>										
Nonspendable:										
Inventory	\$ 154,580	\$ -	\$ -	\$ -	\$ 104,561	\$ -	\$ -	\$ 424,808	\$ -	\$ -
Restricted for:										
Student instruction	-	-	-	542,304	-	13,301,145	-	-	-	2,307,260
Student support services	-	-	-	-	-	-	-	-	-	1,661,227
Central office services	-	-	-	-	-	-	-	-	-	121
Student activities	-	-	-	-	-	-	-	-	-	747,335
School food services	-	-	-	-	2,377,064	-	-	-	-	56,572
Teacherage	-	135,152	-	-	-	-	-	-	-	-
Student transportation	-	-	68,450	-	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-	3,339,296	4,089,240	-	1,779,565
Debt service	-	-	-	-	-	-	-	-	16,500,731	-
Committed for:										
Student instruction	-	-	-	-	-	-	-	-	-	-
Student support services	-	-	-	-	-	-	-	-	-	-
Assigned for:										
Subsequent year's expenditures	-	-	-	-	-	-	-	-	-	-
Unassigned	22,477,798	-	-	-	-	-	-	-	-	(2,702)
<b>Total fund balance</b>	<b>\$ 22,632,378</b>	<b>\$ 135,152</b>	<b>\$ 68,450</b>	<b>\$ 542,304</b>	<b>\$ 2,481,625</b>	<b>\$ 13,301,145</b>	<b>\$ 3,339,296</b>	<b>\$ 4,514,048</b>	<b>\$ 16,500,731</b>	<b>\$ 6,549,378</b>
<b>Charter School - Component Unit</b>										
	Operational Fund				Capital					
	Operational 11000	Instructional Materials 14000	Public School Capital Outlay 31200	Improvements SB-9 31700						
<b>Fund Balance:</b>										
Nonspendable	-	-	-	-						
Restricted										
Student instruction	-	1,507	-	-						
Capital Projects	-	-	-	8,896						
Committed	-	-	-	-						
Assigned	-	-	-	-						
Subsequent year's expenditures	-	-	-	-						
Unassigned	485,370	-	(27)	-						
<b>Total fund balance</b>	<b>485,370</b>	<b>1,507</b>	<b>(27)</b>	<b>8,896</b>						



**SUPPLEMENTARY INFORMATION**

**STATE OF NEW MEXICO**  
**GALLUP-McKINLEY COUNTY PUBLIC SCHOOLS**  
**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**OF ERB**  
**Educational Retirement Board (ERB) Plan**  
**Last 10 Fiscal Years\***  
**JUNE 30, 2017**

	District		
	2017	2016	2015
Proportion of the net pension liability	2.46059%	0.08688%	0.08629%
Proportionate share of the net pension liability	177,074,725	154,763,267	137,629,661
Covered-employee payroll	74,410,830	72,788,378	66,487,317
Proportionate share of the net pension liability (asset) as a percentage of it's covered-employee payroll	238%	213%	207%
Plan fiduciary net position as a percentage of the total pension liability	61.58%	63.97%	66.54%

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

**SCHEDULE OF DISTRICT'S CONTRIBUTIONS**  
**Educational Retirement Board (ERB) Plan**

	Last 10 Fiscal Years**		
Contractually required contribution	9,260,840	9,764,821	9,437,099
Contributions in relation to the contractually required contribution	9,260,840	9,764,821	9,437,099
Contribution deficiency (excess)	-	-	-
County's covered-employee payroll	74,410,830	72,788,378	67,892,799
Contributions as a percentage of covered-employee payroll	12.45%	13.42%	13.90%

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

**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 teh six-year actuarial experience study presented to the Board of Trustees on June 12, 2015, ERB impemented the following changes in assumption for fiscal years 2015. 1) Fiscal year 2015 valuation assumptions that changed based on this study: a) Lower wage inflation from 4.75% to 3.75%, b) Lower payroll growth from 3.75% to 3.50%, c) Minor changes to demographic assumptions, d) Population growth per year from 0.50% to 0.00%

2) Assumptions that were not changed: a) Investment return will remain at 7.75%, b) Net real return remains at 4.75%, c) Inflation will remain at 3.00%, d) COLA assumption of 2.00% per year, e) Payroll Growth remains at 3.50%

See also the Note IV (B) Actuarial Assumptions of the financial statement disclosure on the Pension Plan

	<u>Charter</u>	
<u>2016</u>	<u>2016</u>	<u>2015</u>
0.01716%	0.11208%	0.00552%
1,234,908	1,070,044	790,806
551,579	490,097	381,924
224%	218%	207%
63.97%	63.97%	66.54%

esent information for those years for which information

76,620	68,125	65,260
<u>76,620</u>	<u>68,125</u>	<u>65,260</u>
<u>-</u>	<u>-</u>	<u>-</u>
551,579	490,097	469,496
13.89%	13.90%	13.90%

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



**NONMAJOR GOVERNMENTAL FUNDS**

## NONMAJOR FUNDS

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

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

### **Non-Instructional Support**

*Non-Budgeted Activity* – to account for funds paid to the Schools for student activity travel. Accumulated funds are used to replace activity buses. Funding authority is the New Mexico Public Education Department.

*Non-Budgeted Scholarship* – to provide college scholarships to a designated number of high school graduates meeting certain criteria from revenues generated from the annual Paul Hanson Memorial Golf Tournament. Funding authority is the New Mexico Public Education Department.

*Non-Budgeted Autism Program* – to provide funds for parents of autistic students to attend conferences about parenting autistic children. These funds were raised from a golf tournament organized by the parents. Funding authority is the New Mexico Public Education Department.

*Non-Budgeted Miyamura Scholarship* – to provide college scholarships to designated graduates from Miyamura High School funds donated to the school. Funding authority is the New Mexico Public Education Department.

*Non-Budgeted Thoreau Night School*– to account for the tuition fees collected from Thoreau Night School students. These fees pay for supplies and materials, and wages for Night School Staff. Funding authority is the New Mexico Public Education Department.

**Title I (24101)** - is used to provide supplemental education opportunity for academically disadvantaged children. Authority for creation of this fund is Part A of Chapter I of Title I of Elementary and Secondary Education Act (ESEA) of 1965. As emended, Public Law 103-383.

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

**New Mexico Autism Project (24108)** – The purpose of this fund is to support the implementation of the NMAP’s researched based model to improve outcomes for students with Autism Spectrum Disorders (ASD). Authority for creation of this fund is New Mexico State Autism Spectrum Disorder Project.

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

**Education of Homeless (24113)** – To provide tutoring and remedial academic services to homeless children and youth within the District. Funding is by the new Mexico Public Education Department.

**Private Schools Share IDEA-B (24115)** – Under 34 CFR §§ 300.132-300.133, local educational agencies (LEA) must spend a proportionate amount of their IDEA-B Basic Entitlement and, if applicable, Preschool sub-grant funds for special education and related services (“equitable participation services” to students with disabilities who are parentally placed in private elementary and secondary schools (“equitable participation services”) located in the school district served by the LEA. The private schools must be nonprofit institutions. Children aged three through five are considered to be parentally-placed private school children with disabilities only if they are enrolled in a private school that meets the definition of elementary school I n34 CFR §300.13. New Mexico State law defines an elementary school as “a public

## NONMAJOR FUNDS (Continued)

school providing instruction for grades kindergarten through eight, unless there is a junior high school program approved by the state board [department], in which case it means a public school providing instruction for grades kindergarten through six” 22-1-3(A) NMSA 1978.

**Fresh Fruits and Vegetables (24118)** – To account for funds administered by the New Mexico State University through New Mexico Human Services Department to promote nutrition education to students and parents. National School Lunch Act, as amended, 42 U.S.C. 1769.

**21<sup>st</sup> Century Community Living & Learning Centers 08/14 (24119)** – To account for a grant utilized to expand an after school, weekend and summer program. The program is designed to integrate the visual and performing arts with literacy, life skills and physical activity for kindergarten to 12<sup>th</sup> grade focusing on the neighborhood and the community as a classroom, Public Law 103-382.

**Title I 1003g Grant (Includes Funds 24124)** – The objective of this grant is to provide in conjunction with Title I funds for school improvement reserved under section 1003(a) of the ESEA. School Improvement Grants under section 1003(g) of the ESEA are used to improve student achievement in Title I schools identified for improvement, corrective action, or restructuring so as to enable these schools to make adequate yearly progress (AYP) and exit improvement status. Funding is by the Elementary and Secondary Education Act of 1965, as amended, Title I, Part B, Subpart 1.

**IDEA-B Results Plan (24132)** – This account is to support the individual school site’s Educational Plan for Student Success, or areas of need of improvement as identified through an instructional audit. This is a pilot program for the New Mexico Real Results program required by US Dept. of Education of Special Education Programs. Authority for creation of this fund is New Mexico Public Education Department.

**English Language Acquisition (24153)** – To provide funds to improve the educational performance of limited English proficient students by assisting the children to learn English and meet State academic content standards. Authority for creation of this fund is the elementary and Secondary Education Act (ESEA), as amended, Title III, Part A, and Sections 3101, 3129.

**Teacher/Principal Training and Recruiting (24154)** – To improve the skills of teachers and the quality of instruction in mathematics and science and also to increase the accessibility of such instruction to all students. Authority for creation of the fund is the Rehabilitation Act of 1973, as amended, Title III, Section 303 (b)-(d). 20 U.S.C. 777a and 797a.

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

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

**Carl D. Perkins –Current, Carl D Perkins Secondary-PY Unliq. Obligations, and Carl D Perkins Secondary-Redistribution (24174, 24175, and 25176)** – To provide federal funds to expand and improve vocational education programs and to provide equal access in vocational education to special needs populations. Authority for creation of this fund is Carl D. Perkins Vocational and Applied Technology Education Act of 1998, as amended, Public Law 105-332.

**USDA 2010 Equipment Assistance Program (24183)** – To be used for the purchase of new kitchen equipment under the USDA School Equipment Grants funded by the National School Lunch Program. Authority for creation of this fund is through the National School Lunch Program CFDA 10.579.

**USHHS/CDC School Health (24186)** – To be used for promoting adolescent health through school-based Human Immunodeficiency Virus (HIV)/Sexually transmitted infections (STI) prevention and school-based surveillance program in the state of New Mexico Authority for creation of this fund is Section 1352, Title 31, U.S.C. (United States Code).

## NONMAJOR FUNDS (Continued)

**Johnson O'Malley (25131)** – To provide funding for supplemental programs in special education and the other needs of eligible Native American Indian children. Funding is provided by the Johnson-O'Malley Act of 1934 as amended, Public Law 930638.

**Impact Aid Special Education (25145)** – To account for funding of a Federal program to provide financial assistance to local educational agencies (LEA's) where enrollments or availability of revenue are adversely affected by Federal activities, i.e. where the tax base of a district is reduced through the Federal acquisition of real property (Section 2), or where there are a significant number of children who reside on Federal (including Indian) lands and/or children whose parents are employed on Federal property or in the Uniformed Services (Section 39a) and 3(b)); where there is a significant decrease (Section 3 (c)) or a sudden and substantial increase (Section 4) in school enrollment as the result of Federal activities; to provide disaster assistance for reduced or increased operating costs (Section 7(a)), for replacing or repairing damaged or destroyed supplies, equipment, and books, and for repairing minor damage to facilities. Funding authorized by Public Law 81-874.

**Title XIX – Medicaid 3/21 Years (25153)** – to account for a program providing school-based screening, diagnostic services and other related health services and administrative activities in conformance with the approved Medicaid State Plan in order to improve health and developmental outcomes for children. Authority for the creation of this fund is the Social Security Act, Title XIX, as amended; Public Laws 89-97, 90-248, and 91-56; 42 U.S.C. 1396 et seq., as amended; Public Law 92-223; Public Law 92-603; Public Law 93-66; Public Law 93-233; Public Law 96-499; Public Law 97-35; Public Law 97-248; Public Law 98-369, Public Law 99-272; Public Law 99-509; Public Law 100-93; Public Law 100-202; Public Law 100-203; Public Law 100-360; Public Law 100-436; Public Law 100-485, Public Law 100-647; Public Law 101-166; Public Law 101-234; Public Law 101-239; Public Law 101-508; Public Law 101-517; Public Law 102-234; Public Law 102-170; Public Law 102-394; Public Law 103-66; Public Law 103-112; Public Law 103-333; Public Law 104-91; Public Law 104-191; Public Law 104-193; Public Law 104-208, 104-134; Balanced Budget Act of 1997, Public Law 105-33; Public Law 106-113, Public Law 106-554; Public Law 108-27; Public Law 108-173; Public Law 109-91; Public Law 109-171; Public Law 109-432; Public Law 110-28.

**Child Care Block Grant CYFD (25157)** – To account for funds received for the transition assistance program funding through the Children, Youth and Families Department and the State of New Mexico.

**Child and Adult Food Program (25171)** — To implement educational, mental health, social services, law enforcement and juvenile justice services for youth. Funding authority is the Elementary and Secondary Educational Act of 1965.

**Indian Health Services (25173)** – Promotion to support and promote the “Corn Plant” model of coordinated school health in schools serving primarily Navajo students.

**Indian Education Formula Grant (24184)**- To account for a program funded by a Federal grant to develop and carry out supplementary elementary and secondary school programs designed to meet the special educational and culturally related academic needs of Indian children, for example to: 1) Improve academic performance, 2) Reduce school dropout rates and improve attendance, and 3) Integrate the value of cultural education into the school curriculum for Indian children. Funding authorized by Indian Education Act of 1988, Title V, Part C, Subpart 1, as amended, Public Law 100-297 and 93-638, U.S.C. 2601-2606.

**Navajo Nations – (25201)** – To help organizations to develop new or expand existing capacity to provide screening, referrals for medical treatment, education, and eligibility assistance for eligible individuals. Section 417C of the Public Health Service Act 42 U.S.C. 285a-9, as amended by the Radiation Exposure Compensation Act Amendments of 2000 (Public Law 106-245).

**Title V Indian Health Care Improvement Act-Federal (25209)** – To promote improved health care among American Indians/Alaska Natives through special diabetes prevention and treatment services projects with objectives and priorities determined at the local level. Public Law 94-437, approved September 30, 1976 (90 Stat. 1400).

**SEG Federal Stimulus (25250)** – Created under the American Recovery and Reinvested Act of 2009 (ARRA), these federal funds help stabilize the District's budget in order to minimize and avoid reduction in education services. Authority for creation of this fund is the New Mexico Public Education Department School District Policies and Procedures Manual.



## NONMAJOR FUNDS (Continued)

**Save the Children (26143)** –The purpose is to provide improved reading intervention through in-school and after school activities, improve the academic performance of students at risk of failure due to poor reading skills. This program is being implemented at Crownpoint Elementary and Crownpoint Middle Schools. Authority for creation of this fund is the New Mexico Public Education Department School District Policies and Procedures Manual.

**Pump up the Volume in Preschools (26201)** –To account for a project funded by a grant from the US Department of Education Office of School Accountability to develop Preschool Centers of Excellence, focusing on early reading skills, for up to 280 children in each of three years, in preschool classrooms at nine (9) District elementary schools.

**Peer Helper Program (26214)** – The Division of Public Health and Methamphetamine/suicide Prevention Initiative (MSPI) established several suicide prevention interventions which serve as a model project for the Navajo Area Indian Health Service. One of these is the Peer Helpers program which is a peer-to-peer helping program. Peer helpers is based upon the premise that when young people have problems, they often turn to their friends or other adults whom they trust for help and that within every school an informal “helping network” exists. The program seeks to identify this informal network and provide training and support to young people and adults who are already serving as helpers. Authority for creation of this fund is Division of Public Health, (Crownpoint Service Unit) HIS Agreement Number: 1-NV-14-0001. Economy Act, approved June 30, 1932, as amended (31 USC 1535 and 15360 and under the authority of section 301 of the Public Service Act. The applicable section of the Federal Regulation is 48 CFR 17.5.

**Dual Credit Instructional Materials/HB2 (27103)** –To account for House Bill2, 2009 which makes an appropriation for Dual Credit Instructional materials. The dual credit instructional materials must be for a course approved by Higher Education department and through a college-university for which the District has an approved agreement.

**2010 GO Bond Public School Acquisition (27106)** – This award allows schools to acquire library books, equipment and library resources for public school library resources for public school libraries statewide. The funding was made available through Senate Bill 1. Laws of 2010, 2<sup>nd</sup> Special Session B3.

**2012 GO Bond Public School Acquisition (27107)** – This award allows schools to acquire library resources, including library books for public school libraries. The funding was made available through Senate Bill 66, Laws of 2012, 2<sup>nd</sup> Session, Chapter 54, Section 10. Paragraph B(3).

**New Mexico Reads to Lead K-3 Initiative (27114)** – This fund is to account for funds received to provide children to acquire a firm foundation in literacy and are not only prepared for future academic success, but will possess a lifelong gift of reading. New Mexico’s early reading initiative, New Mexico Reads to Lead, provides an aligned approach for districts and schools to ensure that children can read by the end of the third grade – giving them essential skills for future career and college success. The New Mexico Reads to Lead! Initiative funds a reading K-3 Formative Assessment System provided to districts at no cost. It also provides regional and district reading coaches, supports for intervention, and professional development for parents, teachers, reading coaches, and administrators. In addition this site highlights literacy resources for parents, teachers, administrators and other stakeholders. Please visit often as the content will be regularly updated. Authority for the creation of this fund is the New Mexico Public Education Department.

**TANF PED (27115)** – To account for monies received from the state to be used to encourage and promote a Health Advisory Committee that guides the Districts’ school health programs. Authority for the creation of this fund is the New Mexico Public Education Department.

**Pre-K Initiative (27149)** – To account for funds received to prepare children for success in school, begin to close the achievement gap between students, and help meet the vision of a seamless education system – Pre-Kindergarten through higher education. Authority for the creation of this fund is the New Mexico Public Education Department.

**Indian Education Act (27150)** – To develop and evaluate the relationship between improved academic performance of American Indian students who experience a culturally relevant education curriculum. Authority for creation of this funds is the New Mexico Public Education Department.

**Breakfast for Elementary Students (27155)** – To access for Legislative Appropriation to implement Breakfast in the Classroom for elementary schools in need of improvement based on AYP designation. Authority for the creation of this fund is the New Mexico Public Education Department.

## NONMAJOR FUNDS (Continued)

**Kindergarten 0 Three Plus (27166)** – Funds allow for an extended school year for Kindergarten through third grade students. The program focuses on acclimating young students to the structure of a classroom environment and spending additional time to prepare them for the next grade. Authority for the creation of this fund is the New Mexico Public Education Department.

**After School Enrichment Program (27168)** – This fund is to be used to implement the District’s After School and Summer Enrichment Programs. Authority for the creation of this fund is the New Mexico Public Education Department. The After School and Summer Enrichment Programs are used to create learning centers that will provide students a broad range of exceptional, school-linked learning and development opportunities, designed to complement the students’ regular academic program. Authority for the creation of this fund is the New Mexico Public Education Department.

**2010 GO Bond Instructional Materials (27171)** – Used to purchase books and instructional materials for schools which received a letter grade of “A” or those which are recognized as a “Top Growth” school. Authority for the creation of this fund is the New Mexico Public Education Department.

**Science Instructional Materials K-12 (27176)** – This state appropriated funds are for the purchase of science instructional material for grades 6-8. Authority for the creation of this fund is the New Mexico Public Education Department.

**2013 School Bus (27178)** –Funds to public school districts to replace public school buses. Authority for the creation of the fund is Senate Bill 60, Severance Tax Bond Projects 2013.

**Teacher and School Leader Incentive Pay (27188 and 27190)** – This fund was created to provide funding for projects that develop and implement performance-based teacher and principal compensations systems in high-need schools. The teacher Incentive Fun is authorized I P.L. 109-149 –the Department of Labor, Health and Human Services, and Education and Related Agencies Appropriation Act 2006 Title V, Part D.

**Teachers Hard to Staff (27195)** –Funds to public school districts to incentivize teacher in rural areas. Authority for the creation of the fund is the New Mexico Public Education Department.

**School Wellness HED (28106)** – To be used to convene and implement a District-wide training on the updated GMCS wellness policy. Authority for the creation of this fund is the New Mexico Department of Health.

**Office of Child Development (28170)** – This fund is generated through a sub-contract with San Juan College to enable them to comply with their grant through Children, Youth and Family Department (CYFD) to provide advisors so that the Training and Technical Assistance Program can be implemented within McKinley County. The advisor is McKinley County works with county day care centers and home care takers to offer professional development and technical support so that they can meet the CYFD child care requirements.

**GRADS – Child Care (28189)** – To account for a program funded by the Public Education Department for the purpose to establish and maintain in –school, family and consumer science instructional and intervention program for pregnant and parenting students which focuses on knowledge and skills related to positive self, pregnancy, parenting and economic independence. Special Revenue fund established by the local school board.

**GRADS – Instruction (28190)** – To account for a program funded by the Public Education Department for the purpose to establish and maintain an in-school, family and consumer science instructional and intervention program for pregnant and parenting students, which focuses on knowledge and skills related to positive self, pregnancy, parenting and economic independence. Special Revenue fund established by the local school board.

**Start Smart K-3 Plus Utah State University Study (28191)** – The purpose of this fund is to account for a k-3 plus learning opportunity. This study will be provided to 570 English Language Learners (ELL) and students with IEPs under IDEA enrolled I persistently low-performing schools in Gallup, McKinley, Albuquerque, Gadsden, and Las Cruces school districts in Years 1 and 5, and 1, 140 students in Years 2, 3, and 4. A comparable number of children will be enrolled each year in a control group. Funding by the New Mexico Public Education Department.

## NONMAJOR FUNDS (Continued)

**CYPD Parents as Teacher Model (28193)** – The purpose of this fund is to provide funds to implement a high quality Parents as Teachers model for home visiting services in McKinley County. Gallup-McKinley County Schools will provide home visiting services, using the Parents as Teachers model, to 45-60 families, teen parents and parents with young children, in McKinley County. Funds are provided by New Mexico Children, Youth and Family Department (CYFD) through a federal grant awarded to CYFD.

**GRADS Plus (28203)** – The purpose of this fund is to support a shared case management model between Central High School GRADS program and school and community partners. Authority for the creation of this fund is the New Mexico GRADS System.

**Private Dir. Grants (29102)** –To provide additional classroom time at Gallup Central High for seniors to meet graduation requirements. Funding authority is the New Mexico Public Education Department.

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

**Special Revenue Bond (31110)** – To account for bond proceeds plus any income earned thereon. The proceeds are restricted for the purpose of making additions to and furnishing of school buildings, or purchasing or improving school grounds or any combination thereof, as approved by the voters of the District. Funding authority is the New Mexico Public Education Department.

**Special Revenue Bond (31400)** – To account for special appropriations monies received from the State of New Mexico under Chapter 4, Laws of 1996 for the purpose of specific capital outlay projects.

**Special Capital Outlay – State (31500)** – To account for 20 percent of the operational property tax revenues that have been set aside for capital outlay projects.

**Public School Capital Outlay (31200)** – To account for the 20 percent of the operational property tax revenues that have been set aside for capital outlay projects. Funding authority is the New Mexico Public Education Department.

**Public School Capital Outlay 20% (32100)** – To account for the 20 percent of the operational property tax revenues that have been set aside for capital outlay projects. Funding authority is the New Mexico Public Education Department.

**STATE OF NEW MEXICO**  
**GALLUP-McKINLEY COUNTY PUBLIC SCHOOLS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR FUNDS**  
**JUNE 30, 2017**

	Special Revenue			
	Athletics 22000	Non-Instructional Support 23000	Title I 24101	Entitlement IDEA-B 24106
<b>ASSETS</b>				
<i>Current Assets</i>				
Cash and temporary investments	\$ 58,675	\$ 708,343	\$ 22,646	\$ 36,289
Accounts receivable				
Taxes	-	-	-	-
Due from other governments	-	-	1,586,551	184,365
Interfund receivables	-	-	-	-
Other	-	-	-	-
Inventory	-	-	-	-
<i>Total assets</i>	<u>58,675</u>	<u>708,343</u>	<u>1,609,197</u>	<u>220,654</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<i>Current Liabilities:</i>				
Accounts payable	-	-	-	-
Accrued payroll liabilities	-	19,683	354,448	54,929
Accrued compensated absences	-	-	-	-
Interfund payables	-	-	1,254,749	165,725
Deferred revenue - property taxes	-	-	-	-
Deferred revenue - other	-	-	-	-
<i>Total liabilities</i>	<u>-</u>	<u>19,683</u>	<u>1,609,197</u>	<u>220,654</u>
<i>Fund Balance:</i>				
Fund Balance:				
Nonspendable	-	-	-	-
Restricted	58,675	688,660	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
<i>Total fund balance</i>	<u>58,675</u>	<u>688,660</u>	<u>-</u>	<u>-</u>
<i>Total liabilities and fund balance</i>	<u>\$ 58,675</u>	<u>\$ 708,343</u>	<u>\$ 1,609,197</u>	<u>\$ 220,654</u>

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

Special Revenue					
New Mexico Autism Project 24108	Preschool IDEA-B 24109	Education of Homeless 24113	Private Schols Share IDEA-B 24115	Fresh Fruits & Vegetables 24118	21st Century 24119
\$ -	\$ 11,815	\$ 109	\$ 101	\$ 12,379	\$ 241
-	-	-	-	-	-
731	-	-	1,394	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>731</u>	<u>11,815</u>	<u>109</u>	<u>1,495</u>	<u>12,379</u>	<u>241</u>
-	-	-	-	-	-
-	5,596	-	1,495	-	-
-	-	-	-	-	-
731	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>731</u>	<u>5,596</u>	<u>-</u>	<u>1,495</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-
-	6,219	109	-	12,379	241
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>6,219</u>	<u>109</u>	<u>-</u>	<u>12,379</u>	<u>241</u>
<u>\$ 731</u>	<u>\$ 11,815</u>	<u>\$ 109</u>	<u>\$ 1,495</u>	<u>\$ 12,379</u>	<u>\$ 241</u>

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

**STATE OF NEW MEXICO**  
**GALLUP-McKINLEY COUNTY PUBLIC SCHOOLS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR FUNDS**  
**JUNE 30, 2017**

	Special Revenue			
	Title I 1003g Grant 24124	IDEA-B Plan Results 24132	English Language Acquisition 24153	Teacher / Principal Training / Recruiting 24154
<b>ASSETS</b>				
<i>Current Assets</i>				
Cash and temporary investments	\$ 2,676	\$ -	\$ 29,947	\$ 182,283
Accounts receivable				
Taxes	-	-	-	-
Due from other governments	-	5,623	-	2,471
Interfund receivables	-	-	-	-
Other	-	-	-	-
Inventory	-	-	-	-
<i>Total assets</i>	<u>2,676</u>	<u>5,623</u>	<u>29,947</u>	<u>184,754</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<i>Current Liabilities:</i>				
Accounts payable	-	-	-	-
Accrued payroll liabilities	-	-	-	19,240
Accrued compensated absences	-	-	-	-
Interfund payables	-	5,623	-	165,514
Deferred revenue - property taxes	-	-	-	-
Deferred revenue - other	-	-	-	-
<i>Total liabilities</i>	<u>-</u>	<u>5,623</u>	<u>-</u>	<u>184,754</u>
<i>Fund Balance:</i>				
Fund Balance:				
Nonspendable	-	-	-	-
Restricted	2,676	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	29,947	-
<i>Total fund balance</i>	<u>2,676</u>	<u>-</u>	<u>29,947</u>	<u>-</u>
<i>Total liabilities and fund balance</i>	<u>\$ 2,676</u>	<u>\$ 5,623</u>	<u>\$ 29,947</u>	<u>\$ 184,754</u>

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

Special Revenue					
Rural and Low Income Schools 24160	Title I School Improvement 24162	Carl D Perkins Secondary 24174	Carl D Perkins Secondary PY Obligation 24175	Carl D Perkins Secondary Redistribution 24176	USDA 2010 Equipment Assist. Program 24183
\$ -	\$ -	\$ -	\$ 1,502	\$ 2	\$ -
-	-	-	-	-	-
75,730	13,183	32,532	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>75,730</u>	<u>13,183</u>	<u>32,532</u>	<u>1,502</u>	<u>2</u>	<u>-</u>
-	-	-	-	-	-
-	375	-	-	-	-
-	-	-	-	-	-
75,730	12,808	32,532	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>75,730</u>	<u>13,183</u>	<u>32,532</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	1,502	2	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>1,502</u>	<u>2</u>	<u>-</u>
<u>\$ 75,730</u>	<u>\$ 13,183</u>	<u>\$ 32,532</u>	<u>\$ 1,502</u>	<u>\$ 2</u>	<u>\$ -</u>

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

**STATE OF NEW MEXICO**  
**GALLUP-McKINLEY COUNTY PUBLIC SCHOOLS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR FUNDS**  
**JUNE 30, 2017**

	Special Revenue			
	USHHS/CDC School Health 24186	Johnson O'Malley 25131	Impact Aid Special Education 25145	Title XIX Medicaid 3/21 Years 25153
<b>ASSETS</b>				
<i>Current Assets</i>				
Cash and temporary investments	\$ -	\$ -	\$ 1,959,926	\$ 1,620,159
Accounts receivable				
Taxes	-	-	-	-
Due from other governments	-	131,300	-	-
Interfund receivables	-	-	-	-
Other	-	-	-	-
Inventory	-	-	-	-
<i>Total assets</i>	<u>-</u>	<u>131,300</u>	<u>1,959,926</u>	<u>1,620,159</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<i>Current Liabilities:</i>				
Accounts payable	-	-	-	-
Accrued payroll liabilities	-	720	11,433	1,168
Accrued compensated absences	-	-	-	-
Interfund payables	-	116,227	-	-
Deferred revenue - property taxes	-	-	-	-
Deferred revenue - other	-	-	-	-
<i>Total liabilities</i>	<u>-</u>	<u>116,947</u>	<u>11,433</u>	<u>1,168</u>
<i>Fund Balance:</i>				
Fund Balance:				
Nonspendable	-	-	-	-
Restricted	-	14,353	1,948,493	1,618,991
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
<i>Total fund balance</i>	<u>-</u>	<u>14,353</u>	<u>1,948,493</u>	<u>1,618,991</u>
<i>Total liabilities and fund balance</i>	<u>\$ -</u>	<u>\$ 131,300</u>	<u>\$ 1,959,926</u>	<u>\$ 1,620,159</u>

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



Special Revenue					
Child Care Block Grant CYFD 25157	Child and Adult Food Program 25171	Indian Health Services 25173	Indian Education Formula Grant 25184	Navajo Nation 25201	Title V Indian Health Care Improvement Act 25209
\$ 83,818	\$ 15,619	\$ -	\$ 55,349	\$ -	\$ 180,492
-	-	-	-	-	-
-	-	-	28,837	36,601	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>83,818</u>	<u>15,619</u>	<u>-</u>	<u>84,186</u>	<u>36,601</u>	<u>180,492</u>
-	-	-	-	-	-
2,891	-	-	84,186	5,810	-
-	-	-	-	-	-
-	-	-	-	30,791	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>2,891</u>	<u>-</u>	<u>-</u>	<u>84,186</u>	<u>36,601</u>	<u>-</u>
-	-	-	-	-	-
80,927	15,619	-	-	-	180,492
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>80,927</u>	<u>15,619</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>180,492</u>
<u>\$ 83,818</u>	<u>\$ 15,619</u>	<u>\$ -</u>	<u>\$ 84,186</u>	<u>\$ 36,601</u>	<u>\$ 180,492</u>

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

**STATE OF NEW MEXICO**  
**GALLUP-McKINLEY COUNTY PUBLIC SCHOOLS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR FUNDS**  
**JUNE 30, 2017**

	Special Revenue			
	SEG Federal Stimulus 25250	Save the Children 26143	Pump up the Volume in Preschools 26201	Peer Helper Program 26214
<b>ASSETS</b>				
<i>Current Assets</i>				
Cash and temporary investments	\$ 150	\$ -	\$ -	\$ 3,111
Accounts receivable				
Taxes	-	-	-	-
Due from other governments	-	-	-	-
Interfund receivables	-	-	-	-
Other	-	-	-	-
Inventory	-	-	-	-
<i>Total assets</i>	<u>150</u>	<u>-</u>	<u>-</u>	<u>3,111</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<i>Current Liabilities:</i>				
Accounts payable	-	-	-	-
Accrued payroll liabilities	-	-	-	-
Accrued compensated absences	-	-	-	-
Interfund payables	-	14,841	10,263	-
Deferred revenue - property taxes	-	-	-	-
Deferred revenue - other	-	-	-	-
<i>Total liabilities</i>	<u>-</u>	<u>14,841</u>	<u>10,263</u>	<u>-</u>
<i>Fund Balance:</i>				
Fund Balance:				
Nonspendable	-	-	-	-
Restricted	150	-	-	3,111
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	(14,841)	(10,263)	-
<i>Total fund balance</i>	<u>150</u>	<u>(14,841)</u>	<u>(10,263)</u>	<u>3,111</u>
<i>Total liabilities and fund balance</i>	<u>\$ 150</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,111</u>

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

Special Revenue						
Dual Credit Instructional Materials 27103	Library GO Bonds 27106	2012 GO Bond Student Library SB-66 27107	NM Reads to Lead K-3 Reading Initiative 27114	TANF PED 27115	Pre-K Initiative 27149	Indian Education Act 27150
\$ -	\$ 82	\$ -	\$ 23	\$ -	\$ 23,789	\$ 995
-	-	-	-	-	-	-
-	-	118,904	-	-	153,265	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	82	118,904	23	-	177,054	995
-	-	-	-	-	-	-
-	-	-	-	-	43,524	-
-	-	-	-	-	-	-
-	-	118,904	-	-	133,530	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	118,904	-	-	177,054	-
-	-	-	-	-	-	-
-	82	-	23	-	-	995
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	82	-	23	-	-	995
\$ -	\$ 82	\$ 118,904	\$ 23	\$ -	\$ 177,054	\$ 995

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

**STATE OF NEW MEXICO**  
**GALLUP-McKINLEY COUNTY PUBLIC SCHOOLS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR FUNDS**  
**JUNE 30, 2017**

	Special Revenue			
	Breakfast for Elementary Students 27155	Kindergarten Three Plus 27166	After School Enrichment 27168	2010 GO Bond Instructional Materials 27171
<b>ASSETS</b>				
<i>Current Assets</i>				
Cash and temporary investments	\$ 56,572	\$ 1,257	\$ 405	\$ -
Accounts receivable				
Taxes	-	-	-	-
Due from other governments	-	111,840	-	-
Interfund receivables	-	-	-	-
Other	-	-	-	-
Inventory	-	-	-	-
<i>Total assets</i>	<u>56,572</u>	<u>113,097</u>	<u>405</u>	<u>-</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<i>Current Liabilities:</i>				
Accounts payable	-	-	-	-
Accrued payroll liabilities	-	19,816	-	-
Accrued compensated absences	-	-	-	-
Interfund payables	-	93,160	-	-
Deferred revenue - property taxes	-	-	-	-
Deferred revenue - other	-	-	-	-
<i>Total liabilities</i>	<u>-</u>	<u>112,976</u>	<u>-</u>	<u>-</u>
<i>Fund Balance:</i>				
Fund Balance:				
Nonspendable	-	-	-	-
Restricted	56,572	121	405	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
<i>Total fund balance</i>	<u>56,572</u>	<u>121</u>	<u>405</u>	<u>-</u>
<i>Total liabilities and fund balance</i>	<u>\$ 56,572</u>	<u>\$ 113,097</u>	<u>\$ 405</u>	<u>\$ -</u>

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

Special Revenue					
Science Instructional Materials K-12 27176	2013 School Bus 27178	Teacher and School Leader Incentive Pay 27188	Teacher and School Leader Incentive Pay Group 27190	Teachers Hard to Staff 27195	School Wellness HED 28106
\$ 322	\$ -	\$ -	\$ -	\$ -	\$ 4,678
-	-	-	-	-	-
-	94,644	609,299	188,388	115,376	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>322</u>	<u>94,644</u>	<u>609,299</u>	<u>188,388</u>	<u>115,376</u>	<u>4,678</u>
-	-	-	-	-	-
-	-	432	108	23,001	-
-	-	-	-	-	-
-	94,644	608,867	188,280	92,375	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>94,644</u>	<u>609,299</u>	<u>188,388</u>	<u>115,376</u>	<u>-</u>
-	-	-	-	-	-
322	-	-	-	-	4,678
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>322</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,678</u>
<u>\$ 322</u>	<u>\$ 94,644</u>	<u>\$ 609,299</u>	<u>\$ 188,388</u>	<u>\$ 115,376</u>	<u>\$ 4,678</u>

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

**STATE OF NEW MEXICO**  
**GALLUP-McKINLEY COUNTY PUBLIC SCHOOLS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR FUNDS**  
**JUNE 30, 2017**

	Special Revenue			
	Office of Child Development 28170	GRADS - Child Care 28189	GRADS - Instruction 28190	Smart Start K-3 Utah State Study 28191
<b>ASSETS</b>				
<i>Current Assets</i>				
Cash and temporary investments	\$ 24,318	\$ 13,591	\$ 19,104	\$ -
Accounts receivable				
Taxes	-	-	-	-
Due from other governments	-	-	-	-
Interfund receivables	-	-	-	-
Other	-	-	-	-
Inventory	-	-	-	-
<i>Total assets</i>	<u>24,318</u>	<u>13,591</u>	<u>19,104</u>	<u>-</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<i>Current Liabilities:</i>				
Accounts payable	-	-	-	-
Accrued payroll liabilities	-	19	674	-
Accrued compensated absences	-	-	-	-
Interfund payables	-	-	-	7,545
Deferred revenue - property taxes	-	-	-	-
Deferred revenue - other	-	-	-	-
<i>Total liabilities</i>	<u>-</u>	<u>19</u>	<u>674</u>	<u>7,545</u>
<i>Fund Balance:</i>				
Fund Balance:				
Nonspendable	-	-	-	-
Restricted	24,318	13,572	18,430	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	(7,545)
<i>Total fund balance</i>	<u>24,318</u>	<u>13,572</u>	<u>18,430</u>	<u>(7,545)</u>
<i>Total liabilities and fund balance</i>	<u>\$ 24,318</u>	<u>\$ 13,591</u>	<u>\$ 19,104</u>	<u>\$ -</u>

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

CYFD Parents as Teacher Model 28193	Special Revenue		Capital Projects		
	GRADS Plus 28203	Private Direct Grants 29102	Special Revenue Bond 31110	Special Capital Outlay State 31400	Special Capital Outlay Federal 31500
\$ -	\$ 3,431	\$ 14,524	\$ 647,932	\$ 70,000	\$ 1,092,891
-	-	-	-	-	-
64,047	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>64,047</u>	<u>3,431</u>	<u>14,524</u>	<u>647,932</u>	<u>70,000</u>	<u>1,092,891</u>
-	-	-	-	-	31,260
14,223	-	-	-	-	-
-	-	-	-	-	-
47,381	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>61,604</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>31,260</u>
-	-	-	-	-	-
2,443	3,431	-	647,932	70,000	1,061,631
-	-	14,524	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>2,443</u>	<u>3,431</u>	<u>14,524</u>	<u>647,932</u>	<u>70,000</u>	<u>1,061,631</u>
<u>\$ 64,047</u>	<u>\$ 3,431</u>	<u>\$ 14,524</u>	<u>\$ 647,932</u>	<u>\$ 70,000</u>	<u>\$ 1,092,891</u>

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





**STATE OF NEW MEXICO**  
**GALLUP-McKINLEY COUNTY PUBLIC SCHOOLS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR FUNDS**  
**JUNE 30, 2017**

Statement B-1

	Capital Projects		Total
	Public School Capital Outlay 31200	Public School Capital Outlay 20% 32100	
<b>ASSETS</b>			
<i>Current Assets</i>			
Cash and temporary investments	\$ 1	\$ 1	\$ 6,959,548
Accounts receivable			
Taxes	-	-	-
Due from other governments	-	-	3,555,081
Interfund receivables	-	-	-
Other	-	-	-
Inventory	-	-	-
	1	1	10,514,629
<i>Total assets</i>	1	1	10,514,629
<b>LIABILITIES AND FUND BALANCES</b>			
<i>Current Liabilities:</i>			
Accounts payable	-	-	31,260
Accrued payroll liabilities	-	-	663,771
Accrued compensated absences	-	-	-
Interfund payables	-	-	3,270,220
Deferred revenue - property taxes	-	-	-
Deferred revenue - other	-	-	-
	-	-	3,965,251
<i>Total liabilities</i>	-	-	3,965,251
<i>Fund Balance:</i>			
Fund Balance:			
Nonspendable	-	-	-
Restricted	1	1	6,537,556
Committed	-	-	14,524
Assigned	-	-	-
Unassigned	-	-	(2,702)
	1	1	6,549,378
<i>Total fund balance</i>	1	1	6,549,378
<i>Total liabilities and fund balance</i>	\$ 1	\$ 1	\$ 10,514,629

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

**STATE OF NEW MEXICO**  
**GALLUP-McKINLEY COUNTY PUBLIC SCHOOLS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR FUNDS**  
**FOR THE YEAR ENDING JUNE 30, 2017**

	Special Revenue			
	Athletics	Non-Instructional	Title I	Entitlement
	22000	Support 23000	24101	IDEA-B 24106
<i>Revenues:</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	-	-	-	-
Federal grants	-	-	6,980,572	1,696,331
Charges for services	278,533	541,808	-	-
Miscellaneous	-	-	-	-
Interest	23	-	-	-
<i>Total Revenues</i>	<u>278,556</u>	<u>541,808</u>	<u>6,980,572</u>	<u>1,696,331</u>
<i>Expenditures:</i>				
Current:				
Instruction	520,204	721,011	6,570,283	1,105,141
Support Services				
Students	-	-	1,076	539,125
Instruction	-	-	194,929	-
General Administration	-	-	172,014	45,187
School Administration	-	-	-	-
Central Services	-	-	42,270	-
Operation & Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Community Service	-	-	-	6,878
Capital Outlay	-	-	-	-
Debt Service - Principal	-	-	-	-
Debt Service - Interest	-	-	-	-
<i>Total Expenditures</i>	<u>520,204</u>	<u>721,011</u>	<u>6,980,572</u>	<u>1,696,331</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(241,648)</u>	<u>(179,203)</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Return of cash to PED	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net changes in fund balance</i>	<u>(241,648)</u>	<u>(179,203)</u>	<u>-</u>	<u>-</u>
<i>Fund balances - beginning of year</i>	<u>300,323</u>	<u>867,863</u>	<u>-</u>	<u>-</u>
<i>Fund balances - end of year</i>	<u>\$ 58,675</u>	<u>\$ 688,660</u>	<u>\$ -</u>	<u>\$ -</u>

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

Special Revenue					
New Mexico Autism Project 24108	Preschool IDEA-B 24109	Education of Homeless 24113	Private Schols Share IDEA-B 24115	Fresh Fruits & Vegetables 24118	21st Century 24119
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
5,302	109,657	23,218	40,712	220,863	241
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>5,302</u>	<u>109,657</u>	<u>23,218</u>	<u>40,712</u>	<u>220,863</u>	<u>241</u>
-	63,533	-	33,541	-	-
5,302	37,211	23,109	6,286	-	-
-	-	-	-	-	-
-	2,694	-	885	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	208,484	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>5,302</u>	<u>103,438</u>	<u>23,109</u>	<u>40,712</u>	<u>208,484</u>	<u>-</u>
-	6,219	109	-	12,379	241
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	6,219	109	-	12,379	241
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ 6,219</u>	<u>\$ 109</u>	<u>\$ -</u>	<u>\$ 12,379</u>	<u>\$ 241</u>

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

**STATE OF NEW MEXICO**  
**GALLUP-McKINLEY COUNTY PUBLIC SCHOOLS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR FUNDS**  
**FOR THE YEAR ENDING JUNE 30, 2017**

	Special Revenue			
	Title I 1003g	IDEA-B	English	Teacher /
	Grant	Plan Results	Language	Principal
	24124	24132	24153	24154
<i>Revenues:</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	-	-	-	-
Federal grants	-	112,104	361,434	887,095
Charges for services	-	-	-	-
Miscellaneous	-	-	-	-
Interest	-	-	-	-
<i>Total Revenues</i>	<u>-</u>	<u>112,104</u>	<u>361,434</u>	<u>887,095</u>
<i>Expenditures:</i>				
Current:				
Instruction	-	111,688	325,869	701,718
Support Services				
Students	-	-	-	-
Instruction	-	416	-	165,393
General Administration	-	-	5,618	16,288
School Administration	-	-	-	-
Central Services	-	-	-	3,696
Operation & Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Community Service	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service - Principal	-	-	-	-
Debt Service - Interest	-	-	-	-
<i>Total Expenditures</i>	<u>-</u>	<u>112,104</u>	<u>331,487</u>	<u>887,095</u>
<i>Excess (deficiency) of revenues</i>				
<i>over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>29,947</u>	<u>-</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Return of cash to PED	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net changes in fund balance</i>	<u>-</u>	<u>-</u>	<u>29,947</u>	<u>-</u>
<i>Fund balances - beginning of year</i>	<u>2,676</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances - end of year</i>	<u>\$ 2,676</u>	<u>\$ -</u>	<u>\$ 29,947</u>	<u>\$ -</u>

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

Special Revenue					
Rural and Low Income Schools 24160	Title I School Improvement 24162	Carl D Perkins Secondary 24174	Carl D Perkins Secondary PY Obligation 24175	Carl D Perkins Secondary Redistribution 24176	USDA 2010 Equipment Assist. Program 24183
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
212,795	430,911	207,403	-	2	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>212,795</u>	<u>430,911</u>	<u>207,403</u>	<u>-</u>	<u>2</u>	<u>-</u>
207,322	421,507	205,327	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
5,473	9,404	2,076	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>212,795</u>	<u>430,911</u>	<u>207,403</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	2	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	2	-
-	-	-	1,502	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,502</u>	<u>\$ 2</u>	<u>\$ -</u>

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

**STATE OF NEW MEXICO**  
**GALLUP-McKINLEY COUNTY PUBLIC SCHOOLS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR FUNDS**  
**FOR THE YEAR ENDING JUNE 30, 2017**

	Special Revenue			
	USHHS/CDC	Johnson	Impact Aid	Title XIX
	School Health	O'Malley	Special Education	Medicaid 3/21 Years
	24186	25131	25145	25153
<i>Revenues:</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	-	-	-	-
Federal grants	5,721	649,103	631,441	943,683
Charges for services	-	-	-	-
Miscellaneous	-	-	-	-
Interest	-	-	-	-
<i>Total Revenues</i>	<u>5,721</u>	<u>649,103</u>	<u>631,441</u>	<u>943,683</u>
<i>Expenditures:</i>				
Current:				
Instruction	5,721	338,131	114,491	-
Support Services				
Students	-	-	57,150	91,742
Instruction	-	243,226	274,687	-
General Administration	-	16,645	11,983	2,400
School Administration	-	-	-	-
Central Services	-	51,101	-	-
Operation & Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Community Service	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service - Principal	-	-	-	-
Debt Service - Interest	-	-	-	-
<i>Total Expenditures</i>	<u>5,721</u>	<u>649,103</u>	<u>458,311</u>	<u>94,142</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>173,130</u>	<u>849,541</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Return of cash to PED	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net changes in fund balance</i>	<u>-</u>	<u>-</u>	<u>173,130</u>	<u>849,541</u>
<i>Fund balances - beginning of year</i>	<u>-</u>	<u>14,353</u>	<u>1,775,363</u>	<u>769,450</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ 14,353</u>	<u>\$ 1,948,493</u>	<u>\$ 1,618,991</u>

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

Special Revenue					
Child Care Block Grant CYFD 25157	Child and Adult Food Program 25171	Indian Health Services 25173	Indian Education Formula Grant 25184	Navajo Nation 25201	Title V Indian Health Care Improvement Act 25209
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
71,511	6,541	-	1,716,583	122,568	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>71,511</u>	<u>6,541</u>	<u>-</u>	<u>1,716,583</u>	<u>122,568</u>	<u>-</u>
-	-	-	1,672,407	-	-
54,196	4,938	-	-	119,415	-
-	-	-	-	-	-
-	-	-	44,176	3,153	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>54,196</u>	<u>4,938</u>	<u>-</u>	<u>1,716,583</u>	<u>122,568</u>	<u>-</u>
<u>17,315</u>	<u>1,603</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>17,315</u>	<u>1,603</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>63,612</u>	<u>14,016</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>180,492</u>
<u>\$ 80,927</u>	<u>\$ 15,619</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 180,492</u>

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

**STATE OF NEW MEXICO**  
**GALLUP-McKINLEY COUNTY PUBLIC SCHOOLS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR FUNDS**  
**FOR THE YEAR ENDING JUNE 30, 2017**

	Special Revenue			
	SEG	Save the	Pump up the	Peer Helper
	Federal Stimulus 25250	Children 26143	Volume in Preschools 26201	Program 26214
<i>Revenues:</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	-	-	-	27,000
Federal grants	-	-	-	-
Charges for services	-	-	-	-
Miscellaneous	-	-	-	-
Interest	-	-	-	-
<i>Total Revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,000</u>
<i>Expenditures:</i>				
Current:				
Instruction	-	-	-	25,283
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Community Service	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service - Principal	-	-	-	-
Debt Service - Interest	-	-	-	-
<i>Total Expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,283</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,717</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Return of cash to PED	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net changes in fund balance</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,717</u>
<i>Fund balances - beginning of year</i>	<u>150</u>	<u>(14,841)</u>	<u>(10,263)</u>	<u>1,394</u>
<i>Fund balances - end of year</i>	<u>\$ 150</u>	<u>\$ (14,841)</u>	<u>\$ (10,263)</u>	<u>\$ 3,111</u>

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



Special Revenue						
Dual Credit Instructional Materials 27103	Library GO Bonds 27106	2012 GO Bond Student Library SB-66 27107	NM Reads to Lead K-3 Reading Initiative 27114	NM Reads to Lead K-3 Reading Initiative 27115	Pre-K Initiative 27149	Indian Education Act 27150
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
41,350	-	118,904	23	-	1,008,310	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>41,350</u>	<u>-</u>	<u>118,904</u>	<u>23</u>	<u>-</u>	<u>1,008,310</u>	<u>-</u>
41,350	-	-	-	-	1,001,865	-
-	-	-	-	-	2,345	-
-	-	119,826	-	-	-	-
-	-	-	-	-	4,100	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>41,350</u>	<u>-</u>	<u>119,826</u>	<u>-</u>	<u>-</u>	<u>1,008,310</u>	<u>-</u>
-	-	(922)	23	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	(922)	23	-	-	-
-	82	922	-	-	-	995
<u>\$ -</u>	<u>\$ 82</u>	<u>\$ -</u>	<u>\$ 23</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 995</u>

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

**STATE OF NEW MEXICO**  
**GALLUP-McKINLEY COUNTY PUBLIC SCHOOLS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR FUNDS**  
**FOR THE YEAR ENDING JUNE 30, 2017**

	Special Revenue			
	Breakfast for Elementary Students 27155	Kindergarten Three Plus 27166	After School Enrichment 27168	2010 GO Bond Instructional Materials 27171
<i>Revenues:</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	35,998	1,232,001	-	-
Federal grants	-	-	-	-
Charges for services	-	-	-	-
Miscellaneous	-	-	-	-
Interest	-	-	-	-
<i>Total Revenues</i>	<u>35,998</u>	<u>1,232,001</u>	<u>-</u>	<u>-</u>
<i>Expenditures:</i>				
Current:				
Instruction	-	1,099,738	-	-
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	12,932	-	-
Student Transportation	-	119,331	-	-
Other Support Services	-	-	-	-
Food Services Operations	35,998	-	-	-
Community Service	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service - Principal	-	-	-	-
Debt Service - Interest	-	-	-	-
<i>Total Expenditures</i>	<u>35,998</u>	<u>1,232,001</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Return of cash to PED	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net changes in fund balance</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances - beginning of year</i>	<u>56,572</u>	<u>121</u>	<u>405</u>	<u>-</u>
<i>Fund balances - end of year</i>	<u>\$ 56,572</u>	<u>\$ 121</u>	<u>\$ 405</u>	<u>\$ -</u>

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

Special Revenue					
Science Instructional Materials K-12 27176	2013 School Bus 27178	Teacher and School Leader Incentive Pay 27188	Teacher and Achool Leader Incentive Pay Group 27190	Teachers Hard to Staff 27195	School Wellness HED 28106
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	1,145,484	609,299	188,388	115,376	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	1,145,484	609,299	188,388	115,376	-
-	-	609,299	188,388	115,376	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	1,145,484	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	1,145,484	609,299	188,388	115,376	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
322	-	-	-	-	4,678
\$ 322	\$ -	\$ -	\$ -	\$ -	\$ 4,678

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

**STATE OF NEW MEXICO**  
**GALLUP-McKINLEY COUNTY PUBLIC SCHOOLS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR FUNDS**  
**FOR THE YEAR ENDING JUNE 30, 2017**

	Special Revenue			
	Office of Child Development 28170	GRADS - Child Care 28189	GRADS - Instruction 28190	Smart Start K-3 Utah State Study 28191
	\$ -	\$ -	\$ -	\$ -
<i>Revenues:</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	-	5,226	9,552	-
Federal grants	-	-	-	-
Charges for services	-	-	-	-
Miscellaneous	-	-	-	-
Interest	-	-	-	-
<i>Total Revenues</i>	<u>-</u>	<u>5,226</u>	<u>9,552</u>	<u>-</u>
<i>Expenditures:</i>				
Current:				
Instruction	-	-	9,280	-
Support Services				
Students	-	4,871	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Community Service	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service - Principal	-	-	-	-
Debt Service - Interest	-	-	-	-
<i>Total Expenditures</i>	<u>-</u>	<u>4,871</u>	<u>9,280</u>	<u>-</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>355</u>	<u>272</u>	<u>-</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Return of cash to PED	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net changes in fund balance</i>	<u>-</u>	<u>355</u>	<u>272</u>	<u>-</u>
<i>Fund balances - beginning of year</i>	<u>24,318</u>	<u>13,217</u>	<u>18,158</u>	<u>(7,545)</u>
<i>Fund balances - end of year</i>	<u>\$ 24,318</u>	<u>\$ 13,572</u>	<u>\$ 18,430</u>	<u>\$ (7,545)</u>

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

Special Revenue			Capital Projects		
CYFD Parents as Teacher Model 28193	GRADS Plus 28203	Private Direct Grants 29102	Special Revenue Bond 31110	Special Capital Outlay State 31400	Special Capital Outlay Federal 31500
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
456,056	6,133	-	-	-	-
-	-	-	-	-	737,590
-	-	-	-	-	-
-	-	-	-	-	-
<u>456,056</u>	<u>6,133</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>737,590</u>
-	3,150	(1,463)	-	-	-
444,451	-	-	-	-	-
-	-	-	-	-	-
11,605	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	140,160
-	-	-	-	-	-
-	-	-	-	-	-
<u>456,056</u>	<u>3,150</u>	<u>(1,463)</u>	<u>-</u>	<u>-</u>	<u>140,160</u>
-	2,983	1,463	-	-	597,430
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	2,983	1,463	-	-	597,430
2,443	448	13,061	647,932	70,000	464,201
<u>\$ 2,443</u>	<u>\$ 3,431</u>	<u>\$ 14,524</u>	<u>\$ 647,932</u>	<u>\$ 70,000</u>	<u>\$ 1,061,631</u>

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



**STATE OF NEW MEXICO**  
**GALLUP-McKINLEY COUNTY PUBLIC SCHOOLS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR FUNDS**  
**FOR THE YEAR ENDING JUNE 30, 2017**

Statement B-2

	Capital Projects		Total
	Public School Capital Outlay 31200	Public School Capital Outlay 20% 32100	
<i>Revenues:</i>			
Property taxes	\$ -	\$ -	\$ -
State grants	-	-	4,999,100
Federal grants	-	-	16,173,381
Charges for services	-	-	820,341
Miscellaneous	-	-	-
Interest	-	-	23
<i>Total Revenues</i>	<u>-</u>	<u>-</u>	<u>21,992,845</u>
<i>Expenditures:</i>			
Current:			
Instruction	-	-	16,210,160
Support Services			
Students	-	-	1,391,217
Instruction	-	-	998,477
General Administration	-	-	353,701
School Administration	-	-	-
Central Services	-	-	97,067
Operation & Maintenance of Plant	-	-	12,932
Student Transportation	-	-	1,264,815
Other Support Services	-	-	-
Food Services Operations	-	-	244,482
Community Service	-	-	6,878
Capital Outlay	-	-	140,160
Debt Service - Principal	-	-	-
Debt Service - Interest	-	-	-
<i>Total Expenditures</i>	<u>-</u>	<u>-</u>	<u>20,719,889</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>1,272,956</u>
<i>Other financing sources (uses):</i>			
Operating transfers	-	-	-
Return of cash to PED	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net changes in fund balance</i>	<u>-</u>	<u>-</u>	<u>1,272,956</u>
<i>Fund balances - beginning of year</i>	<u>1</u>	<u>1</u>	<u>5,276,422</u>
<i>Fund balances - end of year</i>	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ 6,549,378</u>

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





**COMPONENT UNIT**

**STATE OF NEW MEXICO**  
**GALLUP-McKINLEY COUNTY PUBLIC SCHOOLS - COMPONENT UNIT**  
**MIDDLE COLLEGE CHARTER SCHOOL**  
**COMBINING BALANCE SHEET**  
**JUNE 30, 2017**

	General Fund			2012 GO Bond Student Library SB-66 27107
	Operational 11000	Instructional Materials 14000	Entitlement IDEA-B 24106	
<b>ASSETS</b>				
<i>Current Assets</i>				
Cash and cash equivalents	500,243	\$ 1,507	\$ -	\$ -
Accounts receivable				
Taxes	-	-	-	-
Due from other governments	-	-	-	-
Interfund receivables	27	-	-	-
Inventory	-	-	-	-
<i>Total assets</i>	500,270	1,507	-	-
<b>LIABILITIES AND FUND BALANCES</b>				
<i>Current Liabilities:</i>				
Accounts payable	6,753	-	-	-
Accrued payroll liabilities	8,147	-	-	-
Interfund payables	-	-	-	-
Deferred revenue - other	-	-	-	-
<i>Total liabilities</i>	14,900	-	-	-
<i>Fund balances</i>				
Fund Balance:				
Nonspendable	-	-	-	-
Restricted	-	1,507	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	485,370	-	-	-
<i>Total fund balance</i>	485,370	1,507	-	-
<i>Total liabilities and fund balance</i>	\$ 500,270	\$ 1,507	\$ -	\$ -

The accompanying notes are an integral part of these financial statements

Public School Capital Outlay 31200	Capital Improvements SB-9 31700	Total
\$ -	\$ 8,896	\$ 510,646
-	-	-
-	-	-
-	-	27
-	-	-
<u>-</u>	<u>8,896</u>	<u>510,673</u>
-	-	6,753
-	-	8,147
27	-	27
-	-	-
<u>27</u>	<u>-</u>	<u>14,927</u>
-	-	-
-	8,896	10,403
-	-	-
-	-	-
<u>(27)</u>	<u>-</u>	<u>485,343</u>
<u>(27)</u>	<u>8,896</u>	<u>495,746</u>
<u>\$ -</u>	<u>\$ 8,896</u>	<u>\$ 510,673</u>

The accompanying notes are an integral part of these financial statements



**STATE OF NEW MEXICO**  
**GALLUP-McKINLEY COUNTY PUBLIC SCHOOLS - COMPONENT UNIT**  
**MIDDLE COLLEGE CHARTER SCHOOL**  
**GOVERNMENTAL FUNDS**  
 June 30, 2017

Statement F-1  
 (Page 2 of 2)

		Governmental Funds
<p>Amounts reported for governmental activities in the statement of net assets are different because:</p>		
Fund balances - total governmental funds	\$	495,746
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		154,792
Pension Liability		(1,234,908)
Deferred Outflow of Resources - Related to Pension		223,359
Deferred Inflow of Resources - Related to Pension		(11,746)
<p>Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds:</p>		
Accrued compensated absences		(7,015)
Net Position-total Governmental Activities	\$	(379,772)

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**GALLUP-McKINLEY COUNTY PUBLIC SCHOOLS - COMPONENT UNIT**  
**MIDDLE COLLEGE CHARTER SCHOOL**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDING JUNE 30, 2017**

	General Fund			2012 GO Bond
	Operational 11000	Instructional Materials 14000	Entitlement IDEA-B 24106	Student Library SB-66 27107
<i>Revenues:</i>				
Charges for services	\$ -	\$ -	\$ -	\$ -
Property taxes	-	-	-	-
State grants	1,245,847	6,074	-	-
Federal grants	-	-	-	-
Miscellaneous	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	<u>1,245,847</u>	<u>6,074</u>	<u>-</u>	<u>-</u>
<i>Expenditures:</i>				
Current:				
Instruction	502,034	5,132	-	-
Support Services				
Students	124,239	-	-	-
Instruction	43,503	-	-	-
General Administration	15,827	-	-	-
School Administration	136,651	-	-	-
Central Services	196,098	-	-	-
Operation & Maintenance of Plant	35,312	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Community Service	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>1,053,664</u>	<u>5,132</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>192,183</u>	<u>942</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Proceeds from bond issues	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net changes in fund balances</i>	192,183	942	-	-
<i>Fund balances - beginning of year</i>	293,187	565	-	-
<i>Fund balances - end of year</i>	<u>\$ 485,370</u>	<u>\$ 1,507</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

Public School Capital Outlay 31200	Capital Improvements SB-9 31700	Total
\$ -	\$ -	\$ -
-	10,134	10,134
23,489	-	1,275,410
-	-	-
-	-	-
-	-	-
<u>23,489</u>	<u>10,134</u>	<u>1,285,544</u>
-	-	507,166
-	-	124,239
-	-	43,503
-	101	15,928
-	-	136,651
-	-	196,098
-	-	35,312
-	-	-
-	-	-
-	-	-
23,516	1,137	24,653
-	-	-
-	-	-
<u>23,516</u>	<u>1,238</u>	<u>1,083,550</u>
<u>(27)</u>	<u>8,896</u>	<u>201,994</u>
-	-	-
-	-	-
-	-	-
(27)	8,896	201,994
-	-	293,752
<u>\$ (27)</u>	<u>\$ 8,896</u>	<u>\$ 495,746</u>

The accompanying notes are an integral part of these financial statements





**STATE OF NEW MEXICO**  
**GALLUP-McKINLEY COUNTY PUBLIC SCHOOLS - COMPONENT UNIT**  
**MIDDLE COLLEGE CHARTER SCHOOL**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2017**

Statement F-2  
(Page 3 of 3)

	Governmental Funds
Amounts reported for governmental activities in the statement of activities are different because:	
Net change in fund balances - total governmental funds	\$ 201,994
Capital Outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net assets and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities. This is the amount by which depreciation exceeds capital outlays for the period.	
Depreciation expense	-
Capital Outlays	-
Change in pension expense	(170,321)
Change in accrued compensated absences	(4,325)
Change in Net Position-Total Governmental Activities	\$ 27,348

**STATE OF NEW MEXICO**  
**GALLUP-McKINLEY COUNTY PUBLIC SCHOOLS - COMPONENT UNIT**  
**MIDDLE COLLEGE CHARTER SCHOOL**  
**OPERATIONAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL**  
**FOR THE YEAR ENDING JUNE 30, 2017**

Statement F-3

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<i>Revenues:</i>				
Charges for services	\$ -	\$ -	\$ -	\$ -
Property taxes	-	-	-	-
State grants	1,056,832	1,227,646	1,245,847	18,201
Federal grants	-	-	-	-
Miscellaneous	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	<u>1,056,832</u>	<u>1,227,646</u>	<u>1,245,847</u>	<u>18,201</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	651,271	579,552	498,836	80,716
Support Services				
Students	64,203	142,693	124,239	18,454
Instruction	69,914	62,366	43,503	18,863
General Administration	27,000	27,000	15,827	11,173
School Administration	194,361	158,395	135,507	22,888
Central Services	200,385	224,987	195,839	29,148
Operation & Maintenance of Plant	56,999	66,272	35,055	31,217
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Community Services	-	-	-	-
Capital outlay	19,153	192,835	-	192,835
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>1,283,286</u>	<u>1,454,100</u>	<u>1,048,806</u>	<u>405,294</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(226,454)</u>	<u>(226,454)</u>	<u>197,041</u>	<u>423,495</u>
<i>Other financing sources (uses):</i>				
Designated cash	226,454	226,454	-	(226,454)
Operating transfers	-	-	-	-
Proceeds from bond issues	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>226,454</u>	<u>226,454</u>	<u>-</u>	<u>(226,454)</u>
<i>Net changes in fund balances</i>	<u>-</u>	<u>-</u>	<u>197,041</u>	<u>197,041</u>
<i>Fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>303,229</u>	<u>303,229</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 500,270</u>	<u>\$ 500,270</u>
<i>Reconciliation to GAAP Basis:</i>				
Revenue accruals			-	
Expenditure accruals			(4,858)	
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)</i>			<u>\$ 192,183</u>	

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**GALLUP-McKINLEY COUNTY PUBLIC SCHOOLS - COMPONENT UNIT**  
**MIDDLE COLLEGE CHARTER SCHOOL**  
**INSTRUCTIONAL MATERIALS FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL**  
**FOR THE YEAR ENDING JUNE 30, 2017**

Statement F-4

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<i>Revenues:</i>				
Charges for services	\$ -	\$ -	\$ -	\$ -
Property taxes	-	-	-	-
State grants	3,933	4,569	6,074	1,505
Federal grants	-	-	-	-
Miscellaneous	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	<u>3,933</u>	<u>4,569</u>	<u>6,074</u>	<u>1,505</u>
<i>Expenditures:</i>				
Current:				
Instruction	4,421	5,134	5,132	2
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Community Services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>4,421</u>	<u>5,134</u>	<u>5,132</u>	<u>2</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(488)</u>	<u>(565)</u>	<u>942</u>	<u>1,507</u>
<i>Other financing sources (uses):</i>				
Designated cash	488	565	-	(565)
Operating transfers	-	-	-	-
Proceeds from bond issues	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>488</u>	<u>565</u>	<u>-</u>	<u>(565)</u>
<i>Net changes in fund balances</i>	<u>-</u>	<u>-</u>	<u>942</u>	<u>942</u>
<i>Fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>565</u>	<u>565</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,507</u>	<u>\$ 1,507</u>
<i>Reconciliation to GAAP Basis:</i>				
Revenue accruals			-	
Expenditure accruals			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ 942</u>	

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**GALLUP-McKINLEY COUNTY PUBLIC SCHOOLS - COMPONENT UNIT**  
**MIDDLE COLLEGE CHARTER SCHOOL**  
**ENTITLEMENT IDEA-B**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL**  
**FOR THE YEAR ENDING JUNE 30, 2017**

Statement F-5

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<i>Revenues:</i>				
Charges for services	\$ -	\$ -	\$ -	\$ -
Property taxes	-	-	-	-
State grants	-	-	-	-
Federal grants	-	-	-	-
Miscellaneous	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	-	-	-	-
<i>Expenditures:</i>				
Current:				
Instruction	-	-	-	-
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Community Services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	-	-	-	-
<i>Excess (deficiency) of revenues over (under) expenditures</i>	-	-	-	-
<i>Other financing sources (uses):</i>				
Designated cash	-	-	-	-
Operating transfers	-	-	-	-
Proceeds from bond issues	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Net changes in fund balances</i>	-	-	-	-
<i>Fund balances - beginning of year</i>	-	-	-	-
<i>Fund balances - end of year</i>	\$ -	\$ -	\$ -	\$ -
<i>Reconciliation to GAAP Basis:</i>				
Revenue accruals			-	
Expenditure accruals			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			\$ -	

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**GALLUP-McKINLEY COUNTY PUBLIC SCHOOLS - COMPONENT UNIT**  
**MIDDLE COLLEGE CHARTER SCHOOL**  
**2012 GO BOND STDENT LIBRARY SB-66**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL**  
**FOR THE YEAR ENDING JUNE 30, 2017**

Statement F-6

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<i>Revenues:</i>				
Charges for services	\$ -	\$ -	\$ -	\$ -
Property taxes	-	-	-	-
State grants	-	-	3,198	3,198
Federal grants	-	-	-	-
Miscellaneous	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>3,198</u>	<u>3,198</u>
<i>Expenditures:</i>				
Current:				
Instruction	-	-	-	-
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Community Services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>3,198</u>	<u>3,198</u>
<i>Other financing sources (uses):</i>				
Designated cash	-	-	-	-
Operating transfers	-	-	-	-
Proceeds from bond issues	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net changes in fund balances</i>	<u>-</u>	<u>-</u>	<u>3,198</u>	<u>3,198</u>
<i>Fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(3,198)</u>	<u>(3,198)</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<i>Reconciliation to GAAP Basis:</i>				
Revenue accruals			(3,198)	
Expenditure accruals			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ -</u>	

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**GALLUP-McKINLEY COUNTY PUBLIC SCHOOLS - COMPONENT UNIT**  
**MIDDLE COLLEGE CHARTER SCHOOL**  
**PUBLIC SCHOOL CAPITAL OUTLAY FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL**  
**FOR THE YEAR ENDING JUNE 30, 2017**

Statement F-7

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<i>Revenues:</i>				
Charges for services	\$ -	\$ -	\$ -	\$ -
Property taxes	-	-	-	-
State grants	-	23,516	23,516	-
Federal grants	-	-	-	-
Miscellaneous	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>23,516</u>	<u>23,516</u>	<u>-</u>
<i>Expenditures:</i>				
Current:				
Instruction	-	-	-	-
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Community Services	-	-	-	-
Capital outlay	-	23,516	23,516	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>23,516</u>	<u>23,516</u>	<u>-</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses):</i>				
Designated cash	-	-	-	-
Operating transfers	-	-	-	-
Proceeds from bond issues	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net changes in fund balances</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(27)</u>	<u>(27)</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (27)</u>	<u>\$ (27)</u>
<i>Reconciliation to GAAP Basis:</i>				
Revenue accruals			(27)	
Expenditure accruals			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ (27)</u>	

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**GALLUP-McKINLEY COUNTY PUBLIC SCHOOLS - COMPONENT UNIT**  
**MIDDLE COLLEGE CHARTER SCHOOL**  
**CAPITAL IMPROVEMENTS SB-9 CAPITAL PROJECTS FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL**  
**FOR THE YEAR ENDING JUNE 30, 2017**

Statement F-8

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<i>Revenues:</i>				
Charges for services	\$ -	\$ -	\$ -	\$ -
Property taxes	-	6,158	10,134	3,976
State grants	12,568	28,732	3,724	(25,008)
Federal grants	-	-	-	-
Miscellaneous	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	<u>12,568</u>	<u>34,890</u>	<u>13,858</u>	<u>(21,032)</u>
<i>Expenditures:</i>				
Current:				
Instruction	-	-	-	-
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	150	101	49
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Community Services	-	-	-	-
Capital outlay	12,568	34,740	1,137	33,603
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>12,568</u>	<u>34,890</u>	<u>1,238</u>	<u>33,652</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>12,620</u>	<u>12,620</u>
<i>Other financing sources (uses):</i>				
Designated cash	-	-	-	-
Operating transfers	-	-	-	-
Proceeds from bond issues	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net changes in fund balances</i>	<u>-</u>	<u>-</u>	<u>12,620</u>	<u>12,620</u>
<i>Fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(3,724)</u>	<u>(3,724)</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,896</u>	<u>\$ 8,896</u>
<i>Reconciliation to GAAP Basis:</i>				
Revenue accruals			(3,724)	
Expenditure accruals			-	
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)</i>			<u>\$ 8,896</u>	

The accompanying notes are an integral part of these financial statements





**SUPPORTING SCHEDULES**

**STATE OF NEW MEXICO**  
**GALLUP-McKINLEY COUNTY PUBLIC SCHOOLS**  
**AGENCY FUNDS**  
**SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES**  
**FOR THE YEAR ENDED JUNE 30, 2017**

Schedule I

	Balance June 30, 2016	Additions	Deletions	Balance June 30, 2017
Chee Dodge Elementary	\$ 9,908	\$ 15,862	\$ 16,662	\$ 9,108
Chief Manuelito Middle	13,265	27,265	28,084	12,446
Church Rock Elementary	283	-	283	-
Crownpoint Elementary	(92)	12,983	9,595	3,296
Crownpoint Middle	30,767	180	25,463	5,484
Crownpoint High	4,822	78,683	58,145	25,360
David Skeet Elementary	3,660	18,895	20,668	1,887
Gallup Central High	29,750	3,090	2,490	30,350
Gallup High School	171,501	539,498	529,479	181,520
Gallup Mid School	11,305	30,633	29,451	12,487
Indian Hills	10,884	18,595	19,670	9,809
Jefferson Elementary	15,844	33,335	36,758	12,421
JFK Middle School	21,000	22,332	26,525	16,807
Juan de Onate Elementary	12,415	24,685	37,100	-
Lincoln Elementary	13,572	49,820	49,516	13,876
Miyamura High School	90,620	251,567	250,625	91,562
Navajo Elementary	1,526	10,308	9,503	2,331
Navajo Mid School	2,377	11,478	10,562	3,293
Navajo Pine High	10,334	41,293	42,506	9,121
Ramah Elementary	6,083	23,631	19,199	10,515
Ramah High	50,542	46,016	41,284	55,274
Red Rock Elementary	12,724	44,649	40,688	16,685
Rocky View Elementary	5,243	32,840	33,042	5,041
Roosevelt Elementary	27,439	39,811	36,810	30,440
Stagecoach Elementary	12,478	27,279	25,733	14,024
Thoreau Elementary	10,966	16,726	15,950	11,742
Thoreau Middle School	8,315	15,998	16,128	8,185
Thoreau High	38,473	90,310	91,806	36,977
Tohatchi Elementary	8,241	23,291	20,046	11,486
Tohatchi Mid-School	12,478	20,717	25,040	8,155
Tohatchi High	26,597	65,724	67,271	25,050
Tse Yi Gai High School	2,005	25,008	25,052	1,961
Turpen Elementary	11,754	25,236	28,499	8,491
Twin Lakes Elementary	1,535	20,046	20,711	870
Washington (Del Norte)	11,926	44,753	39,575	17,104
Total All Schools	<u>\$ 700,540</u>	<u>\$ 1,752,537</u>	<u>\$ 1,749,919</u>	<u>\$ 703,158</u>

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

**STATE OF NEW MEXICO**  
**GALLUP-McKINLEY COUNTY PUBLIC SCHOOLS**  
**SCHEDULE OF COLLATERAL PLEDGED BY DEPOSITORY**  
**FOR PUBLIC FUNDS**  
**JUNE 30, 2017**

Schedule II

Name of Depository	Description of Pledged Collateral	Fair Market Value / Par Value June 30, 2017	Name and Location of Safekeeper
<b>District:</b>			
<b>Pinnacle Bank</b>			
	FHLB BOND 313382K69 1.75% 3/12/2021	\$ 10,000,600	Federal Reserve Bank/US Bank
	FHLB BONDS 3133XHFY2 5.37% 9/30/2022	11,682,300	Federal Reserve Bank/US Bank
	GNMA 15 134 LV 38379HW59 3.5% 12/20/2026	3,651,624	Federal Reserve Bank/US Bank
	FNMA 10 95 KA 31398NEZ3 2.5% 7/25/2040	1,072,744	Federal Reserve Bank/US Bank
	FNMA 13 6 VH 31361BP80 3.50% 2/25/2026	3,724,097	Federal Reserve Bank/US Bank
	FHMLC 2990 TD 31395V4LO 4.0% 5/15/2035	18,710	Federal Reserve Bank/US Bank
	FHLMC 3819 DJ 3137A8LA4 2.0% 11/15/2018	224,265	Federal Reserve Bank/US Bank
	FHLMC 3926 NM 3137AFCG5 2.0% 11/15/2040	653,873	Federal Reserve Bank/US Bank
	FHHS K709 A2 3137AQVW5 2.08% 2/19/2019	5,185,793	Federal Reserve Bank/US Bank
	FHLMC 4290 VA 3137 B7F38 3.5% 1/15/2027	6,376,725	Federal Reserve Bank/US Bank
	FNMA 11 104 CA 3136A1EH4 2.0% 10/25/2021	792,252	Federal Reserve Bank/US Bank
		<u>43,382,982</u>	
<b>Bank of America</b>			
	FNMA FNMS 3138M0CP3 3.0% 9/01/2042	2,751,211	Federal Reserve Bank
	FNMA FNMS 3138WFXS0 3.0% 10/01/2035	2,459,319	Federal Reserve Bank
	FNMA FNMS 31418AJK5 3.0% 9/01/2032	117,089	Federal Reserve Bank
		<u>\$ 5,327,620</u>	
<b>Pinnacle Bank</b>			
	FNCL Pool AO2978 - 3138LTJY5 3.5% 5/01/2042	2,977,432	Federal Reserve Bank
		<u>2,977,432</u>	
<b>Total District</b>		<u><u>51,688,034</u></u>	
<b>Component Unit:</b>			
<b>Wells Fargo Bank</b>			
	FNMA 31418AEB0 3.50% Date: 4/1/32	155,303	Wells Fargo Bank, N.A.
<b>Total Component Unit</b>		<u><u>\$ 155,303</u></u>	

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

**STATE OF NEW MEXICO**  
**GALLUP-McKINLEY COUNTY PUBLIC SCHOOLS**  
**SCHEDULE OF CASH AND TEMPORARY INVESTMENT ACCOUNTS**  
**JUNE 30, 2017**

Schedule III

Bank Account Type/Name	Wells Fargo	Bank of America	Bank of Amer. NMFA	Pinnacle Bank	Totals
<b>District:</b>					
Checking - Chee Dodge	\$ -	\$ -	\$ -	\$ -	\$ -
Checking- Accounts Payable	2,166,264	-	-	-	2,166,264
Checking - Crownpoint Elementary	3,681	-	-	-	3,681
Checking - Gallup Mid	675	-	-	-	675
Checking - Indian Hills Elem	270	-	-	-	270
Checking - Thoreau High	5,255	-	-	-	5,255
Checking - Tohatchi High	25,150	-	-	-	25,150
Checking- Tohatchi Mid	1	-	-	-	1
Checking- Tse Yi Gai High	882	-	-	-	882
Checking- Food Services	2,410,905	-	-	-	2,410,905
Checking - Payroll Clearing	192,830	-	-	-	192,830
Checking- Non-Budgeted	648,271	-	-	-	648,271
Checking- Accounts Payable	-	15,471	-	-	15,471
Checking- Direct Deposit/ACH	-	5,087	-	-	5,087
Checking- David Skeet Elementary	-	1,888	-	-	1,888
Checking- Gallup High	-	21,438	-	-	21,438
Checking- Navajo Elem	-	10	-	-	10
Checking- Navajo Mid	-	735	-	-	735
Checking- Navajo Pine High	-	3,255	-	-	3,255
Checking- Twin Lakes Elem	-	-	-	124	124
Checking- Statement 8	-	-	1,005,739	-	1,005,739
Checking- Statement 9	-	-	1,002,628	-	1,002,628
Checking- Federal Projects I&II	-	-	-	18,987,858	18,987,858
Checking- Student Activities	-	-	-	587,934	587,934
Checking- Athletics	-	-	-	62,049	62,049
Checking- Operations	-	-	-	27,835,281	27,835,281
Checking- Bond Building	-	-	-	19,667,806	19,667,806
Checking- Chief Manuelito	-	-	-	274	274
Checking-Crownpoint Mid	-	-	-	948	948
Checking- Washington (Del Norte Elem)	-	-	-	18,278	18,278
Checking- Gallup Central High	-	-	-	303	303
Checking- Jefferson Elem	-	-	-	48	48
Checking- JFK Mid	-	-	-	212	212
Checking- Miyamura	-	-	-	50,983	50,983
Checking- Ramah Elem	-	-	-	1,586	1,586
Checking- Ramah High	-	-	-	5,642	5,642
Checking- Red Rock Elem	-	-	-	1,639	1,639
Checking- Rocky View Elem	-	-	-	1,169	1,169
Checking-Stagecoach Elem	-	-	-	165	165
Checking-Turpen Elem	-	-	-	633	633
<b>Total On Deposit</b>	<b>5,454,183</b>	<b>47,884</b>	<b>2,008,367</b>	<b>67,222,931</b>	<b>74,715,087</b>
Reconciling Items - District	(2,198,278)	179,615	-	(574,316)	(2,592,979)
<b>Reconciled Balance June 30, 2017</b>	<b>\$ 3,255,905</b>	<b>\$ 227,499</b>	<b>\$ 2,008,367</b>	<b>\$ 66,648,615</b>	<b>\$ 72,122,108</b>
Less: Agency Funds					703,153
Reconciled Balance per Exhibit A-1					<u>71,418,955</u>

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

**STATE OF NEW MEXICO**  
**GALLUP-McKINLEY COUNTY PUBLIC SCHOOLS**  
**SCHEDULE OF CASH AND TEMPORARY INVESTMENT ACCOUNTS**  
**JUNE 30, 2017**

<b>Component Unit:</b>					
Checking-Operations	<u>\$ 511,889</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 511,889</u>
Total On Deposit	511,889	-	-	-	511,889
Reconciling Items - Charter	<u>(1,243)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,243)</u>
Reconciled Balance June 30, 2017	<u><u>\$ 510,646</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 510,646</u></u>

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

**STATE OF NEW MEXICO**  
**GALLUP-McKINLEY COUNTY PUBLIC SCHOOLS**  
**CASH RECONCILIATION**  
**JUNE 30, 2017**

	Operational Account 11000	Teacherage Account 12000	Transportation Account 13000	Instructional Materials 14000	Food Services Account 21000
Cash, June 30, 2016	31,760,905	240,797	268,299	908,347	1,220,261
Add:					
2016-17 revenues	91,973,463	874,914	4,836,207	690,661	7,018,335
Total cash available	123,734,368	1,115,711	5,104,506	1,599,008	8,238,596
Less:					
2016-17 expenditures	(94,590,531)	(593,687)	(4,846,149)	(1,056,704)	(7,259,907)
Permanent cash transfers	(2,500,000)	(300,000)	(61,260)	-	1,157,699
PY outstanding loans	-	-	-	-	-
Net Cash	26,643,837	222,024	197,097	542,304	2,136,388
Adjustments:					
Due To / Due From Other Funds	-	-	-	-	-
Current Year Outstanding Loans	(3,290,430)	-	-	-	-
Prior Year Payroll Accruals	118,110	3,270	(3,116)	-	273,658
Other Adjs Receivable/Payables	-	-	-	-	-
Cash, June 30, 2017	23,471,517	225,294	193,981	542,304	2,410,046

The accompanying notes are an integral part of these financial statements

Athletics Account 22000	Non-Instruction Account 23000	Federal Flowthrough 24000	Federal Direct 25000	Local Grants 26000	State Flowthrough 27000	State Direct 28000
312,614	890,578	(5,130,436)	12,535,081	(23,610)	(760,752)	(37,776)
278,556	541,808	15,582,142	10,946,955	27,000	4,061,801	518,960
591,170	1,432,386	10,451,706	23,482,036	3,390	3,301,049	481,184
(532,495)	(722,432)	(11,661,292)	(6,153,310)	(25,383)	(4,496,032)	(473,357)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
58,675	709,954	(1,209,586)	17,328,726	(21,993)	(1,194,983)	7,827
-	-	-	-	-	-	-
-	-	1,713,411	147,019	25,104	1,329,760	54,926
-	(1,611)	(92,841)	(17,856)	-	(51,331)	2,369
-	-	-	-	-	-	-
58,675	708,343	410,984	17,457,889	3,111	83,446	65,122

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**GALLUP-McKINLEY COUNTY PUBLIC SCHOOLS**  
**CASH RECONCILIATION**  
**JUNE 30, 2017**

	Local / State 29000	Bond Building Account 31100	Public School Capital Outlay 31200	Spec. Capital Outlay-State 31400	Spec. Capital Outlay-Federal 31500
Cash, June 30, 2016	14,524	14,156,207	1	70,000	489,184
Add:					
2016-17 revenues	-	5,218	-	-	737,590
Total cash available	14,524	14,161,425	1	70,000	1,226,774
Less:					
2016-17 expenditures	-	(10,011,774)	-	-	(133,883)
Permanent cash transfers	-	-	-	-	-
PY outstanding loans	-	-	-	-	-
Net Cash	14,524	4,149,651	1	70,000	1,092,891
Adjustments:					
Due To / Due From Other Funds	-	-	-	-	-
Current Year Outstanding Loans	-	-	-	-	-
Prior Year Payroll Accruals	-	-	-	-	-
Other Adjs Receivable/Payables	-	-	-	-	-
Cash, June 30, 2017	14,524	4,149,651	1	70,000	1,092,891

The accompanying notes are an integral part of these financial statements



Cap. Improv. SB 9 31700	Cap. Improv. SB 9 32100	Debt Service Fund 41000	Total
3,662,718	1	14,639,277	75,216,220
5,339,325	-	7,581,895	151,014,830
9,002,043	1	22,221,172	226,231,050
(4,937,945)	-	(8,649,208)	(156,144,089)
-	-	2,800,000	1,096,439
-	-	-	-
4,064,098	1	16,371,964	71,183,400
-	-	-	-
20,211	-	-	1
-	-	4,900	235,552
-	-	-	-
4,084,309	1	16,376,864	71,418,953

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**GALLUP-McKINLEY COUNTY PUBLIC SCHOOLS - COMPONENT UNIT**  
**MIDDLE COLLEGE HIGH CHARTER SCHOOL**  
**CASH RECONCILIATION**  
**JUNE 30, 2017**

	Operational Account 11000	Instructional Materials 14000	Federal Flowthrough 24000	Federal Direct 25000
Cash, June 30, 2016	\$ 293,186	\$ 565	\$ -	\$ -
Add:				
2016-2017 revenues	1,245,847	6,074	-	-
Loans from other funds	-	-	-	-
Total cash available	1,539,033	6,639	-	-
Less:				
2016-17 expenditures	(1,048,806)	(5,132)	-	-
Permanent cash transfers	-	-	-	-
Payroll liabilities	10,042	-	-	-
Loans to other funds	-	-	-	-
Cash, June 30, 2017	<u>\$ 500,269</u>	<u>\$ 1,507</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

State Flowthrough 26000	State Flowthrough 27000	Public School Capital Outlay 31200	Capital Improvements SB-9 31700	Total
\$ -	\$ (3,198)	\$ (27)	\$ (3,724)	\$ 286,802
-	3,198	23,516	13,858	1,292,493
-	-	-	-	-
-	-	23,489	10,134	1,579,295
-	-	(23,516)	(1,238)	(1,078,692)
-	-	-	-	-
-	-	-	-	10,042
-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ (27)</u>	<u>\$ 8,896</u>	<u>\$ 510,645</u>

The accompanying notes are an integral part of these financial statements



**COMPLIANCE SECTION**





**GPS Griego Professional Services, LLC**

Certified Public Accountants

**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***

Tim Keller  
New Mexico State Auditor  
The Office of Management and Budget  
To the Board of Education  
Gallup-McKinley County Schools  
Gallup, New Mexico

We have audited, 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, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, the aggregate remaining fund information, the budgetary comparisons of the general funds and major special revenue funds, of the Gallup-McKinley County Schools, New Mexico (the "District"), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Gallup-McKinley County Schools basic financial statements and have issued our report thereon dated November 13, 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 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.

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Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs, which we consider to be significant deficiencies as items FS 2009-002, FS 2015-002, and FS 2017-001.

#### Compliance and Other Matters

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

#### Responses to Findings

The District's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the agency's responses and, accordingly, we express no opinion on them.

#### Purpose of the Report

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

*Grigo Professional Services, LLC*

Albuquerque, New Mexico  
November 13, 2017



**FEDERAL FINANCIAL ASSISTANCE**





# Griego Professional Services, LLC

Certified Public Accountants

## REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH UNIFORM GUIDANCE

Tim Keller  
New Mexico State Auditor  
The Office of Management and Budget  
To the Board of Education  
Gallup-McKinley County Public Schools  
Gallup, New Mexico

### Report on Compliance for Each Major Federal Program

We have audited Gallup-McKinley County Public Schools (the District) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2017. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### Management's Responsibility

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

### Auditor's Responsibility

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

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program.

### Opinion on Each of the Other Major Federal Programs

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

### Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items FA 2014-001. Our opinion on each major program is not modified with respect to these matters.

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

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

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

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item FA 2017-001 to be a significant deficiency.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

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



Albuquerque, New Mexico  
January 31, 2017





**STATE OF NEW MEXICO**  
**GALLUP-McKINLEY COUNTY PUBLIC SCHOOLS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**JUNE 30, 2017**

Schedule V

Federal Grantor or Pass-Through Grantor / Program Title	Passthrough Number	Federal CFDA	Federal Expenditures
<b>U.S. Department of Education</b>			
<i>Passthrough State of New Mexico Department of Education</i>			
Title I - IASA	24101	84.010	6,980,572
IDEA B Entitlement (1)	24106	84.027	1,696,331
New Mexico Autism Project (1)	24108	84.027	5,302
IDEA B Pre-School (1)	24109	84.173	103,438
Education of the Homeless	24113	84.196	23,109
Private Schools Share IDEA-B (1)	24115	84.027	40,712
IDEA-B - Plan Results (1)	24132	84.027	112,104
English Language Acquisition (1)	24153	84.365	331,487
Title II	24154	84.367A	887,095
Rural and Low Income Schools	24160	84.358B	212,795
Title I School Improvement	24162	84.010A	430,911
Carl Perkins	24174	84.048	207,403
USHHS/CDC School Health	24186	84.048	5,721
 <i>Direct Federal Grants</i>			
Impact aid - General Fund (1)	11000	84.041	26,790,911
Impact aid - Special Education (1)	25145	84.041	458,311
Impact aid - Construction (1)	31500	84.041	140,160
Indian Education Formula Grant (1)	25184	84.060A	1,716,583
<i>Total - U.S. Department of Education</i>			40,142,945
 <b>U.S. Department of Health and Human Services</b>			
<i>Direct Federal Grants</i>			
Child Care Block Grant CYFD	25157	93.037	54,196
Navajo Nation	25201	93.257	122,568
 <i>Passthrough State of New Mexico Children, Youth and Families Department</i>			
GRADS - Child Care	28189	93.500	4,871
GRADS - Instruction	28190	93.500	9,280
GRADS - Plus	28203	93.500	3,150
ACA Maternal, Infants and Early Childhood Visiting Program	28193	93.505	456,056
<i>Total - U.S. Department of Health and Human Services</i>			650,121

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

**STATE OF NEW MEXICO**  
**GALLUP-McKINLEY COUNTY PUBLIC SCHOOLS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**JUNE 30, 2017**

Schedule V

**U.S. Department of Interior**

*Passthrough Bureau of Indian Affairs*

Johnson O'Malley (1)	25131	15.130	649,103
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<i>Subtotal - Passthrough U.S. Department of Interior</i>			649,103
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**U.S. Department of Agriculture**

*Federal Direct*

Schools and Roads - Grants to States	11000	10.665	259,639
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*Passthrough State of New Mexico Department of Education*

Forest Reserve	11000	10.672	10,554
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National School Lunch Program	21000	10.555	6,181,669
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National School Breakfast Program	21000	10.553	322,436
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National School Food Distribution	21000	10.555	325,635
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Child and Adult Care Food Program	25171	10.558	4,938
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Fruit and Vegetable Program	24118	10.582	208,484
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<i>Subtotal - Passthrough U.S. Department of Agriculture</i>			7,313,355
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**Total Federal Financial Assistance**

**\$ 48,755,524**

(1) Denotes Major Federal Financial Assistance Program

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal grant activity of the Gallup-McKinley County Public Schools and is presented on the modified accrual basis of accounting, which is the same basis as was used to prepare the fund financial statements. The information in this Schedule is presented in accordance with the requirements of OMB Uniform Guidance. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.

2. Subrecipients

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

3. Non-Cash Federal Assistance

The District receives USDA Commodities for use in sponsoring the National School Lunch program. The value of received for the year ended June 30, 2017 was \$325,635 and is reported in the Schedule of Expenditures of Federal Awards under the Department of Agriculture Commodities program, CFDA number 10.550. Commodities are recorded as revenues and expenditures in the food service fund.

4. Indirect Cost Rate

The District has not elected to use the 10% de minimus indirect cost rate as allowed under the Uniform Guidance.

5. Loan Amount

The District has not maintained loan related to federal guidelines which may require disclosure.

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

Total federal awards expended per Schedule of Expenditures of Federal Awards	\$ 48,755,524
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Total expenditures funded by other sources	85,844,774
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Total expenditures	134,600,298
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The accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO**  
**GALLUP-MCKINLEY COUNTY SCHOOLS**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

**Section I – Summary of Audit Results***Financial Statements:*

- |  |            |
|--|------------|
| 1. Type of auditors' report issued                       | Unmodified |
| 2. Internal control over financial reporting:            |            |
| a. Material weaknesses identified?                       | No         |
| b. Significant deficiencies identified?                  | Yes        |
| c. Noncompliance material to financial statements noted? | No         |

*Federal Awards:*

- |   |            |
|---|------------|
| 1. Internal control over major programs:  |            |
| a. Material weaknesses identified?  | Yes        |
| b. Significant deficiency identified not considered to be material weaknesses?  | No         |
| c. Control deficiency identified not considered to be a significant deficiency?   | No         |
| 2. Type of auditors' report issued on compliance for major programs   | Unmodified |
| 3. Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Uniform Guidance? | Yes        |
| 4. Identification of major programs:  |            |

CFDA Number	Federal Program
84.027/84.173	
84.041	IDEA-B Cluster
15.130	Impact Aid - Cluster
84.060	Johnson O'Malley
84.365	Indian Education Formula Grant English Language Acquisition

- |   |             |
|---|-------------|
| 5. Dollar threshold used to distinguish between type A and type B programs: | \$1,462,147 |
| 6. Auditee qualified as low-risk auditee?                                   | No          |

**STATE OF NEW MEXICO**  
**GALLUP-MCKINLEY COUNTY SCHOOLS**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

**Section II – Financial Statement Findings**

**FS 2017-001—Accounts Receivable (Significant Deficiency)**

*Condition:* During our review of the accounts receivable and grant revenues, GPS noted that the District did not receive requests for reimbursement related to the IDEA-B, Teacher and School Leader Incentive Pay and Pay Group, Teachers Hard to Staff and other state funded awards in a timely manner. These instances' were a result of disapproved requests as well untimely reimbursement from the awarding agency and other delays which occurred. In some cases, funding for awards was only provided at the end of the fiscal year.

*Criteria:* Per PED and grant provisions, the program must process requests for reimbursement timely. In addition, proper internal controls require timely billing and recording of accounts receivable to insure maintenance of sufficient cash balances for District operation

*Effect:* The District may not be granted reimbursement for expenses made in previous months if reimbursement requests are not made timely.

*Cause:* The District did not process the reimbursement timely due to some transition issues and final calculations of the grant expenses.

*Auditors' Recommendation:* We recommend that the District implement controls for ensuring the timely process of reimbursements. This appears to be an isolated instance; however, timeliness is vital to maintaining a strong cash balance.

*Agency's Response:* In June of 2016 a budget plan to include estimated 2015-2016 carryover funding for IDEA-B in the Gallup-McKinley County Schools (GMCS) initial budget for IDEA-B was presented to and approved by the New Mexico Public Education Department (NM PED) Special Education and Fiscal Bureaus. The purpose was to give GMCS special education staff more time to expend the significant carryover for GMCS. GMCS did begin spending according to the approved plan in July, however, due to a changeover in programmatic staff at NM PED several requests for cash reimbursement were disapproved for various reasons. GMCS did attempt to get this resolved throughout the year, however, it took several months for the issues to be addressed by NM PED. Funds were eventually reimbursed by NM PED but approvals were granted late in 2016-17 causing reimbursements to be delayed into the 2017-18 school year.

*Corrective Action:* The District will continue to work with NM PED to address any concerns to have funds reimbursed timely. GMCS has already had a phone conference with NM PED program staff and the District's director has met with NM PED Special Education staff. The Assistant Superintendent of Student Services will work with the Director of Special Education to have an expenditure plan in place for IDEA B funds no later than January 31, 2018.

**FS 2009-002 Activity Funds – Internal Control (Significant Deficiency) (Revised and Repeated)**

*Condition:* There are deficiencies in the District's activity fund internal controls over disbursement and receipting processes. This includes segregation of duties issues involving approving of purchase orders and posing receipts with no involvement of another party. The District in in the process of setting up purchase cards to address the segregation of duties of the purchasing process but had not completely implemented as of June 30, 2017. The District has begun to implement internal procedures; however, difficulties continue due to decentralization and booster club activity.

*Criteria:* State Statute 6-10-2 NMSA, 1978 and state regulation 6.20.2.23 (D), NMAC, state that the business office is responsible for maintain adequate collateral pledged for monies in activity funds, assisting club sponsors and treasurers in order to assure: timely deposits within 24 hours or one banking day, appropriate approvals are obtained for disbursements, an internal control structure is in place to safeguard the assets and promote reliability of the activity financial reports, accurate bank or cash reconciliations are prepared timely and records are retained for review by business office and auditor.

**STATE OF NEW MEXICO**  
**GALLUP-MCKINLEY COUNTY SCHOOLS**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

*Effect:* Risk of misappropriation and fraud is greater because duties are not appropriately segregated.

*Cause:* The individual schools within the District are not following procedures outlined by the State Statute 6-10-2 NMSA, 1978.

*Auditors' Recommendations:* As a result of activity funds being decentralized, these funds are highly susceptible to misappropriation; therefore, Management should educate the employee's responsible for activity funds regarding the State Statutes and continue to monitor each site for continuous improvement. The District should consider centralizing all activity funds under the District management.

*Agency's Response:* Management is working on centralizing activity fund account. Centralizing the activity fund accounting will allow management to assure segregation of duties, timely reconciliations and retention of appropriate documentation. In June of 2017 the consolidation of activity accounts began, with the consolidation of accounts into one district level account.

*Corrective Action:* The District will consolidated and centralized activity fund accounts beginning in June 30, 2017. Effective July 1, 2017 the Business Office began to directly oversee the day-to-day activities of these funds. The Director of Fiscal Services and the Assistant Superintendent of Business Services will oversee the conversion of these funds in 2017-18 to assure compliance with all internal controls, receipting processes, and appropriate separation of duties.

**FS2015-002–EmployeeFiles(Significant Deficiency) (Revised and Repeated)**

*Condition:* During our testwork over payroll, we noted that the following items our testwork of payroll transactions:

- One employee files did not contain a contract that matched the employees pay

The condition of the employee files is improved from prior year. The District continues to implement processes to insure future compliance.

*Criteria:* Section 6.20.2.18 NMAC, school district shall maintain and have available for inspection the following employee record documentation: employment contracts (including increments), personnel/payroll action forms, certification records, employment eligibility verification (federal form I-9 for citizenship certification), federal and state withholding allowance certificates, pay deduction authorizations and pay or position change notices.

*Effect:* Without proper documentation of employee contracts, personnel/payroll action forms, certification records, employment eligibility verification (federal form I-9 for citizenship certification), federal and state withholding allowance certificates, pay deduction authorizations and pay or position change notices properly documented in all employee files, the District may unknowingly be processing payroll inaccurately.

*Cause:* The District is experiencing instances of noncompliance with internal control policies with respect to personnel files and payroll processing as policy requires the proper insurance forms and I-9 forms are located in the employee file.

*Auditors' Recommendations:* We recommend that the District ensure that all employee files contain proper certification records, employment eligibility verification (federal form I-9 for citizenship certification), federal and state withholding allowance certificates, pay deduction authorizations for all employees.

*Agency's Response:* The District has moved to an electronic system for the tracking of employee contract in 2017-18 to assure all contracts are issued and accepted by employees. Personnel Office staff will perform audits of employee files periodically to assure all employee contracts are on file.

**STATE OF NEW MEXICO**  
**GALLUP-MCKINLEY COUNTY SCHOOLS**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

**Section II – Financial Statement Findings (Continued)**

*Corrective Action:* The District will monitor its new electronic system to assure compliance with Section 6.20.2.18 NMAC. The Director of Personnel and Assistant Superintendent of Support Services will assure that all processes are reviewed and in place no later than January 31, 2018.

**Component Unit Findings:**

None

**Section III – Federal Award Findings and Questioned Costs**

**EA 2017-001(formally EA 2014-001)—Period of Availability for Special Education Individuals with Disabilities Act, Part B and Preschool— (Significant Deficiency)(Repeat and Modified)**

*Federal Program Information:*

Funding Agency: U.S. Department of Education  
Title: Special Education – IDEA, Part B and IDEA Preschool  
CFDA Number: 84.027 and 84.173  
Award Year: Multiple  
Grant Year: FY15 (2015-2016 School Year)  
Pass-through entity: *State of NM Public Education Department*

*Condition:* During our review of obligations and carryover obligations under the IDEA, Part B and IDEA Preschool programs, we noted the carryover (allocation remaining after fiscal year ending 6/30/16) was more than 95% of program expenditures during fiscal year ending June 30, 2017. Although this federal program does not require the carryover percentage to be below a specific percentage, these carryovers do indicate the District is not spending significant amounts of the IDEA funds they are allocated. Trainings have been implemented, however no other progress has been made to clear this issue as the District is still in the process of determining what areas of the program can be improved with this funding.

*Criteria:* Per the Department of Education Cross-Cutting Section and Period of Availability as described in 34 CFR sections 76.703 through 76.710, a School District must obligate funds in 27 months, extending from July 1 of the fiscal year for which the funds were appropriated through September 30 of the second following fiscal year. If a State of a sub grantee does not obligate its entire grant or sub grant funds by the end of this period, it may obligate the remaining funds during a carryover period of one additional fiscal year. Obligations made during a carryover period are subject to current statutes, regulations, and applications. The State shall return to the Federal Government any carryover funds not obligated by the end of the carryover period by the State and its sub grantees.

*Effect:* The District runs the risk of losing funding as the appropriations must be obligated within the 27 months after allocation. The District also runs the risk of spending the money on unallowable expenditures in the rush to get these funds obligated before losing them.

*Cause:* District staff are not monitoring expenditures and spending awarded amounts appropriately.

*Questioned Costs:* None

*Auditors' Recommendation:* We recommend that the District review the IDEA Part B needs for all eligible schools within the District and create a proactive plan to spend the funding according to those needs. If a majority of the carryover amount is not needed, then the District should consider returning the unobligated funds.

**STATE OF NEW MEXICO**  
**GALLUP-MCKINLEY COUNTY SCHOOLS**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

**Section III – Federal Award Findings and Questioned Costs (continued)**

*Agency's Response:* In June of 2016 a budget plan to include estimated 2015-2016 carryover funding for IDEA-B in the Gallup-McKinley County Schools (GMCS) initial budget for IDEA-B was presented to and approved by the New Mexico Public Education Department (NM PED) Special Education and Fiscal Bureaus. The purpose was to give GMCS special education staff more time to expend the significant carryover for GMCS. GMCS did begin spending according to the approved plan in July, however, due to a changeover in programmatic staff at NM PED several requests for cash reimbursement were disapproved for various reasons. GMCS did attempt to get this resolved throughout the year, however, it took several months for the issues to be addressed by NM PED. Although there were some issues, the District was able to make some progress in expenditures throughout 2016-17. NM PED did give award letters for 2017-18 with carryover estimated as part of the initial budgets. The District is currently working with NM PED to continue to correct this carryover issue.

*Corrective Action:* GMCS has already had a phone conference with NM PED program staff and the District's director has met with NM PED Special Education staff. The Assistant Superintendent of Student Services will work with the Director of Special Education to have an expenditure plan in place for IDEA B funds no later than January 31, 2018.

**Section IV – Prior Year Audit Findings**

FS 2009-002 Activity Funds – Internal Control – *Revised and Repeated*

FS 2013-003 Monitoring of Grant – *Resolved*

FS 2015-001 Internal Controls over Inventory – *Resolved*

FS 2015-002 Employee Files – Significant Deficiency – *Revised and Repeated*

FS 2015-005 Mileage Reimbursement Rates – *Resolved*

FS 2015-006 Unallowable Expenditures in Johnson O'Malley Program – *Resolved*

FS 2016-001 – Activity Funds – *Resolved*

FS 2016-002 – Cash Appropriations in Excess of Available Cash Balances – *Resolved*

FS 2016-003 – Deficiencies in Internal Control Structure Design – *Resolved*

FS 2016-004 – Late Audit Report – *Resolved*

FA 2014-001 — Period of Availability for Special Education Individuals with Disabilities Act, Part B and Preschool – *Revised and Repeated*

FA 2016-001 — Compliance with Johnson O'Malley – *Resolved*

**STATE OF NEW MEXICO**  
**GALLUP-MCKINLEY COUNTY SCHOOLS**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

**Prior Year Component Unit Findings (Middle College High School):**

CU FS2015-001 Deficiencies in Internal Control Structure Design, Operation, and Oversight – *Resolved*

**Section V – Other Disclosures**

Auditor Prepared Financials

The District’s management prepared the financial statements presented in this report. Griego Professional Services, LLC assisted in the preparation of the financial statements presented in this report and reviewed the financial statements and related notes. The District’s management has approved the financial statements and related notes and they believe that their records adequately support the financial statements.

Exit Conference

The contents of this report were discussed on with the District and Charter School on November 13, 2017. The following individuals were in attendance.

Gallup-McKinley County School District  
Christopher Mortenson, Board of Education  
Mike Hyatt, Interim Superintendent  
Jvanna Hanks, Finance Director

Griego Professional Services, LLC  
J.J. Griego, CPA, Partner

Middle College High School  
Kim Brown, Business Manager  
Robert Hunter, Principal  
Lisa Bracken, Board Member  
Betty Sutliff, Board Member

Griego Professional Services, LLC  
J.J. Griego, CPA, Partner