



State of New Mexico  
**Logan Municipal Schools**

**Annual Financial Report**  
June 30, 2017

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



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State of New Mexico  
**Logan Municipal Schools**  
Official Roster  
June 30, 2017

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**Board of Education**

Bryan Roach	President
Scott Osborn	Vice-President
Tom Humble	Secretary
Lynn Birch	Member
Tom Bruhn	Member

**School Officials**

Dennis Roch	Superintendent
Pat Copeland	Business Manager

# De'Aun Willoughby CPA, PC

Certified Public Accountant

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## Independent Auditor's Report

Mr. Tim Keller  
State Auditor of the State of New Mexico  
Board Members of the Logan Municipal Schools

Mr. Keller and Members of the Board

### Report on Financial Statements

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

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

### Opinions

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

Other Matters

*Required Supplementary Information*

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

Accounting principles generally accepted in the United States of America require that the Schedules of Required Supplementary Information for Pension Plan and related notes be presented to supplement the basic financial statements. Such information although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who consider 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 inquires 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 my audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

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

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 23, 2017 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control over financial reporting and compliance.

*De'Aun Willoughby CPA PC*

Clovis, New Mexico  
October 23, 2017

## Financial Section

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

	<u>Governmental Activities</u>
<b>Assets</b>	
Current Assets	
Cash and Cash Equivalents	\$ 890,632
Taxes Receivable	70,034
Due From Grantor	98,894
Inventory	7,394
Total Current Assets	<u>1,066,954</u>
Noncurrent Assets	
Capital Assets	10,589,785
Less: Accumulated Depreciation	<u>(6,060,732)</u>
Total Noncurrent Assets	<u>4,529,053</u>
Total Assets	<u>5,596,007</u>
<b>Deferred Outflows of Resources</b>	
Deferred Outflows Related to Pensions	
Actuarial Experience	22,179
Investment Experience	305,165
Changes of Assumptions	104,067
Changes in Proportion	178,794
Contributions Subsequent to Measurement Date	<u>288,512</u>
Total Deferred Outflows of Resources	<u>898,717</u>
<b>Liabilities</b>	
Current Liabilities	
Accounts Payable	7,734
Accrued Interest	12,991
Current Portion of Long-Term Debt	<u>170,000</u>
Total Current Liabilities	<u>190,725</u>
Noncurrent Liabilities	
Bonds	1,470,000
Pension Liability	<u>5,112,346</u>
Total Noncurrent Liabilities	<u>6,582,346</u>
Total Liabilities	<u>6,773,071</u>
<b>Deferred Inflows of Resources</b>	
Deferred Inflows Related to Pensions	
Actuarial Experience	48,625
Changes in Proportion	<u>83,840</u>
Total Deferred Inflows of Resources	<u>132,465</u>
<b>Net Position</b>	
Net Investment in Capital Assets	2,889,053
Restricted for:	
Capital Projects	286,013
Debt Service	71,369
Unrestricted	<u>(3,657,247)</u>
Total Net Position	<u>\$ (410,812)</u>

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



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

Functions/Programs	Expenses	Program Revenues		Net (Expenses) Revenue and Changes in Net Assets	
		Charges for Services	Operating Grants and Contributions		Capital Grants and Contributions
<b>Governmental Activities</b>					
Instruction	\$ 2,529,736	\$ 4,427	\$ 223,647	\$ 0	\$ (2,301,662)
<b>Support Services</b>					
Students	547,086	24,097	28,331	0	(494,658)
Instruction	5,778	0	0	0	(5,778)
General Administration	196,441	0	0	0	(196,441)
School Administration	117,819	0	0	0	(117,819)
Central Services	145,589	0	0	0	(145,589)
Operation of Plant	544,048	0	10,978	25,701	(507,369)
Student Transportation	209,779	0	209,779	0	0
Food Services Operations	186,427	35,223	106,829	7,828	(36,547)
Interest Expense	84,650	0	0	0	(84,650)
<b>Total Governmental Activities</b>	<b>\$ 4,567,353</b>	<b>\$ 63,747</b>	<b>\$ 579,564</b>	<b>\$ 33,529</b>	<b>\$ (3,890,513)</b>
<b>General Revenues</b>					
<b>Taxes</b>					
Property Taxes, Levied for General Purposes					24,604
Property Taxes, Levied for Capital Projects					101,306
Property Taxes, Levied for Debt Service					220,830
Federal and State aid not restricted to specific purpose					
General					3,070,472
Capital					0
Interest and investment earnings					4,698
Miscellaneous					32,943
<b>Subtotal, General Revenues</b>					<b>3,454,853</b>
<b>Change in Net Position</b>					<b>(435,660)</b>
<b>Net Position -Beginning</b>					<b>32,988</b>
Restatement					(8,140)
<b>Restated Beginning Net Position</b>					<b>24,848</b>
<b>Net Position - Ending</b>					<b>\$ (410,812)</b>

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

State of New Mexico  
**Logan Municipal Schools**  
 Governmental Funds  
 Balance Sheet  
 June 30, 2017

	General Fund		
	Operational 11000	Transportation 13000	Instructional Materials 14000
<b>Assets</b>			
Cash and Cash Equivalents	\$ 480,713	\$ 0	\$ 6,430
Receivables			
Property Taxes	4,037	0	0
Due From Grantor	0	0	0
Interfund Balances	98,894	0	0
Inventory	0	0	0
<b>Total Assets</b>	<b>\$ 583,644</b>	<b>\$ 0</b>	<b>\$ 6,430</b>
<b>Liabilities and Fund Balance</b>			
<b>Liabilities</b>			
Accounts Payable	\$ 7,734	\$ 0	\$ 0
Interfund Balances	0	0	0
<b>Total Liabilities</b>	<b>7,734</b>	<b>0</b>	<b>0</b>
<b>Deferred Inflows of Resources</b>			
Unavailable Revenue	3,777	0	0
<b>Total Deferred Inflows of Resources</b>	<b>3,777</b>	<b>0</b>	<b>0</b>
<b>Fund Balances</b>			
Nonspendable-Inventory	0	0	0
Restricted for:			
Special Revenue Funds	0	0	0
Capital Projects	0	0	0
Debt Service	0	0	0
Unassigned	572,133	0	6,430
<b>Total Fund Balances</b>	<b>572,133</b>	<b>0</b>	<b>6,430</b>
<b>Total Liabilities, Deferred Inflows and Fund Balances</b>	<b>\$ 579,867</b>	<b>\$ 0</b>	<b>\$ 6,430</b>

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

State of New Mexico  
**Logan Municipal Schools**  
 Governmental Funds  
 Balance Sheet  
 June 30, 2017

	Special Revenue Fund NM Reads to Lead 27114	Capital Projects Fund Senate Bill Nine-Local 31701	Debt Service Fund 41000
<b>Assets</b>			
Cash and Cash Equivalents	\$ 0	\$ 284,965	\$ 69,232
Receivables			
Property Taxes	0	18,535	47,462
Due From Grantor	31,512	0	0
Interfund Balances	0	0	0
Inventory	0	0	0
<b>Total Assets</b>	<b>\$ 31,512</b>	<b>\$ 303,500</b>	<b>\$ 116,694</b>
<b>Liabilities and Fund Balance</b>			
<b>Liabilities</b>			
Accounts Payable	\$ 0	\$ 0	\$ 0
Interfund Balances	31,512	0	0
<b>Total Liabilities</b>	<b>31,512</b>	<b>0</b>	<b>0</b>
<b>Deferred Inflows of Resources</b>			
Unavailable Revenue	0	17,487	45,325
<b>Total Deferred Inflows of Resources</b>	<b>0</b>	<b>17,487</b>	<b>45,325</b>
<b>Fund Balances</b>			
Nonspendable-Inventory	0	0	0
Restricted for:			
Special Revenue Funds	0	0	0
Capital Projects	0	286,013	0
Debt Service	0	0	71,369
Unassigned	0	0	0
<b>Total Fund Balances</b>	<b>0</b>	<b>286,013</b>	<b>71,369</b>
<b>Total Liabilities, Deferred Inflows and     Fund Balances</b>	<b>\$ 31,512</b>	<b>\$ 286,013</b>	<b>\$ 71,369</b>

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

State of New Mexico  
**Logan Municipal Schools**  
 Governmental Funds  
 Balance Sheet  
 June 30, 2017

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	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>		
Cash and Cash Equivalents	\$ 49,292	\$ 890,632
Receivables		
Property Taxes	0	70,034
Due From Grantor	67,382	98,894
Interfund Balances	0	98,894
Inventory	7,394	7,394
Total Assets	<u>\$ 124,068</u>	<u>\$ 1,165,848</u>
<b>Liabilities and Fund Balance</b>		
<b>Liabilities</b>		
Accounts Payable	\$ 0	\$ 7,734
Interfund Balances	67,382	98,894
Total Liabilities	<u>67,382</u>	<u>106,628</u>
<b>Deferred Inflows of Resources</b>		
Unavailable Revenue	0	66,589
Total Deferred Inflows of Resources	<u>0</u>	<u>66,589</u>
<b>Fund Balances</b>		
Nonspendable-Inventory	7,394	7,394
Restricted for:		
Special Revenue Funds	49,292	49,292
Capital Projects	0	286,013
Debt Service	0	71,369
Unassigned	0	578,563
Total Fund Balances	<u>56,686</u>	<u>992,631</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 124,068</u>	<u>\$ 1,099,259</u>

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

State of New Mexico  
**Logan Municipal Schools**  
 Reconciliation of the Governmental Funds  
 Balance Sheet to the Statement of Net Assets  
 June 30, 2017

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Total Fund Balance - Governmental Funds \$ 992,631

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

Property taxes receivable will be collected after the period of availability, but are not available soon enough to pay for the current period's expenditures, and therefore are deferred in the funds. 66,589

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

Capital Assets	\$ 10,589,785	
Accumulated Depreciation	<u>(6,060,732)</u>	4,529,053

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

Deferred Outflows Related to Pensions	898,717	
Deferred Inflows Related to Pensions	<u>(132,465)</u>	766,252

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

Accrued interest on bonds	(12,991)	
Bonds payable	(1,640,000)	
Pension Liability	<u>(5,112,346)</u>	<u>(6,765,337)</u>

Total Net Position - Governmental Activities \$ (410,812)

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

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

	General Fund		
	Operational 11000	Transportation 13000	Instructional Materials 14000
<b>Revenues</b>			
Property Taxes	\$ 30,652	\$ 0	\$ 0
Interest Income	4,698	0	0
Fees	4,427	0	0
State & Local Grants	3,070,472	209,779	13,260
Federal Grants	0	0	0
Miscellaneous	32,943	0	0
<b>Total Revenues</b>	<b>3,143,192</b>	<b>209,779</b>	<b>13,260</b>
<b>Expenditures</b>			
Current			
Instruction	1,786,606	0	8,857
Support Services			
Students	489,014	0	0
Instruction	5,635	0	0
General Administration	174,080	0	0
School Administration	110,752	0	0
Central Services	139,928	0	0
Operation and Maintenance of Plant	504,614	0	0
Student Transportation	0	209,779	0
Food Services	71,681	0	0
Capital Outlay	25,739	0	0
Debt Service			
Principal	0	0	0
Interest	0	0	0
<b>Total Expenditures</b>	<b>3,308,049</b>	<b>209,779</b>	<b>8,857</b>
Excess (Deficiency) of Revenues Over Expenditures	(164,857)	0	4,403
Fund Balances at Beginning of Year	736,990	0	10,164
Restatement	0	0	(8,137)
Restated Beginning Fund Balance	736,990	0	2,027
Fund Balance End of Year	\$ 572,133	\$ 0	\$ 6,430

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

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

	Special Revenue Fund NM Reads to Lead 27114	Capital Projects Fund Senate Bill Nine-Local 31701	Debt Service Fund 41000
<b>Revenues</b>			
Property Taxes	\$ 0	\$ 125,747	\$ 248,935
Interest Income	0	0	0
Fees	0	0	0
State & Local Grants	52,016	25,701	0
Federal Grants	0	0	0
Miscellaneous	0	0	0
Total Revenues	<u>52,016</u>	<u>151,448</u>	<u>248,935</u>
<b>Expenditures</b>			
Current			
Instruction	52,016	15,566	0
Support Services			
Students	0	0	0
Instruction	0	0	0
General Administration	0	1,093	2,093
School Administration	0	0	0
Central Services	0	0	0
Operation and Maintenance of Plant	0	26,070	0
Student Transportation	0	0	0
Food Services	0	0	0
Capital Outlay	0	29,711	0
Debt Service			
Principal	0	0	160,000
Interest	0	0	85,841
Total Expenditures	<u>52,016</u>	<u>72,440</u>	<u>247,934</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>0</u>	<u>79,008</u>	<u>1,001</u>
Fund Balances at Beginning of Year	0	207,005	70,368
Restatement	0	0	0
Restated Beginning Fund Balance	<u>0</u>	<u>207,005</u>	<u>70,368</u>
Fund Balance End of Year	<u>\$ 0</u>	<u>\$ 286,013</u>	<u>\$ 71,369</u>

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

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

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	Other Governmental Funds	Total Governmental Funds
Revenues		
Property Taxes	\$ 0	\$ 405,334
Interest Income	0	4,698
Fees	59,320	63,747
State & Local Grants	67,653	3,438,881
Federal Grants	244,681	244,681
Miscellaneous	0	32,943
Total Revenues	<u>371,654</u>	<u>4,190,284</u>
Expenditures		
Current		
Instruction	206,256	2,069,301
Support Services		
Students	28,331	517,345
Instruction	0	5,635
General Administration	10,978	188,244
School Administration	0	110,752
Central Services	0	139,928
Operation and Maintenance of Plant	0	530,684
Student Transportation	0	209,779
Food Services	110,083	181,764
Capital Outlay	7,828	63,278
Debt Service		
Principal	0	160,000
Interest	0	85,841
Total Expenditures	<u>363,476</u>	<u>4,262,551</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>8,178</u>	<u>(72,267)</u>
Fund Balances at Beginning of Year	48,508	1,073,035
Restatement		(8,137)
Restated Beginning Fund Balance	<u>48,508</u>	<u>1,064,898</u>
Fund Balance End of Year	<u>\$ 56,686</u>	<u>\$ 992,631</u>

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



State of New Mexico  
**Logan Municipal Schools**  
 Reconciliation of the Governmental Funds  
 Statement of Revenues, Expenditures and Changes in Fund Balance  
 To the Statement of Activities  
 June 30, 2017

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Excess (Deficiency) of Revenues Over Expenditures \$ (72,267)

Amounts reported for Governmental Activities in the Statement of Activities are different because:

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

Property Taxes Receivable, June 30, 2016	\$ (125,183)	
Property Taxes Receivable, June 30, 2017	<u>66,589</u>	(58,594)

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

Depreciation expense	\$ (344,292)	
Capital Outlays	<u>63,278</u>	(281,014)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. 160,000

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

Accrued Interest, June 30, 2016	14,182	
Accrued Interest, June 30, 2017	<u>(12,990)</u>	1,192

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

Pension Contributions	288,512	
Pension Expense	<u>(473,489)</u>	<u>(184,977)</u>

Changes in Net Position of Governmental Activities \$ (435,660)

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

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

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Revenues</b>				
Property Taxes	\$ 29,134	\$ 29,134	\$ 31,175	\$ 2,041
Interest Income	2,750	2,750	4,698	1,948
Fees	960	960	4,427	3,467
State & Local Grants	3,092,399	3,070,472	3,070,472	0
Miscellaneous	0	9,000	32,943	23,943
<b>Total Revenues</b>	<b>3,125,243</b>	<b>3,112,316</b>	<b>3,143,715</b>	<b>31,399</b>
<b>Expenditures</b>				
<b>Instruction</b>				
Personnel Services	1,280,858	1,304,873	1,182,969	121,904
Employee Benefits	519,084	444,819	411,801	33,018
Professional & Tech Services	53,499	47,249	35,464	11,785
Other Purchased Services	95,867	125,667	74,081	51,586
Supplies	59,500	84,980	60,177	24,803
Supply Assets	5,001	25,701	25,610	91
<b>Total Instruction</b>	<b>2,013,809</b>	<b>2,033,289</b>	<b>1,790,102</b>	<b>243,187</b>
<b>Support Services</b>				
<b>Students</b>				
Personnel Services	378,256	397,317	318,048	79,269
Employee Benefits	185,654	160,442	141,442	19,000
Professional & Tech Services	1,000	9,500	6,802	2,698
Other Purchased Services	20,000	17,637	10,910	6,727
Supplies	500	2,500	1,108	1,392
Supply Assets	1,000	10,705	10,704	1
<b>Total Students</b>	<b>586,410</b>	<b>598,101</b>	<b>489,014</b>	<b>109,087</b>
<b>Instruction</b>				
Personnel Services	10,000	10,000	1,622	8,378
Employee Benefits	2,511	2,512	381	2,131
Professional & Tech Services	250	250	175	75
Other Purchased Services	250	250	0	250
Supplies	3,700	3,701	3,457	244
<b>Total Instruction</b>	<b>16,711</b>	<b>16,713</b>	<b>5,635</b>	<b>11,078</b>
<b>General Administration</b>				
Personnel Services	100,000	103,600	92,704	10,896
Employee Benefits	37,403	37,403	34,919	2,484
Professional & Tech Services	32,340	40,866	39,174	1,692
Other Purchased Services	23,500	7,524	4,755	2,769
Supplies	6,000	2,000	1,610	390
Supply Assets	5,000	1,000	998	2
<b>Total General Administration</b>	<b>\$ 204,243</b>	<b>\$ 192,393</b>	<b>\$ 174,160</b>	<b>\$ 18,233</b>

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

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
School Administration				
Personnel Services	\$ 80,000	\$ 80,000	\$ 79,925	\$ 75
Employee Benefits	31,955	32,581	29,755	2,826
Professional & Tech Services	1,500	2,100	590	1,510
Other Purchased Services	6,000	4,043	426	3,617
Supplies	5,000	5,000	108	4,892
Supply Assets	3,000	1,762	0	1,762
Total School Administration	<u>127,455</u>	<u>125,486</u>	<u>110,804</u>	<u>14,682</u>
Central Services				
Personnel Services	64,022	64,022	64,022	0
Employee Benefits	25,591	25,591	24,764	827
Professional & Tech Services	7,000	7,000	4,097	2,903
Purchased Property Services	40,000	40,000	32,594	7,406
Other Purchased Services	22,500	22,500	11,005	11,495
Supplies	2,000	2,000	1,169	831
Supply Assets	5,000	5,000	2,297	2,703
Total Central Services	<u>166,113</u>	<u>166,113</u>	<u>139,948</u>	<u>26,165</u>
Operation of Plant				
Personnel Services	156,990	159,070	151,148	7,922
Employee Benefits	97,929	79,415	74,556	4,859
Professional & Tech Services	3,000	2,500	1,337	1,163
Purchased Property Services	199,000	228,150	162,364	65,786
Other Purchased Services	75,500	86,816	84,587	2,229
Supplies	53,709	63,709	30,702	33,007
Fixed Assets	0	0	25,740	(25,740)
Supply Assets	15,000	12,214	357	11,857
Total Operation of Plant	<u>601,128</u>	<u>631,874</u>	<u>530,791</u>	<u>101,083</u>
Other				
Other Purchased Services	3,779	3,779	0	3,779
Total Other	<u>3,779</u>	<u>3,779</u>	<u>0</u>	<u>3,779</u>
Total Support Services	<u>1,705,839</u>	<u>1,734,459</u>	<u>1,450,352</u>	<u>284,107</u>
Food Service Operations				
Personnel Services	26,660	30,046	29,717	329
Employee Benefits	33,471	33,471	32,713	758
Supplies	22,773	26,957	7,842	19,115
Supply Assets	0	1,810	1,408	402
Total Food Service Operations	<u>82,904</u>	<u>92,284</u>	<u>71,680</u>	<u>20,604</u>
Total Expenditures	<u>\$ 3,802,552</u>	<u>\$ 3,860,032</u>	<u>\$ 3,312,134</u>	<u>\$ 547,898</u>

State of New Mexico

**Logan Municipal Schools**

General Fund-Operational-11000

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

For the Year Ended June 30, 2017

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Excess (Deficiency) of Revenues Over Expenditures	\$ (677,309)	\$ (747,716)	\$ (168,419)	\$ 579,297
Cash Balance Beginning of Year	<u>748,026</u>	<u>748,026</u>	<u>748,026</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 70,717</u>	<u>\$ 310</u>	<u>\$ 579,607</u>	<u>\$ 579,297</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (168,419)	
Net Change in Taxes Receivable			(6,571)	
Net Change in Accounts Payable			4,086	
Net Change in Deferred Taxes			<u>6,047</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ (164,857)</u>	

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

State of New Mexico  
**Logan Municipal Schools**  
 General Fund-Transportation-13000  
 Statement of Revenues, Expenditures, and Changes in Cash Balance -  
 Budget and Actual (Budgetary Basis)  
 For the Year Ended June 30, 2017

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Revenues</b>				
State & Local Grants	\$ 230,029	\$ 209,779	\$ 209,779	\$ 0
Total Revenues	<u>230,029</u>	<u>209,779</u>	<u>209,779</u>	<u>0</u>
<b>Expenditures</b>				
<b>Support Services</b>				
Student Transportation				
Personnel Services	12,500	0	0	0
Employee Benefits	3,295	0	0	0
Professional & Tech Services	100	0	0	0
Purchased Property Services	34,426	33,426	33,426	0
Other Purchased Services	177,858	175,759	175,759	0
Supplies	1,850	594	594	0
Total Student Transportation	<u>230,029</u>	<u>209,779</u>	<u>209,779</u>	<u>0</u>
Total Support Services	<u>230,029</u>	<u>209,779</u>	<u>209,779</u>	<u>0</u>
Total Expenditures	<u>230,029</u>	<u>209,779</u>	<u>209,779</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	0	0
Cash Balance Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 0	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			\$ 0	

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

State of New Mexico  
**Logan Municipal Schools**  
 General Fund-Instructional Materials-14000  
 Statement of Revenues, Expenditures, and Changes in Cash Balance -  
 Budget and Actual (Budgetary Basis)  
 For the Year Ended June 30, 2017

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State Grant	\$ 16,609	\$ 16,609	\$ 13,261	\$ (3,348)
Total Revenues	<u>16,609</u>	<u>16,609</u>	<u>13,261</u>	<u>(3,348)</u>
Expenditures				
Instruction				
Supplies	25,772	18,636	8,858	9,778
Returned to PED	0	0	8,137	(8,137)
Total Instruction	<u>25,772</u>	<u>18,636</u>	<u>16,995</u>	<u>1,641</u>
Total Expenditures	<u>25,772</u>	<u>18,636</u>	<u>16,995</u>	<u>1,641</u>
Excess (Deficiency) of Revenues Over Expenditures	(9,163)	(2,027)	(3,734)	(1,707)
Cash Balance Beginning of Year	<u>10,164</u>	<u>10,164</u>	<u>10,164</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 1,001</u>	<u>\$ 8,137</u>	<u>\$ 6,430</u>	<u>\$ (1,707)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (3,734)	
Return to PED			<u>8,137</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 4,403</u>	

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

## STATE OF NEW MEXICO

**Logan Municipal Schools**

Special Revenue Fund-NM Reads to Lead-27114

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

For the Year Ended June 30, 2017

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Revenues</b>				
State Grant	\$ 65,593	\$ 65,593	\$ 34,080	\$ (31,513)
Total Revenues	<u>65,593</u>	<u>65,593</u>	<u>34,080</u>	<u>(31,513)</u>
<b>Expenditures</b>				
<b>Instruction</b>				
Personnel Services	27,980	40,176	40,176	0
Employee Benefits	7,069	6,622	6,621	1
Professional & Tech Services	5,467	0	0	0
Other Purchased Services	1,500	319	319	0
Supplies	10,000	4,899	4,899	0
Total Instruction	<u>52,016</u>	<u>52,016</u>	<u>52,015</u>	<u>1</u>
Total Expenditures	<u>52,016</u>	<u>52,016</u>	<u>52,015</u>	<u>1</u>
Excess (Deficiency) of Revenues Over Expenditures	13,577	13,577	(17,935)	(31,512)
Cash Balance Beginning of Year	<u>(13,577)</u>	<u>(13,577)</u>	<u>(13,577)</u>	<u>0</u>
Cash Balance End of Year	\$ <u>0</u>	\$ <u>0</u>	\$ <u>(31,512)</u>	\$ <u>(31,512)</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (17,935)	
Net Change in Due from Grantor			<u>17,935</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			\$ <u>0</u>	

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

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

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	<u>Agency Funds</u>
Assets	
Cash in Banks	\$ <u>82,935</u>
Total Assets	\$ <u><u>82,935</u></u>
Liabilities	
Deposits Held for Others	\$ <u>82,935</u>
Total Liabilities	\$ <u><u>82,935</u></u>

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



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

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

### **Financial Reporting Entity**

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

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

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

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

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

### ***Governmental Funds***

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

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

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

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

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

***Fiduciary Fund Type***

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

The Student Activity Fund, an agency fund, accounts for assets held by the District as an agent for the District organizations. These organizations exist with the explicit approval of and are subject to revocation by the District's Board of Education. This account is accounted for using the economic resources measurement focus and the accrual basis of accounting.

**Major Funds**

The District reports the following major governmental funds:

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

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

**Special Revenue Fund**

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

**Major Capital Projects Funds**

**Senate Bill-Nine-Local (31701).** The revenues are derived from a district tax levy for the perpose of the repairs and maintenance to the facilities, purchase of supply assets for instruction and purchase of vehicles.

**Major Debt Service Fund**

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

**Measurement Focus and Basis of Accounting**

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

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

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

Program Revenues

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

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

Governmental Funds

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

Revenues

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

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

Revenue Recognition for Grants.

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

1. Required characteristics of recipients. The recipient has the characteristics specified by the provider (are required to be school districts).
2. Time requirements. Time requirements specified by enabling legislation or the provider have been met (period when the resources are required to be used).

3. Reimbursements. The provider offers resources on a reimbursement ("expenditure-driven") basis and the recipient has incurred allowable costs under the applicable program.

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

*Entitlement and shared revenues* (which include state equalization and state revenue sharing) are recorded as unrestricted grants-in-aid at the time of receipt or earlier if the susceptible to accrual criteria are 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.

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

#### Expenditures

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

#### Other Financing Sources (Uses)

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

#### Basis of Budgeting

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

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

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

1. Prior to April 15, (unless a later date is fixed by the Superintendent of Public Instruction) the local school board submits to the District Budget Planning Unit (SBPU) of the New Mexico Public Education Department an estimated budget for the District for the ensuing fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them. All budgets submitted to the New Mexico Public Education Department (PED) by the district shall contain headings and details as prescribed by law.
2. Prior to June 20, of each year, the proposed "operating" budget will be reviewed and approved by the SBPU and certified and approved by the local school board at the public hearing of which notice has been published by the local school board which fixed the estimated budget for the district for the ensuing fiscal year.

State of New Mexico

**Logan Municipal Schools**

Notes to the Financial Statements

June 30, 2017

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3. The "operating" budget will be used by the District until they have been notified that the budget has been approved by the SBPU and the local school board. The budget shall be integrated formally in to the accounting system. Encumbrances shall be used as an element for control and shall be integrated into the budget system.
4. The District shall make corrections, revisions and amendments to the estimated budgets fixed by the local school board to recognize actual cash balances and carryover funds, if any. These adjustments shall be reviewed and approved by the SBPU.
5. No school board or officer or employee of the District shall make any expenditures or incur any obligation for the expenditures of public funds unless such expenditure or contractual obligation is made in accordance with an operating budget approved by the division. But this does not prohibit the transfer of funds between line items within a series of a budget.
6. Budget change requests are processed in accordance with Supplement I (Budget Preparation and Maintenance) of the *Manual of Procedures Public School Accounting and Budgeting*. Such changes are initiated by the District and approved by the SBPU.
7. Legal budget control for expenditures is by function.
8. Appropriations lapse at fiscal year end. Funds unused during the fiscal year may be carried over into the next fiscal year by budgeting those in the subsequent fiscal year's budget. The budget of the District has been amended during the current fiscal year in accordance with these procedures. The budget schedules included in the accompanying financial statements reflect the approved budget and amendments thereto.

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

Cash and Cash Equivalents

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

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

Investments

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

- (a) bonds or negotiable securities of the United States, the state or any county, municipality or school district which has a taxable valuation of real property for the last preceding year of at least one million dollars (1,000,000) and has not defaulted in the payment of any interest or sinking fund obligation or failed to meet any bonds at maturity at any time within five years last preceding; or
- (b) securities that are issued by the United States government or by its agencies or instrumentalities and that are either direct obligations of the United States or are backed by the full faith and credit of the United States government or agencies guaranteed by the United States government.

(c) in contracts with banks, savings and loan associations or credit unions for the present purchase and resale at a specified time in the future of specific securities at specified prices at a price differential representing the interest income to be earned by the investor. The contract shall be shown on the books of the financial institution as being the property of the investor and the designation shall be contemporaneous with the investment. The contract shall be fully secured by obligations of the United States having a market value of at least one hundred two percent of the contract. The collateral required for investment in the contracts provided for in this subsection shall be shown on the books of the financial institution as being the property of the investor and the designation shall be contemporaneous with investment.

#### Receivables and Payables

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

#### Property Taxes

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

#### Elimination and Reclassifications of Certain Receivables and Payables

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

#### Inventories and Prepaid Items

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

#### Capital Assets

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

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

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

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

Capital Leases

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

Compensated Absences

The District contracts with all employees on an annual basis. A terminated employee is paid through the date of dismissal in accordance with their contract. Due to this practice, no liability is reported for unpaid vacation or accumulated sick leave. As no payment is required upon termination of service by employees.

Short -Term Debt

Short-term debt results from borrowings characterized by anticipation notes, use of lines of credit, and similar loans. The District does not have any activity in short-term debt.

Long-Term Liabilities

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

Restricted Net Position

For the government-wide statement of net position, net position is reported as restricted when constraints are placed are either:

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

Imposed by law through constitutional provisions or enabling legislation.

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

Fund Balances of Fund Financial Statements

Nonspendable Fund Balance is a category that is not converted into cash such as inventory.

Restricted fund balance includes amounts that have constraints placed on their use that are (a) externally imposed by grantors, laws or regulation of other governments or (b) imposed by enabling legislation.

Committed fund balance is a classification for governmental fund balance reporting that includes amounts that can only be used for specific purposes pursuant to constraints imposed by law and require a formal action of the government's highest level of decision-making authority.

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Assigned fund balance is a classification for governmental fund balance reporting that includes amounts that the governmental entity intends to use for specific purposes.

Unassigned fund balance is the residual classification used for reporting spendable fund balance in the General Fund that represents amounts that have not been committed or assigned or restricted.

Interfund Transactions

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

All other inter-fund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or non routine permanent transfers of equity are reported as residual equity transfers. All other inter-fund transfers are reported as operating transfers.

Deferred Inflows of Resources

Deferred Inflows of Resources on the Statement of Net Position consist of unearned revenues. The District reports unearned revenues on its Statement of Net Position and Fund Balance Sheet. Unearned revenues arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the occurrence of qualifying expenditures. In subsequent periods, when the District has a legal claim to the resources, the liability for unearned revenue is removed from the combined balance sheet and the revenue is recognized. Unavailable revenues also occur in the fund financial statements when revenue is earned but is not available. The revenue becomes available if received within 30 days of the fiscal

Estimates

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

**A. Deposits and Investments**

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

<b>First National Bank of New Mexico</b>	Balance Per Bank 06/30/17	Reconciled Balance	Type
<u>Name of Account</u>	\$	\$	
Operational	1,051,935	890,632	Checking-Interest
Activity	84,461	84,181	Checking-Interest
Total Deposited	<u>1,136,396</u>	<u>974,813</u>	
Less: FDIC Coverage	<u>(250,000)</u>		
Uninsured Amount	886,396		
50% collateral requirement	443,198		
Pledged securities	<u>804,762</u>		
Over (Under) requirement	<u>\$ 361,564</u>		

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



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The following securities are pledged:

<u>Description</u>	<u>CUSIP #</u>	<u>Market Value</u>	<u>Maturity Date</u>	<u>Location</u>
FHLMC Pool #C91719	3128P74C4	\$ 804,762	08/01/2033	FHLB Irving, TX
		<u>\$ 804,762</u>		

**Custodial Credit Risk-Deposits**

<u>Depository Account</u>	<u>Bank Balance</u>
Insured	\$ 250,000
Collateralized:	
Collateral held by the pledging bank in	
District's name	804,762
Uninsured and uncollateralized	81,634
Total Deposits	<u>\$ 1,136,396</u>

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. As of June 30, 2017 \$81,634 of the District's bank balance of \$1,136,396 was exposed to custodial credit risk.

**B. Receivables**

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

	<u>General</u>	<u>Senate Bill Nine-Local</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
Property Taxes				
Receivable:				
Available	\$ 260	\$ 1,048	\$ 2,137	\$ 3,445
Unavailable	<u>3,777</u>	<u>17,487</u>	<u>45,325</u>	<u>66,589</u>
Total Property				
Taxes	<u>\$ 4,037</u>	<u>\$ 18,535</u>	<u>\$ 47,462</u>	<u>\$ 70,034</u>

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

The composition of interfund balances is as follows:

<u>Receivable Fund</u>	<u>Payable Funds</u>		
	<u>NM Reads to Lead 27114</u>	<u>Other Governmental Funds</u>	<u>Totals</u>
Operational Fund	<u>\$ 31,512</u>	<u>\$ 67,382</u>	<u>\$ 98,894</u>

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

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**D. Capital Assets**

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

	Balance 6/30/16	Additions	Deletions	Balance 6/30/17
<b>Governmental Activities</b>				
Capital Assets not being Depreciated				
Land	\$ 84,354	\$ 0	\$ 0	\$ 84,354
Construction in Progress	0	49,710	0	49,710
Total Capital Assets not being Depreciated	84,354	49,710	0	134,064
Capital Assets, being Depreciated				
Buildings & Improvements	9,370,055	0	0	9,370,055
Equipment, Vehicles, Information	1,072,098	13,567	0	1,085,665
Total Capital Assets, being Depreciated	10,442,153	13,567	0	10,455,720
Total Capital Assets	10,526,507	63,277	0	10,589,784
<b>Less Accumulated Depreciation</b>				
Buildings & Improvements	5,170,147	237,298		5,407,445
Equipment, Vehicles, Information	546,293	106,996		653,289
Total Accumulated Depreciation	5,716,440	344,294	0	6,060,734
Capital Assets, net	\$ 4,810,067	\$ (281,017)	\$ 0	\$ 4,529,050

Depreciation expense was charged to governmental activities as follows:

Instruction	\$ 344,294
Total depreciation expenses	\$ 344,294

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

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

	Balance 6/30/16	Additions	Reductions	Balance 6/30/17	Amounts Due Within One Year
Governmental Activities					
Bonds and Notes Payable					
General Obligation					
Bonds	\$ 1,800,000	\$ 0	\$ 160,000	\$ 1,640,000	\$ 170,000
Total Bonds	\$ 1,800,000	\$ 0	\$ 160,000	\$ 1,640,000	\$ 170,000

Payments on the general obligation bonds are made by the Debt Service Funds.

**General Obligation Bonds.**

The following bonds were issued for the purpose of erecting, furnishing, remodeling and making additions to District buildings and improving District grounds. A tax is annually assessed, levied and collected upon all taxable property within the District for the purpose of providing the necessary funds to meet the interest and principal payments as they become due.

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Series	Date of Issue	Original Amount	Interest Rate	Balance
2009	04/15/09	1,500,000	4.2%-5.25%	750,000
2011	04/15/11	1,000,000	3.0%-5.0%	890,000
				\$ 1,640,000

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

	Principal	Interest	Total
2018	\$ 170,000	\$ 19,188	\$ 189,188
2019	175,000	12,188	187,188
2020	175,000	5,625	180,625
2021	175,000	54,598	229,598
2022	180,000	46,473	226,473
2023-2026	765,000	94,398	859,398
	\$ 1,640,000	\$ 232,470	\$ 1,872,470

**F. Commitments**

The District has no ongoing construction commitments on June 30, 2017.

**G. Retirement Plan**

**Summary of Significant Accounting Policies**

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

**General Information about the Pension Plan**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The contribution requirements are established in statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the New Mexico Legislature. for the fiscal years ended June 30, 2017 the employee and employer contributions were \$506,254.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.** At June 30, 2017, the District reported a liability of \$5,112,346 for their proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015. The total pension liability was rolled-forward from the valuation date to the plan year ending June 30, 2016 using generally accepted actuarial principles. Therefore, the employer's portion as established as of the measurement date of June 30, 2016. There were no significant events or changes in benefit provision that required an adjustment to the roll-forward liabilities as of June 30, 2016. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating educational institutions, actuarially determined. At June 30, 2016, the District's proportion was 0.07104%, which was a increase of 0.0038% from their proportion measured as of June 30, 2015.

For the year ended June 30, 2016, the District recognized pension expense of \$473,489. At the June 30, 2017, the District reported deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 22,179	48,625
Net difference between projected and actual earnings on pension plan investments	305,165	0
Changes of assumptions	104,067	0
Changes in proportion and differences between the District's contributions and proportionate share of contributions	178,794	83,840
District's contributions subsequent to the measurement date	288,512	0
	<u>\$ 898,717</u>	<u>132,465</u>

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\$288,512 reported as deferred outflows of resources related to pensions resulting from District's contributions subsequent to the measurement date June 30, 2015 will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June</u>	
2018	\$ 88,720
2019	120,410
2020	194,193
2021	74,417
Total	<u>\$ 477,740</u>

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

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

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Cost-of-Living Increases	2% per year, compounded annually.
Payroll Growth	3.5% per year (with no allowance for membership growth).
Contribution Accumulation	5.5% increase per year for all years prior to the valuation date. (Contributions are credited with 4.0% interest, compounded annually, applicable to the account balance in the past as well as the future).
Disability Incidence	Approved rates applied to eligible members with at least 10 years of service.

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

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

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

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

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



	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
The Districts' proportionate share of the net pension liability	\$ 6,771,184	\$ 5,112,346	\$ 3,735,980

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

**H. Retiree Health Care**

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

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

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

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

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

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. For employees that were members of an enhanced retirement plan (state police and adult correctional officer member coverage plan 1; municipal police member coverage plans 3, 4 or 5; municipal fire member coverage plan 3, 4 or 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act) during the fiscal year ended June 30, 2015, the statutes required each participating employer to contribute 2.5% of each participating employee's annual salary; and each participating employee was required to contribute 1.25% of their salary. For employees that were not members of an enhanced retirement plan during the fiscal year ended June 30, 2015, the statute required each participating employer to contribute 2.0% of each participating employee's annual salary; each participating employee was required to contribute 1.0% of their salary. In addition, pursuant to Section 10-7C-15(G) NMSA 1978, at the first session of the Legislature following July 1, 2013, the legislature shall review and adjust the distributions pursuant to Section 7-1-6.1 NMSA 1978 and the employer and employee contributions to the authority in order to ensure the actuarial soundness of the benefits provided under the Retiree Health Care Act.

The District's contributions to the RHCA for the years ended June 30, 2017, 2016 and 2015 were \$41,513, \$40,579, and \$38,017 respectively, which equal the required contributions for each year.

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

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

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

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

The reconciliation of budgetary basis to GAAP basis statements are located at the bottom of each budget actual.

**J. Risk Management**

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

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

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

**K. Joint Powers Agreements**

A joint powers agreement was entered into with the Regional Education Cooperative No. 6 (REC). The purpose of the agreement is to allow the submission of a consolidated application to the State Department of Education for certain funds granted to the State of New Mexico by the United States Department of Education under the Education of the Handicapped Act, Part B, PL 94-142 among others.

There are ten schools that participate in the REC, they are Dora, Elida, Floyd, Fort Sumner, Grady, House, Logan, Melrose, San Jon, and Texico. The agreement became effective on July 1, 1995 and is to remain in effect until the end of any fiscal year during which the school gives notice of intent to terminate.

The REC funds include IDEA B Entitlement and IDEA Preschool. The REC has not reimbursed the District or paid expenditures on behalf of the District. The REC assisted in writing the SPED Federal grants.

The financial statements for the REC were prepared by an IPA. The audit report is available at the REC located at 1500 South Ave K, Station 9, Portales, New Mexico 88130.

A joint powers agreement (College Dual Enrollment Agreement) was entered into with Logan Municipal Schools, Clovis Community College, Eastern New Mexico University, and Mesalands Community College. The purpose of the agreement is to provide higher education to qualified Logan High School junior and senior students in both technical and arts and science courses.

The agreement became effective on July 1, 2015 - June 30, 2016 where agreement shall automatically renew annually unless either party notifies intent to terminate. and is to remain in effect until the end of any fiscal year during which the school gives notice of intent to terminate.

Logan Municipal Schools will be responsible for tuition and enrollment fees for the junior and senior students of Logan Municipal Schools. The total cost will vary depending on the number of junior's and senior's that are enrolled.

**L. Related Party Transactions**

The District purchases supplies from Bruhn Hardware which is owned by a board member. During this fiscal year Bruhn Hardware was paid for supplies totaling \$5,963.75.

The District contracted with an individual as a bus contractor who is related to a school member and has an ownership interest in Bruhn Hardware. The total paid for to the bus contractor was \$56,487.00.

The District also made purchases from a business, Amy's Every Bloomin Thing and Amy's Oasis, who is owned by the board president's spouse. Total purchases were \$1,476.91.

**M. Contingent Liabilities**

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

**N. Subsequent Events**

Subsequent events were evaluated through October 23, 2017 which is the date the financial statements were available to be issued.

**O. Restatement**

Fund Balance for Instructional Materials-14000 was restated \$(8,137) for the amount returned to PED due to a state-wide budget reduction.

Net Position was restated \$(8,137) for the fund balance restatements discussed above.

**P. Subsequent Pronouncements**

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

- \*Timing of the measurement of pension or OPEB liabilities and expenditures recognized in financial statements prepared using the current financial resources measurement focus.
- \*Recognizing on-behalf payments for pensions or OPEB in employer financial statements.
- \*Presenting payroll-related measures in required supplementary information for purposes of reporting by OPEB plans and employers that provide OPEB.
- \*Classifying employer-paid member contributions for OPEB.
- \*Simplifying certain aspects of the alternative measurement method for OPEB.
- \*Accounting and financial reporting for OPEB provided through certain multiple-employer defined benefit OPEB plans.

The District is still evaluating how this pronouncement will affect the financial statements.

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

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

**Supplemental Information Related to  
Major Funds**

State of New Mexico

**Logan Municipal Schools**

Capital Project Fund-Senate Bill Nine-Local-31701

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

For the Year Ended June 30, 2017

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Revenues</b>				
Property Taxes	\$ 123,507	\$ 123,507	\$ 125,205	\$ 1,698
DOT Grant	0	0	25,701	25,701
Total Revenues	<u>123,507</u>	<u>123,507</u>	<u>150,906</u>	<u>27,399</u>
<b>Expenditures</b>				
<b>Support Services</b>				
General Administration				
Professional & Tech Services	<u>1,093</u>	<u>1,093</u>	<u>1,093</u>	<u>0</u>
Total General Administration	<u>1,093</u>	<u>1,093</u>	<u>1,093</u>	<u>0</u>
Total Support Services	<u>1,093</u>	<u>1,093</u>	<u>1,093</u>	<u>0</u>
<b>Capital Outlay</b>				
Purchased Property Services	234,039	234,039	60,028	174,011
Supplies	10,000	18,000	10,576	7,424
Supply Assets	<u>70,000</u>	<u>71,307</u>	<u>4,990</u>	<u>66,317</u>
Total Capital Outlay	<u>314,039</u>	<u>323,346</u>	<u>75,594</u>	<u>247,752</u>
Total Expenditures	<u>315,132</u>	<u>324,439</u>	<u>76,687</u>	<u>247,752</u>
Excess (Deficiency) of Revenues Over Expenditures	(191,625)	(200,932)	74,219	275,151
Cash Balance Beginning of Year	<u>210,746</u>	<u>210,746</u>	<u>210,746</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 19,121</u>	<u>\$ 9,814</u>	<u>\$ 284,965</u>	<u>\$ 275,151</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 74,219	
Net Change in Accounts Payable			4,247	
Net Change in Property Taxes			542	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 79,008</u>	

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

State of New Mexico  
**Logan Municipal Schools**  
Debt Service-41000  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Revenues</b>				
Property Taxes	\$ 241,029	\$ 241,029	\$ 253,039	\$ 12,010
Interest Income	60	60	0	(60)
Total Revenues	<u>241,089</u>	<u>241,089</u>	<u>253,039</u>	<u>11,950</u>
<b>Expenditures</b>				
<b>Support Services</b>				
General Administration				
Professional & Tech Services	<u>2,093</u>	<u>2,093</u>	<u>2,093</u>	<u>0</u>
Total General Administration	<u>2,093</u>	<u>2,093</u>	<u>2,093</u>	<u>0</u>
Total Support Services	<u>2,093</u>	<u>2,093</u>	<u>2,093</u>	<u>0</u>
<b>Debt Service</b>				
Principal	160,000	160,000	160,000	0
Interest	<u>85,841</u>	<u>85,841</u>	<u>85,841</u>	<u>0</u>
Total Debt Service	<u>245,841</u>	<u>245,841</u>	<u>245,841</u>	<u>0</u>
Total Expenditures	<u>247,934</u>	<u>247,934</u>	<u>247,934</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	(6,845)	(6,845)	5,105	11,950
Cash Balance Beginning of Year	<u>64,127</u>	<u>64,127</u>	<u>64,127</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 57,282</u>	<u>\$ 57,282</u>	<u>\$ 69,232</u>	<u>\$ 11,950</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 5,105	
Net Change in Taxes			<u>(4,104)</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 1,001</u>	

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

**Supplemental Information Related to  
Nonmajor Funds**



**Nonmajor Special Revenue Funds**

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

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

**Title I (24101).** To account for a program funded by a Federal grant to supplement the regular instructional program for educationally deprived students. Funding authorized by the Elementary and Secondary Act of 1965, Chapter I of Title I, as amended, Public Laws 100-297, 20 U.S.C. 2701. The fund was created by the authority of federal grant provisions.

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

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

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

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

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

**USDA Equipment (24183).** To account for funds for equipment to improve school food services. Authorization (040): Richard B. Russell National School Lunch Act, as amended, 42 U.S.C. 1751, 1758, 1759a, 1761, 1765, 1769, 1772, 1773, 1779; School Breakfast Program; Child Nutrition Act of 1966, as amended, Public Laws 108265, 104-193, 100-435, 99-661, 97-35, Special Milk Program; Child Nutrition Act of 1966, as amended; Child and Adult Care Food Program; 89 Stat. 522-

**Rural Education Achievement Program (25233).** Part B of Title VI of the reauthorized ESEA contains Rural Education Achievement Program (REAP) initiatives that are designed to help rural districts that may lack the personnel and resources to compete effectively for Federal competitive grants and that often receive grant allocations in amounts that are too small to be effective in meeting their intended purposes. The fund was created by the authority of federal grant provisions.

**Pre-K (26107).** To account for revenues and expenditure received from a grant funded through the Regional Education Cooperative #6 to provide for the education of preschool students. The fund was created by a memorandum of understanding.

**Dual Credit Instructional Materials (27103).** To provide funding to the District to purchase college books for students attending college classes and obtaining dual credits. The fund was created by grant provisions.

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

**Breakfast for Elementary Students (27155).** To account for funds received to provide breakfast for all elementary students. The fund was created by grant provisions.

**Nonmajor Capital Projects Funds**

**Bond Building (31100).** The revenues are derived from a bond debt levy. Expenditures are restricted to capital improvements.

**Special School Capital Outlay State (31400).** To account for special appropriations monies received from the State of New Mexico under Chapter 4, Laws of 1996 for the purpose of upgrading buildings.

**Senate Bill Nine-State (31700).** The revenues are derived from a district tax levy and matched by the state. Expenditures are restricted to capital improvements, maintenance of the facilities and supplies.

State of New Mexico  
**Logan Municipal Schools**  
 Nonmajor Funds  
 Combining Balance Sheet  
 June 30, 2017

	Special Revenue Funds		
	Food Service 21000	Athletics 22000	Title I 24101
<b>Assets</b>			
Cash and Cash Equivalents	\$ 49,292	\$ 0	\$ 0
Receivables			
Due From Grantor	0	0	16,960
Inventory	7,394	0	0
Total Assets	<u>\$ 56,686</u>	<u>\$ 0</u>	<u>\$ 16,960</u>
<b>Liabilities and Fund Balance</b>			
<b>Liabilities</b>			
Accounts Payable	\$ 0	\$ 0	\$ 0
Interfund Balances	0	0	16,960
Total Liabilities	<u>0</u>	<u>0</u>	<u>16,960</u>
<b>Deferred Inflows of Resources</b>			
Unavailable Revenue	0	0	0
Total Deferred Inflows of Resources	<u>0</u>	<u>0</u>	<u>0</u>
<b>Fund Balance</b>			
Nonspendable-Inventory	7,394	0	0
Restricted for:			
Special Revenue Funds	49,292	0	0
Capital Projects	0	0	0
Debt Service	0	0	0
Total Fund Balances	<u>56,686</u>	<u>0</u>	<u>0</u>
<b>Total Liabilities, Deferred Inflows and Fund Balances</b>	<u>56,686</u>	<u>\$ 0</u>	<u>\$ 16,960</u>

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

State of New Mexico  
**Logan Municipal Schools**  
 Nonmajor Funds  
 Combining Balance Sheet  
 June 30, 2017

	Special Revenue Funds		
	IDEA B Entitlement 24106	IDEA Preschool 24109	Fresh Fruit & Vegetables 24118
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Assets</b>			
Cash and Cash Equivalents	\$ 0	\$ 0	\$ 0
Receivables			
Due From Grantor	25,529	3,021	1,649
Inventory	<u>0</u>	<u>0</u>	<u>0</u>
Total Assets	<u>\$ 25,529</u>	<u>\$ 3,021</u>	<u>\$ 1,649</u>
<b>Liabilities and Fund Balance</b>			
<b>Liabilities</b>			
Accounts Payable	\$ 0	\$ 0	\$ 0
Interfund Balances	<u>25,529</u>	<u>3,021</u>	<u>1,649</u>
Total Liabilities	<u>25,529</u>	<u>3,021</u>	<u>1,649</u>
<b>Deferred Inflows of Resources</b>			
Unavailable Revenue	<u>0</u>	<u>0</u>	<u>0</u>
Total Deferred Inflows of Resources	<u>0</u>	<u>0</u>	<u>0</u>
<b>Fund Balance</b>			
Nonspendable-Inventory	0	0	0
Restricted for:			
Special Revenue Funds	0	0	0
Capital Projects	0	0	0
Debt Service	<u>0</u>	<u>0</u>	<u>0</u>
Total Fund Balances	<u>0</u>	<u>0</u>	<u>0</u>
<b>Total Liabilities, Deferred Inflows and Fund Balances</b>	<u>\$ 25,529</u>	<u>\$ 3,021</u>	<u>\$ 1,649</u>

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

State of New Mexico  
**Logan Municipal Schools**  
 Nonmajor Funds  
 Combining Balance Sheet  
 June 30, 2017

	Special Revenue Funds		
	IDEA B Reallocation 24120	Teacher/Principal Training 24154	USDA Equipment 24183
<b>Assets</b>			
Cash and Cash Equivalents	\$ 0	\$ 0	\$ 0
Receivables			
Due From Grantor	0	2,074	7,828
Inventory	0	0	0
Total Assets	<u>\$ 0</u>	<u>\$ 2,074</u>	<u>\$ 7,828</u>
<b>Liabilities and Fund Balance</b>			
<b>Liabilities</b>			
Accounts Payable	\$ 0	\$ 0	\$ 0
Interfund Balances	0	2,074	7,828
Total Liabilities	<u>0</u>	<u>2,074</u>	<u>7,828</u>
<b>Deferred Inflows of Resources</b>			
Unavailable Revenue	0	0	0
Total Deferred Inflows of Resources	<u>0</u>	<u>0</u>	<u>0</u>
<b>Fund Balance</b>			
Nonspendable-Inventory	0	0	0
Restricted for:			
Special Revenue Funds	0	0	0
Capital Projects	0	0	0
Debt Service	0	0	0
Total Fund Balances	<u>0</u>	<u>0</u>	<u>0</u>
<b>Total Liabilities, Deferred Inflows and Fund Balances</b>	<u>\$ 0</u>	<u>\$ 2,074</u>	<u>\$ 7,828</u>

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

State of New Mexico  
**Logan Municipal Schools**  
 Nonmajor Funds  
 Combining Balance Sheet  
 June 30, 2017

	Special Revenue Funds		
	Rural Education REAP 25233	Pre-K 26107	Dual Credit Instructional Materials 27103
<b>Assets</b>			
Cash and Cash Equivalents	\$ 0	\$ 0	\$ 0
Receivables			
Due From Grantor	0	0	0
Inventory	0	0	0
Total Assets	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b>Liabilities and Fund Balance</b>			
Liabilities			
Accounts Payable	\$ 0	\$ 0	\$ 0
Interfund Balances	0	0	0
Total Liabilities	<u>0</u>	<u>0</u>	<u>0</u>
Deferred Inflows of Resources			
Unavailable Revenue	0	0	0
Total Deferred Inflows of Resources	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance			
Nonspendable-Inventory	0	0	0
Restricted for:			
Special Revenue Funds	0	0	0
Capital Projects	0	0	0
Debt Service	0	0	0
Total Fund Balances	<u>0</u>	<u>0</u>	<u>0</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

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

State of New Mexico  
**Logan Municipal Schools**  
 Nonmajor Funds  
 Combining Balance Sheet  
 June 30, 2017

	Special Revenue Fund	Capital Projects Funds	
	Breakfast for Elementary Students 27155	Bond Building 31100	Capital Outlay State 31400
<b>Assets</b>			
Cash and Cash Equivalents	\$ 0	\$ 0	\$ 0
Receivables			
Due From Grantor	0	0	0
Inventory	0	0	0
Total Assets	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b>Liabilities and Fund Balance</b>			
<b>Liabilities</b>			
Accounts Payable	\$ 0	\$ 0	\$ 0
Interfund Balances	0	0	0
Total Liabilities	<u>0</u>	<u>0</u>	<u>0</u>
<b>Deferred Inflows of Resources</b>			
Unavailable Revenue	0	0	0
Total Deferred Inflows of Resources	<u>0</u>	<u>0</u>	<u>0</u>
<b>Fund Balance</b>			
Nonspendable-Inventory	0	0	0
<b>Restricted for:</b>			
Special Revenue Funds	0	0	0
Capital Projects	0	0	0
Debt Service	0	0	0
Total Fund Balances	<u>0</u>	<u>0</u>	<u>0</u>
<b>Total Liabilities, Deferred Inflows and Fund Balances</b>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

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

State of New Mexico  
**Logan Municipal Schools**  
 Nonmajor Funds  
 Combining Balance Sheet  
 June 30, 2017

	<u>Capital Outlay Fund</u>	
	<u>Senate Bill Nine-State 31700</u>	<u>Total</u>
<b>Assets</b>		
Cash and Cash Equivalents	\$ 0	\$ 49,292
Receivables		
Due From Grantor	10,321	67,382
Inventory	<u>0</u>	<u>7,394</u>
Total Assets	<u>\$ 10,321</u>	<u>\$ 124,068</u>
<b>Liabilities and Fund Balance</b>		
<b>Liabilities</b>		
Accounts Payable	\$ 0	\$ 0
Interfund Balances	<u>10,321</u>	<u>67,382</u>
Total Liabilities	<u>10,321</u>	<u>67,382</u>
<b>Deferred Inflows of Resources</b>		
Unavailable Revenue	<u>0</u>	<u>0</u>
Total Deferred Inflows of Resources	<u>0</u>	<u>0</u>
<b>Fund Balance</b>		
Nonspendable-Inventory	0	7,394
Restricted for:		
Special Revenue Funds	0	49,292
Capital Projects	0	0
Debt Service	<u>0</u>	<u>0</u>
Total Fund Balances	<u>0</u>	<u>56,686</u>
 Total Liabilities, Deferred Inflows and Fund Balances	 <u>\$ 10,321</u>	 <u>\$ 124,068</u>

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



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

	Special Revenue Funds		
	Food Service 21000	Athletics 22000	Title I 24101
<b>Revenues</b>			
Interest Income	\$ 0	\$ 0	\$ 0
Property Taxes	0	0	0
Fees	35,223	24,097	0
State & Local Grants	0	0	0
Federal Grants	92,833	0	38,033
Total Revenues	<u>128,056</u>	<u>24,097</u>	<u>38,033</u>
<b>Expenditures</b>			
Current			
Instruction	0	32,171	38,033
Support Services			
Students	0		0
Operation of Plant	0	0	0
Food Services	96,090	0	0
Capital Outlay	0	0	0
Total Expenditures	<u>96,090</u>	<u>32,171</u>	<u>38,033</u>
Excess (Deficiency) of Revenues Over Expenditures	31,966	(8,074)	0
Fund Balances at Beginning of Year	<u>24,720</u>	<u>8,074</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 56,686</u>	<u>\$ 0</u>	<u>\$ 0</u>

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

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

	Special Revenue Funds		
	IDEA B Entitlement 24106	IDEA Preschool 24109	Fresh Fruit & Vegetables 24118
<b>Revenues</b>			
Interest Income	\$ 0	\$ 0	\$ 0
Property Taxes	0	0	0
Fees	0	0	0
State & Local Grants	0	0	0
Federal Grants	58,874	5,698	6,022
Total Revenues	<u>58,874</u>	<u>5,698</u>	<u>6,022</u>
<b>Expenditures</b>			
<b>Current</b>			
Instruction	57,960	5,698	0
Support Services			
Students	257	0	0
Operation of Plant	657	0	0
Food Services	0	0	6,022
Capital Outlay	0	0	0
Total Expenditures	<u>58,874</u>	<u>5,698</u>	<u>6,022</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	0
Fund Balances at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

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

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

	Special Revenue Funds		
	IDEA B	Teacher/Principal	USDA
	Reallocation 24120	Training 24154	Equipment 24183
<b>Revenues</b>			
Interest Income	\$ 0	\$ 0	\$ 0
Property Taxes	0	0	0
Fees	0	0	0
State & Local Grants	0	0	0
Federal Grants	0	7,319	7,828
Total Revenues	<u>0</u>	<u>7,319</u>	<u>7,828</u>
<b>Expenditures</b>			
Current			
Instruction	0	7,319	0
Support Services			
Students	0	0	0
Operation of Plant	0	0	0
Food Services	0	0	0
Capital Outlay	0	0	7,828
Total Expenditures	<u>0</u>	<u>7,319</u>	<u>7,828</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	0
Fund Balances at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

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

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

	Special Revenue Funds		
	Rural Education REAP 25233	Pre-K 26107	Dual Credit Instructional Materials 27103
<b>Revenues</b>			
Interest Income	\$ 0	\$ 0	\$ 0
Property Taxes	0	0	0
Fees	0	0	0
State & Local Grants	0	47,566	1,795
Federal Grants	28,074	0	0
<b>Total Revenues</b>	<b>28,074</b>	<b>47,566</b>	<b>1,795</b>
<b>Expenditures</b>			
Current			
Instruction	0	47,566	1,795
Support Services			
Students	28,074	0	0
Operation of Plant	0	0	0
Food Services	0	0	0
Capital Outlay	0	0	0
<b>Total Expenditures</b>	<b>28,074</b>	<b>47,566</b>	<b>1,795</b>
Excess (Deficiency) of Revenues Over Expenditures	0	0	0
Fund Balances at Beginning of Year	0	0	0
Fund Balance End of Year	\$ 0	\$ 0	\$ 0

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

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

	Special Revenue Fund	Capital Projects Funds	
	Breakfast for Elementary Students 27155	Bond Building 31100	Capital Outlay State 31400
<b>Revenues</b>			
Interest Income	\$ 0	\$ 0	\$ 0
Property Taxes	0	0	0
Fees	0	0	0
State & Local Grants	7,971	0	0
Federal Grants	0	0	0
Total Revenues	<u>7,971</u>	<u>0</u>	<u>0</u>
<b>Expenditures</b>			
Current			
Instruction	0	15,714	0
Support Services			
Students	0	0	0
Operation of Plant	0	0	0
Food Services	7,971	0	0
Capital Outlay	0	0	0
Total Expenditures	<u>7,971</u>	<u>15,714</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	0	(15,714)	0
Fund Balances at Beginning of Year	<u>0</u>	<u>15,714</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

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

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

	<u>Capital Outlay Fund</u>	
	<u>Senate Bill Nine-State 31700</u>	<u>Total</u>
<b>Revenues</b>		
Interest Income	\$ 0	\$ 0
Property Taxes	0	0
Fees	0	59,320
State & Local Grants	10,321	67,653
Federal Grants	0	244,681
Total Revenues	<u>10,321</u>	<u>371,654</u>
<b>Expenditures</b>		
Current		
Instruction	0	206,256
Support Services		
Students	0	28,331
Operation of Plant	10,321	10,978
Food Services	0	110,083
Capital Outlay	0	7,828
Total Expenditures	<u>10,321</u>	<u>363,476</u>
Excess (Deficiency) of Revenues Over Expenditures	0	8,178
Fund Balances at Beginning of Year	<u>0</u>	<u>48,508</u>
Fund Balance End of Year	<u>\$ 0</u>	<u>\$ 56,686</u>

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

## **Required Supplemental Information**

State of New Mexico  
**Logan Municipal Schools**  
Schedules of Required Supplementary Information for Pension Plan

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

Last 10 Fiscal Years\*

	Fiscal Year Measurement Date	June 30,		
		2015	2016	2017
		2014	2015	2016
District's proportion of the net pension liability		0.06952%	0.06724%	0.07104%
District's proportionate share of the net pension liability	\$	3,966,615 \$	4,355,314 \$	5,112,346
District's covered-employee payroll	\$	1,911,446 \$	2,028,952 \$	2,075,625
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll		207.52%	214.66%	246.30%
Plan fiduciary net position as a percentage of the total pension liability		66.54%	63.97%	61.58%

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

**Schedule of District's Contributions**

Last 10 Fiscal Years\*

		June 30,		
		2015	2016	2017
Contractually required contribution	\$	265,691 \$	282,024 \$	288,512
Contributions in relation to the contractually required contribution		265,691 \$	282,024	288,512
Contribution deficiency (excess)	\$	0 \$	0 \$	0
District's covered-employee payroll		1,911,446 \$	2,028,952	2,075,625
Contributions as a percentage of covered-employee payroll		13.90%	13.90%	13.90%

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

**Notes to Required Supplementary Information**

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

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



## Other Supplemental Information

**Fiduciary Fund**

**Activity Trust Fund**

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

State of New Mexico  
**Logan Municipal Schools**  
Agency Funds - Activity  
Schedule of Fiduciary Assets and Liabilities-Agency Funds  
For the Year Ended June 30, 2017

	Balance 06/30/16	Additions	Deductions	Balance 06/30/17
23089 - Class of 2023	\$ 0	\$ 66	\$ 0	\$ 66
23090 - Class of 2022	189	283	0	472
23091 - Class of 2021	661	900	0	1,560
23092 - Class of 2020	345	4,733	1,969	3,109
23093 - Class of 2019	10,302	7,026	1,261	16,067
23094 - Class of 2018	3,295	31,292	11,490	23,097
23095 - Class of 2017	12,609	6,291	18,617	283
23096 - Class of 2016	326	0	255	71
23200 - Athletics	8	9,369	8,893	484
23201 - Baseball	0	860	0	860
23202 - Boys Basketball	1,297	2,211	2,795	713
23203 - Girls Basketball	396	4,837	4,788	445
23204 - Football	1,919	275	1,555	638
23206 - Cheerleaders	734	0	0	734
23207 - Volleyball	147	4,923	4,857	212
23209 - Softball	277	742	257	763
23300 - Cafeteria Workshop	527	12,439	12,537	429
23304 - FFA	767	45,573	42,792	3,549
23305 - National Honor Society	1,400	2,122	992	2,530
23306 - FFA Nationals	157	3,864	1,318	2,703
23309 - Library	299	3,521	3,387	434
23310 - Preschool	622	1,199	960	860
23311 - Staff Fund	7,907	9,226	7,595	9,538
23314 - Student Council	1,830	685	1,477	1,038
23317 - Yearbook	5,878	5,433	6,740	4,571
23322 - Elementary Arts	1,567	597	417	1,747
23323 - Burns Family Foundation	100	0	0	100
23324 - Scholarship Fund	0	750	750	0
23326 - Honor Rewards	791	0	0	791
23328 - Ute Lake Online Learning Center	96	0	0	96
23329 - District 3A VB/BB	9,086	9,281	15,339	3,027
23331 - WoodShop	823	0	415	408
23332 - EPAC	1,138	440	909	669
23333 - Chess Club	36	0	0	36
23335 - Elementary Fund	385	750	482	652
23336 - Fellowship of Christian Athletes	133	365	315	183
	<u>\$ 66,046</u>	<u>\$ 170,051</u>	<u>\$ 153,162</u>	<u>\$ 82,935</u>
<b>Liabilities</b>				
Deposits Held for Others	\$ 66,046	\$ 170,051	\$ 153,162	\$ 82,935
<b>Total Liabilities</b>	<u>\$ 66,046</u>	<u>\$ 170,051</u>	<u>\$ 153,162</u>	<u>\$ 82,935</u>

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

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

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		Beginning Cash Balance 6/30/16	Revenue	Expenditures	Ending Cash Balance 6/30/17
Operational	11000	\$ 748,026	\$ 3,143,715	\$ 3,312,134	\$ 579,607
Transportation	13000	0	209,779	209,779	0
Instructional Materials	14000	10,164	13,260	16,994	6,430
Food Services	21000	17,340	128,056	96,103	49,292
Athletics	22000	12,201	24,097	36,298	(0)
Federal Flowthrough	24000	(42,307)	109,022	123,775	(57,059)
Federal Direct	25000	0	28,074	28,074	0
Local Grants	26000	0	47,566	47,566	0
State Flowthrough	27000	(13,577)	43,846	61,782	(31,513)
Bond Building	31100	15,714	0	15,714	(0)
Special Capital Outlay-State	31400	(103,530)	103,530	0	(0)
Senate Bill Nine-State	31700	(9,813)	9,813	10,321	(10,321)
Senate Bill Nine-Local	31701	210,746	150,906	76,687	284,965
Debt Service	41000	64,127	253,039	247,934	69,232
Agency Funds		66,045	170,051	153,162	82,934
Total		<u>\$ 975,136</u>	<u>\$ 4,434,754</u>	<u>\$ 4,436,324</u>	<u>\$ 973,566</u>

The notes to the financial statements are an integral part

De'Aun Willoughby CPA, PC

Certified Public Accountant

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(855) 253-4313

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

Independent Auditor's Report

Mr. Tim Keller  
State Auditor of the State of New Mexico  
Board Members of the Logan Municipal Schools

Mr. Keller and Members of the Board

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, the aggregate remaining fund information, the budgetary comparisons of the general fund and major special revenue funds, of Logan Municipal Schools (District) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and the combining and individual funds and budgetary comparisons for the major capital projects and debt service funds of the District, presented as supplemental information, and have issued our report thereon dated October 23, 2017.

Internal Control Over Financial Reporting

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


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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. 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.

#### Compliance and Other Matters

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

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

 De'Ann Willoughby CPA PC

Clovis, New Mexico

October 23, 2017

State of New Mexico  
**Logan Municipal Schools**  
Schedule of Findings and Responses  
For the Year Ended June 30, 2017

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<b>Prior Year Audit Findings</b>	<b>Status</b>
<b>2016-001 PED Cash Reports</b>	Resolved
<b>2016-002 Stale Dated Checks</b>	Resolved
<b>2016-003 Cash Appropriations in Excess of Available Cash Bal</b>	Resolved
<b>2016-004 Payroll Issues</b>	Resolved
<b>2016-005 Receipt Books</b>	Resolved

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

**Financial Statement Preparation**

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

**Exit Conference**

An exit conference was held on October 23, 2017 with Lynn Birch-Board Member, Dennis Roch-Superintendent, Garrett Baker-Audit Committee Member, Courtney Neece-Audit Committee Member, Pat Copeland-Business Manager, Tommy Thompson-Principal, Patty Walker-Administrative Secretary, and De'Aun Willoughby, CPA.