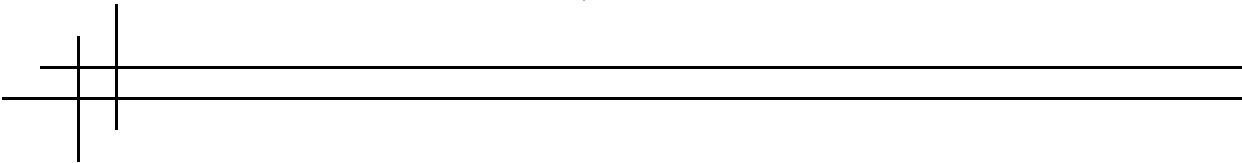


State of New Mexico
Magdalena Municipal Schools

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
Magdalena Municipal Schools
Official Roster
June 30, 2017

Board of Education

Sharon Harris	President
Chad Perkins	Vice-President
Mary L Major	Secretary
Jeremiah Apachito	Member
Kelby Stephens	Member

School Officials

Glen Haven	Superintendent
Dorothy Zamora	Business Manager

Independent Auditor's Report

Mr. Tim Keller
State Auditor of the State of New Mexico
Board Members of the Magdalena 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 Magdalena 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 comparison for the debt service fund presented as supplementary information, as defined by the Government Accounting Standards Board, in the 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 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 fund of the District as of June 30, 2017, and the respective changes in financial position and the respective budgetary comparison for the debt service fund 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 of Expenditures of Federal Awards as required by Office of Management and Budget *Title 2 U.S. CFR Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* and the other schedules 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 Schedule of Expenditures of Federal Awards and other schedules required by 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 Schedule of Expenditures of Federal Awards and other schedules required by 2.2.2 NMAC are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated 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.



Clovis, New Mexico
October 23, 2017

Financial Section

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

	Governmental Activities
Assets	
Current Assets	
Cash and Cash Equivalents	\$ 489,523
Taxes Receivable	133,013
Due from Grantor	457,255
Inventory	3,105
Total Current Assets	1,082,896
Noncurrent Assets	
Capital Assets	18,451,879
Less: Accumulated Depreciation	(8,544,615)
Total Noncurrent Assets	9,907,264
Total Assets	10,990,160
Deferred Outflows of Resources	
Deferred Outflows Related to Pensions	
Actuarial Experience	34,999
Investment Experience	481,545
Changes of Assumptions	164,216
Changes in Proportion	128,771
Contributions Subsequent to Measurement Date	444,327
Total Deferred Outflows of Resources	1,253,858
Liabilities	
Current Liabilities	
Accounts Payable	13,392
Accrued Salaries and Benefits	33,294
Accrued Interest	11,826
Compensated Absences	146,296
Current Portion Due of Long-Term Debt	215,000
Total Current Liabilities	419,808
Noncurrent Liabilities	
Bonds	1,395,000
Pension Liability	8,067,202
Total Noncurrent Liabilities	9,462,202
Total Liabilities	9,882,010
Deferred Inflows of Resources	
Unearned Revenue	2,913
Deferred Inflows Related to Pensions	
Actuarial Experience	76,729
Changes in Proportion	138,947
Total Deferred Inflows of Resources	218,589
Net Position	
Net Investment in Capital Assets	8,297,264
Restricted for:	
Capital Projects	64,670
Debt Service	39,580
Unrestricted	(6,258,095)
Total Net Position	\$ 2,143,419

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

State of New Mexico
Magdalena 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 Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities					
Instruction	\$ 3,609,337	32,074	\$ 923,076	\$ 0	\$ (2,654,187)
Support Services					
Students	556,345	143,410	85,125	0	(327,810)
Instruction	280,648	0	61,772	0	(218,876)
General Administration	356,720	68,412	28,689	0	(259,619)
School Administration	344,649	0	143,137	0	(201,512)
Central Services	175,765	0	0	0	(175,765)
Operation of Plant	734,326	0	51,768	0	(682,558)
Student Transportation	322,318	0	240,958	0	(81,360)
Other	447	0	0	0	(447)
Food Services Operations	298,431	12,099	253,876	0	(32,456)
Community Services	1,810	0	1,810	0	0
Interest and Other Charges	51,797	0	0	0	(51,797)
Total Governmental Activities	\$ 6,732,593	\$ 255,995	\$ 1,790,211	\$ 0	(4,686,387)
General Revenues					
Taxes					
					10,268
					58,713
					263,607
Federal and State aid not restricted to specific purpose					
					3,949,430
					0
Miscellaneous					
					68,304
					<u>4,350,322</u>
					(336,065)
					<u>2,479,484</u>
					<u>\$ 2,143,419</u>

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

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

	General Fund		
	Operational 11000	Teacherage 12000	Transportation 13000
Assets			
Cash and Cash Equivalents	\$ 222,577	\$ 487	\$ 9
Receivables			
Property Taxes	5,479	0	0
Due From Grantor	0	0	0
Interfund Balance	452,625	0	0
Inventory	0	0	0
Total Assets	\$ 680,681	\$ 487	\$ 9
Liabilities			
Accounts Payable	\$ 10,817	\$ 0	\$ 0
Accrued Salaries and Benefits	25,827	0	1,374
Interfund Balance	0	0	0
Current Amount Due:			
Principal	0	0	0
Interest	0	0	0
Total Liabilities	36,644	0	1,374
Deferred Inflows of Resources			
Unavailable Revenue	5,264	0	0
Total Deferred Inflows of Resources	5,264	0	0
Fund Balances			
Nonspendable-Inventory	0	0	0
Restricted for:			
Special Revenue Funds	0	0	0
Capital Improvements	0	0	0
Debt Service	0	0	0
Unassigned	638,773	487	(1,365)
Total Fund Balances	638,773	487	(1,365)
Total Liabilities, Deferred Inflow of Resources and Fund Balances	\$ 680,681	\$ 487	\$ 9

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

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

	General Fund	Special Revenue	
	Instructional Materials 14000	Title I 24101	Debt Service 41000
Assets			
Cash and Cash Equivalents	\$ 7,389	\$ 0	\$ 82,343
Receivables			
Property Taxes	0	0	97,911
Due From Grantor	0	228,744	0
Interfund Balance	0	0	0
Inventory	0	0	0
Total Assets	\$ 7,389	\$ 228,744	\$ 180,254
Liabilities			
Accounts Payable	\$ 0	\$ 0	\$ 0
Accrued Salaries and Benefits	0	2,196	0
Interfund Balance	0	226,548	0
Current Amount Due:			
Principal	0	0	45,000
Interest	0	0	3,002
Total Liabilities	0	228,744	48,002
Deferred Inflows of Resources			
Unavailable Revenue	0	0	92,672
Total Deferred Inflows of Resources	0	0	92,672
Fund Balances			
Nonspendable-Inventory	0	0	0
Restricted for:			
Special Revenue Funds	0	0	0
Capital Improvements	0	0	0
Debt Service	0	0	39,580
Unassigned	7,389	0	0
Total Fund Balances	7,389	0	39,580
Total Liabilities, Deferred Inflow of Resources and Fund Balances	\$ 7,389	\$ 228,744	\$ 180,254

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

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

	Other Governmental Funds	Total Governmental Funds
Assets		
Cash and Cash Equivalents	\$ 176,718	\$ 489,523
Receivables		
Property Taxes	29,623	133,013
Due From Grantor	228,511	457,255
Interfund Balance	0	452,625
Inventory	3,105	3,105
Total Assets	<u>\$ 437,957</u>	<u>\$ 1,535,521</u>
Liabilities		
Accounts Payable	\$ 2,575	\$ 13,392
Accrued Salaries and Benefits	3,897	33,294
Interfund Balance	226,077	452,625
Current Amount Due:		
Principal	0	45,000
Interest	0	3,002
Total Liabilities	<u>232,549</u>	<u>547,313</u>
Deferred Inflows of Resources		
Unavailable Revenue	<u>31,267</u>	<u>129,203</u>
Total Deferred Inflows of Resources	<u>31,267</u>	<u>129,203</u>
Fund Balances		
Nonspendable-Inventory	3,105	3,105
Restricted for:		
Special Revenue Funds	108,827	108,827
Capital Improvements	64,670	64,670
Debt Service	0	39,580
Unassigned	(2,461)	642,823
Total Fund Balances	<u>174,141</u>	<u>859,005</u>
Total Liabilities, Deferred Inflow of Resources and Fund Balances	<u>\$ 437,957</u>	<u>\$ 1,535,521</u>

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

State of New Mexico
Magdalena Municipal Schools
 Reconciliation of the Governmental Funds
 Balance Sheet to the Statement of Net Position
 June 30, 2017

Total Fund Balance - Governmental Funds \$ 859,005

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. 129,203

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

Capital Assets	\$ 18,451,879	
Accumulated Depreciation	<u>(8,544,615)</u>	9,907,264

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	1,253,858	
Deferred Inflows Related to Pensions	<u>(218,589)</u>	1,035,269

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 :

Bond Payable	(1,610,000)	
Current Portion of Principal Due	45,000	
Pension Liability	(8,067,202)	
Accrued Interest	(11,826)	
Current Portion of Interest Due	3,002	
Compensated Absences	<u>(146,296)</u>	<u>(9,787,322)</u>

Total Net Position - Governmental Activities \$ 2,143,419

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

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

	General Fund		
	Operational 11000	Teacherage 12000	Transportation 13000
Revenues			
Property Taxes	\$ 10,071	\$ 0	\$ 0
Fees	68,412	0	0
State & Local Grants	3,550,854	0	240,958
Federal Grants	398,576	0	0
Miscellaneous	68,270	0	0
Total Revenues	4,096,183	0	240,958
Expenditures			
Current			
Instruction	2,085,963	0	0
Support Services			
Students	391,946	0	0
Instruction	210,237	0	0
General Administration	309,266	0	0
School Administration	187,269	0	0
Central Services	175,568	0	0
Operation of Plant	616,761	0	0
Student Transportation	0	0	239,765
Other	447	0	0
Food Service Operations	15,000	0	0
Community Services	0	0	0
Capital Outlay	0	0	0
Debt Service			
Principal	0	0	0
Interest	0	0	0
Total Expenditures	3,992,457	0	239,765
Excess (Deficiency) of Revenues Over Expenditures	103,726	0	1,193
Fund Balances at Beginning of Year	535,047	487	(2,558)
Fund Balance End of Year	\$ 638,773	\$ 487	\$ (1,365)

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

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

	General Fund	Special Revenue	
	Instructional Materials 14000	Title I 24101	Debt Service 41000
Revenues			
Property Taxes	\$ 0	\$ 0	\$ 252,687
Fees	0	0	0
State & Local Grants	20,825	0	0
Federal Grants	0	383,403	0
Miscellaneous	0	0	0
Total Revenues	20,825	383,403	252,687
Expenditures			
Current			
Instruction	27,400	302,134	0
Support Services			
Students	0	0	0
Instruction	0	0	0
General Administration	0	15,175	2,497
School Administration	0	65,770	0
Central Services	0	0	0
Operation of Plant	0	0	0
Student Transportation	0	0	0
Other	0	0	0
Food Service Operations	0	0	0
Community Services	0	324	0
Capital Outlay	0	0	0
Debt Service			
Principal	0	0	165,000
Interest	0	0	52,496
Total Expenditures	27,400	383,403	219,993
Excess (Deficiency) of Revenues Over Expenditures	(6,575)	0	32,694
Fund Balances at Beginning of Year	13,964	0	6,886
Fund Balance End of Year	\$ 7,389	\$ 0	\$ 39,580

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

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

	Other Governmental Funds	Total Governmental Funds
Revenues		
Property Taxes	\$ 58,153	\$ 320,911
Fees	187,583	255,995
State & Local Grants	292,095	4,104,732
Federal Grants	852,930	1,634,909
Miscellaneous	34	68,304
Total Revenues	<u>1,390,795</u>	<u>6,384,851</u>
Expenditures		
Current		
Instruction	613,938	3,029,435
Support Services		
Students	153,323	545,269
Instruction	61,772	272,009
General Administration	17,433	344,371
School Administration	77,367	330,406
Central Services	0	175,568
Operation of Plant	81,176	697,937
Student Transportation	10,874	250,639
Other	0	447
Food Service Operations	270,644	285,644
Community Services	1,486	1,810
Capital Outlay	28,372	28,372
Debt Service		
Principal	0	165,000
Interest	0	52,496
Total Expenditures	<u>1,316,385</u>	<u>6,179,403</u>
Excess (Deficiency) of Revenues Over Expenditures	74,410	205,448
Fund Balances at Beginning of Year	<u>99,731</u>	<u>653,557</u>
Fund Balance End of Year	<u>\$ 174,141</u>	<u>\$ 859,005</u>

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

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

Excess (Deficiency) of Revenues Over Expenditures		\$ 205,448
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	\$ (114,613)	
Property Taxes Receivable, June 30, 2017	<u>133,013</u>	18,400
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	(522,043)	
Capital Outlays	<u>28,372</u>	(493,671)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		
Principal Paid	165,000	
Current Amount Due	<u>(45,000)</u>	120,000
In the Statement of Activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. The difference in the current amount due and the accrued interest each year is:		
Accrued Interest, June 30, 2016	9,523	
Current Amount Due	3,002	
Accrued Interest, June 30, 2017	<u>(11,826)</u>	699
Some expenses reported in the Statement of Activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Compensated Absences, June 30, 2016	140,943	
Compensated Absences, June 30, 2017	<u>(146,296)</u>	(5,353)
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	444,327	
Pension Expense	<u>(625,915)</u>	<u>(181,588)</u>
Changes in Net Position of Governmental Activities		<u>\$ (336,065)</u>

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

State of New Mexico
Magdalena 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- Favorable (Unfavorable)
	Original	Final		
Revenues				
Property Taxes	\$ 10,576	\$ 10,257	\$ 9,985	\$ (272)
Fees	2,892	2,892	68,411	65,519
State Grant	3,575,461	3,550,854	3,550,854	0
Federal Grant	442,860	442,860	398,576	(44,284)
Miscellaneous	81,000	81,000	68,271	(12,729)
Total Revenues	<u>4,112,789</u>	<u>4,087,863</u>	<u>4,096,097</u>	<u>8,234</u>
Expenditures				
Instruction				
Personnel Services	1,582,771	1,618,867	1,533,986	84,881
Employee Benefits	591,578	573,167	493,984	79,183
Professional & Tech Services	5,475	8,770	6,416	2,354
Purchased Services	18,050	23,148	14,988	8,160
Supplies	68,714	70,804	40,950	29,854
Supply Assets	2,300	2,300	0	2,300
Total Instruction	<u>2,268,888</u>	<u>2,297,056</u>	<u>2,090,324</u>	<u>206,732</u>
Support Services				
Students				
Personnel Services	138,008	106,383	93,682	12,701
Employee Benefits	50,867	51,027	36,884	14,143
Professional & Tech Services	302,350	317,036	244,338	72,698
Purchased Services	1,800	9,503	9,503	0
Supplies	8,500	9,130	6,806	2,324
Supply Assets	750	5,750	733	5,017
Total Students	<u>502,275</u>	<u>498,829</u>	<u>391,946</u>	<u>106,883</u>
Instruction				
Personnel Services	129,440	122,166	119,195	2,971
Employee Benefits	72,100	62,101	50,493	11,608
Professional & Tech Services	3,500	4,000	1,692	2,308
Purchased Services	15,000	15,000	9,287	5,713
Supplies	42,500	41,000	30,566	10,434
Total Instruction	<u>\$ 262,540</u>	<u>\$ 244,267</u>	<u>\$ 211,233</u>	<u>\$ 33,034</u>

State of New Mexico

Magdalena 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- Favorable (Unfavorable)
	Original	Final		
General Administration				
Personnel Services	\$ 142,594	\$ 155,458	\$ 148,536	\$ 6,922
Employee Benefits	48,865	44,573	44,187	386
Professional & Tech Services	53,374	78,436	71,921	6,515
Purchased Property Services	18,000	20,607	16,716	3,891
Purchased Services	16,900	25,733	17,267	8,466
Supplies	11,500	14,272	9,968	4,304
Supply Assets	2,500	0	0	0
Total General Administration	<u>293,733</u>	<u>339,079</u>	<u>308,595</u>	<u>30,484</u>
School Administration				
Personnel Services	142,456	142,456	137,652	4,804
Employee Benefits	53,296	51,206	47,313	3,893
Professional & Tech Services	1,500	1,500	240	1,260
Purchased Services	2,600	2,600	332	2,268
Supplies	12,000	12,000	2,838	9,162
Supply Assets	500	1,039	1,039	0
Total School Administration	<u>212,352</u>	<u>210,801</u>	<u>189,414</u>	<u>21,387</u>
Central Services				
Personnel Services	104,668	104,801	104,800	1
Employee Benefits	40,025	38,852	38,704	148
Professional & Tech Services	2,500	2,500	2,257	243
Purchased Services	1,500	9,418	8,359	1,059
Supplies	20,000	19,582	14,334	5,248
Supply Assets	3,500	11,615	7,115	4,500
Total Central Services	<u>172,193</u>	<u>186,768</u>	<u>175,569</u>	<u>11,199</u>
Operation of Plant				
Personnel Services	215,695	188,657	177,615	11,042
Employee Benefits	84,291	68,664	57,422	11,242
Professional & Tech Services	2,600	3,600	2,697	903
Purchased Property Services	345,000	358,967	241,938	117,029
Purchased Services	123,769	127,925	120,917	7,008
Supplies	34,000	34,000	23,226	10,774
Supply Assets	2,000	2,000	0	2,000
Total Operation of Plant	<u>807,355</u>	<u>783,813</u>	<u>623,815</u>	<u>159,998</u>
Student Transportation				
Purchased Property Services	0	15,000	0	15,000
Total Student Transportation	<u>\$ 0</u>	<u>\$ 15,000</u>	<u>\$ 0</u>	<u>\$ 15,000</u>

State of New Mexico
Magdalena 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- Favorable (Unfavorable)
	Original	Final		
Other Support Service				
Other Support Services	\$ 14,538	\$ 14,538	\$ 447	\$ 14,091
Total Other Support Service	<u>14,538</u>	<u>14,538</u>	<u>447</u>	<u>14,091</u>
Total Support Services	<u>2,264,986</u>	<u>2,293,095</u>	<u>1,901,019</u>	<u>392,076</u>
Food Service Operations				
Purchased Services	0	1,668	0	1,668
Supplies	<u>0</u>	<u>21,500</u>	<u>15,000</u>	<u>6,500</u>
Total Food Service Operations	<u>0</u>	<u>23,168</u>	<u>15,000</u>	<u>8,168</u>
Total Expenditures	<u>4,533,874</u>	<u>4,613,319</u>	<u>4,006,343</u>	<u>606,976</u>
Excess (Deficiency) of Revenues Over Expenditures	(421,085)	(525,456)	89,754	615,210
Cash Balance Beginning of Year	<u>585,448</u>	<u>585,448</u>	<u>585,448</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 164,363</u>	<u>\$ 59,992</u>	<u>\$ 675,202</u>	<u>\$ 615,210</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 89,754	
Net Change in Taxes Receivable			284	
Net Change in Accounts Payable			11,074	
Net Change in Accrued Salaries & Benefits			2,811	
Net Change in Unavailable Revenue			(197)	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 103,726</u>	

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

State of New Mexico
Magdalena Municipal Schools
 General Fund-Teacherage-12000
 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- Favorable (Unfavorable)
	Original	Final		
Revenues				
State Grant	\$ 0	0	\$ 0	\$ 0
Total Revenues	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Expenditures				
Support Services				
Operation of Plant				
Supplies	0	0	0	0
Total Operation of Plant	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Support Services	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	0	0
Cash Balance Beginning of Year	<u>487</u>	<u>487</u>	<u>487</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 487</u>	<u>\$ 487</u>	<u>\$ 487</u>	<u>\$ 0</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures			\$ 0	
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
Magdalena 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- Favorable (Unfavorable)
	Original	Final		
Revenues				
State Grant	\$ 278,215	\$ 248,787	\$ 240,958	\$ (7,829)
Total Revenues	<u>278,215</u>	<u>248,787</u>	<u>240,958</u>	<u>(7,829)</u>
Expenditures				
Support Services				
Student Transportation				
Personnel Services	118,756	123,967	123,967	0
Employee Benefits	35,371	48,000	40,171	7,829
Purchased Property Services	18,000	3,467	3,467	0
Purchased Services	46,288	41,261	41,261	0
Supplies	54,800	32,092	32,092	0
Fixed Assets	5,000	0	0	0
Total Student Transportation	<u>278,215</u>	<u>248,787</u>	<u>240,958</u>	<u>7,829</u>
Total Support Services	<u>278,215</u>	<u>248,787</u>	<u>240,958</u>	<u>7,829</u>
Total Expenditures	<u>278,215</u>	<u>248,787</u>	<u>240,958</u>	<u>7,829</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	0	0
Cash Balance Beginning of Year	<u>9</u>	<u>9</u>	<u>9</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 9</u>	<u>\$ 9</u>	<u>\$ 9</u>	<u>\$ 0</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 0	
Net Change in Accounts Payable			590	
Net Change in Accrued Salaries & Benefits			603	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 1,193</u>	

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

State of New Mexico
Magdalena 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- Favorable (Unfavorable)
	Original	Final		
Revenues				
State Grant	\$ 19,261	\$ 15,669	\$ 20,825	\$ 5,156
Total Revenues	<u>19,261</u>	<u>15,669</u>	<u>20,825</u>	<u>5,156</u>
Expenditures				
Instruction				
Supplies	19,261	29,633	27,400	2,233
Total Instruction	<u>19,261</u>	<u>29,633</u>	<u>27,400</u>	<u>2,233</u>
Total Expenditures	<u>19,261</u>	<u>29,633</u>	<u>27,400</u>	<u>2,233</u>
Excess (Deficiency) of Revenues Over Expenditures	0	(13,964)	(6,575)	7,389
Cash Balance Beginning of Year	<u>13,964</u>	<u>13,964</u>	<u>13,964</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 13,964</u>	<u>\$ 0</u>	<u>\$ 7,389</u>	<u>\$ 7,389</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures			\$ (6,575)	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ (6,575)</u>	

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

State of New Mexico
Magdalena Municipal Schools
Special Revenue Fund-Title I-24101
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- Favorable (Unfavorable)
	Original	Final		
Revenues				
Federal Grant	\$ 568,910	\$ 605,812	\$ 360,977	\$ (244,835)
Total Revenues	<u>568,910</u>	<u>605,812</u>	<u>360,977</u>	<u>(244,835)</u>
Expenditures				
Instruction				
Personnel Services	200,392	218,503	203,990	14,513
Employee Benefits	74,898	83,254	82,869	385
Professional & Tech Services	3,460	3,460	810	2,650
Purchased Services	0	6,355	6,353	2
Supplies	4,893	8,323	8,111	212
Total Instruction	<u>283,643</u>	<u>319,895</u>	<u>302,133</u>	<u>17,762</u>
Support Services				
General Administration				
Professional & Tech Services	15,175	15,175	15,175	0
Total General Administration	<u>15,175</u>	<u>15,175</u>	<u>15,175</u>	<u>0</u>
School Administration				
Personnel Services	46,848	47,903	47,903	0
Employee Benefits	18,970	16,101	16,098	3
Professional & Tech Services	0	1,022	835	187
Purchased Services	30	220	211	9
Supplies	152	754	754	0
Total School Administration	<u>66,000</u>	<u>66,000</u>	<u>65,801</u>	<u>199</u>
Total Support Services	<u>81,175</u>	<u>81,175</u>	<u>80,976</u>	<u>199</u>
Community Services				
Supplies	0	650	324	326
Total Community Services	<u>0</u>	<u>650</u>	<u>324</u>	<u>326</u>
Total Expenditures	<u>364,818</u>	<u>401,720</u>	<u>383,433</u>	<u>18,287</u>
Excess (Deficiency) of Revenues Over Expenditures	204,092	204,092	(22,456)	(226,548)
Cash Balance Beginning of Year	<u>(204,092)</u>	<u>(204,092)</u>	<u>(204,092)</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (226,548)</u>	<u>\$ (226,548)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Net Change in Cash Balance			\$ (22,456)	
Net Change in Due from Grantor			22,426	
Net Change in Accrued Salaries & Benefits			30	
Net Change in Fund Balance			<u>\$ 0</u>	

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

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

	<u>Agency Funds</u>
Assets	
Cash and Cash Equivalents	\$ <u>128,209</u>
Total Assets	\$ <u><u>128,209</u></u>
Liabilities	
Deposits Held for Others	\$ <u>128,209</u>
Total Liabilities	\$ <u><u>128,209</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 Magdalena Municipal Schools (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 is the general operating fund of the District and 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 all 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 accounting reflects the District's agency relationship with the student activity organizations.

Major Funds

The District reports the following major governmental funds:

General Fund (11000)(12000)(13000)(14000).The General Fund consist of four 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 Teacherage accounts for rents collected from teachers and related expenditures. The Transportation fund includes a state grant to provide transportation for students in the District. The Instructional Materials fund accounts for a state grant to provide text books for students in the District.

Special Revenue Fund

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.

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, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities 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 Secretary of Education) the local school board submits to the School Budget and Finance Analysis Unit (SBFAU) 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 SBFAU 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.
3. The "operating" budget will be used by the District until they have been notified that the budget has been approved by the SBFAU 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 SBFAU.
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 SBFAU.
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.

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 and No. 37.

Restricted Net Position

For the government-wide statement of net position, net positions are reported as restricted when constraints placed use 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 position are available it will first be applied to restricted resources.

Fund Balances of Fund Financial Statements

Nonspendable fund balance indicates that portion of fund equity is not spendable such as inventory.

The restricted fund balance category includes amounts that can be spent only for specific purposes stipulated by constitution, external resources providers, or through 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.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed.

Unassigned fund balance is the residual amount that is not restricted or committed.

Interfund Transfers

In governmental funds, transfers should be reported as other financing uses in the funds making transfers and as other financing sources in the funds receiving transfers.

Deferred Inflow

The District reports unearned and unavailable 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 year end.

Compensated Absences

Compensated Absences: All personnel employed by the District shall be entitled to leave as per the following categories and schedules:

Annual Leave: Twelve-month employees shall be entitled to annual leave with full pay computed on the following basis per year:

- 1-5 consecutive years of employment
- 6-10 consecutive years of employment
- 11+ consecutive years of employment

Twelve-month employees who have resigned, retired, or who have been laid off or dismissed, shall be entitled to and shall be paid for a maximum of 40 days of earned and unused annual leave.

Sick Leave: All full-time staff shall earn one day of sick leave per month. Accrued sick leave is payable for employees for have completed five consecutive years of employment within the District. The District will payout unused sick leave at a rate of \$25 per day.

The District's recognition and measurement criteria for compensated absences follow:

GASB Statement No. 16 provides that vacation leave and other compensated absences with similar characteristics should be accrued as a liability as the benefits are earned by the employees if both the following conditions are met:

- (a) The employees' right to receive compensation is attributable to services already rendered.
- (b) It is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

The entire compensated absence liability is reported on the government-wide financial statements.

For governmental fund financial statements the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts, if any, are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The noncurrent portion of the liability is not reported.

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.

<u>Name of Account</u>	Balance Per Bank 6/30/17	Reconciled Balance	Type
Magdalena Municipal Schools	\$ 717,826	\$ 535,695	Non-Interest
Magdalena Municipal Schools Activity Account	128,217 303	81,734 303	Interest Non-Interest
Total Deposited	<u>846,346</u>	<u>\$ 617,732</u>	
Less: FDIC Coverage	<u>(250,000)</u>		
Uninsured Amount	596,346		
50% collateral requirement	298,173		
Pledged securities	281,652		
Over (Under) requirement	<u>\$ (16,521)</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 at **Wells Fargo Bank**:

<u>Description</u>	<u>CUSIP #</u>	<u>Market Value</u>	<u>Maturity Date</u>	<u>Location</u>
FNMA FNMS	31417CB95	\$ 281,652	06/01/2042	New York, NY
		\$ <u>281,652</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	281,652
Uninsured and uncollateralized	314,694
Total Deposits	\$ <u>846,346</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 \$314,694 of the District's balance of \$846,346 was exposed to custodial risk.

B. Receivables

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

	<u>General Fund</u>	<u>Debt Service</u>	<u>Other Governmental</u>	<u>Total</u>
Property Tax				
Available	\$ 215	\$ 5,239	\$ 1,269	\$ 6,723
Unavailable	5,264	92,672	28,354	126,290
Total Property Taxes Receivable	\$ <u>5,479</u>	\$ <u>97,911</u>	\$ <u>29,623</u>	\$ <u>133,013</u>

Amounts due from other agencies and units of government were as follows as of June 30, 2017:

	<u>Title I 24101</u>	<u>Other Governmental</u>	<u>Total</u>
Federal Agencies	\$ 228,744	\$ 113,048	\$ 341,792
State Agencies	0	115,463	115,463
Total	\$ <u>228,744</u>	\$ <u>228,511</u>	\$ <u>457,255</u>

C. Interfund Receivables, Payables and Transfers

The composition of interfund balances is as follows:

<u>Receivable Fund</u>	<u>Payable Funds</u>		
	<u>Title I 24101</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Operational Fund	\$ <u>226,548</u>	\$ <u>226,077</u>	\$ <u>452,625</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	Increases	Deletions	Balance 6/30/17
Governmental Activities				
Capital Assets not being Depreciated				
Land improvements	\$ 69,672	\$ 0	\$ 0	\$ 69,672
Total Capital Assets not being Depreciated	<u>69,672</u>	<u>0</u>	<u>0</u>	<u>69,672</u>
Capital Assets, being Depreciated				
Buildings & Improvements	16,878,249	19,848	0	16,898,097
Equipment, Vehicles, Information Technology Equipment, Software & Library Books	1,651,812	8,525	(176,227)	1,484,110
Total Capital Assets, being Depreciated	<u>18,530,061</u>	<u>28,373</u>	<u>(176,227)</u>	<u>18,382,207</u>
Total Capital Assets	<u>18,599,733</u>	<u>28,373</u>	<u>(176,227)</u>	<u>18,451,879</u>
Less Accumulated Depreciation				
Buildings & Improvements	7,150,703	461,342		7,612,045
Equipment, Vehicles, Information Technology Equipment, Software & Library Books	1,009,164	60,700	(137,294)	932,570
Total Accumulated Depreciation	<u>8,159,867</u>	<u>522,042</u>	<u>(137,294)</u>	<u>8,544,615</u>
Capital Assets, net	<u>\$ 10,439,866</u>	<u>\$ (493,669)</u>	<u>\$ (38,933)</u>	<u>\$ 9,907,264</u>

Depreciation expense was charged to governmental activities as follows:

Instruction	\$ 462,684
Support Services	
Operation & Maintenance of Plant	21,850
Student Transportation	30,608
Food Services Operations	6,900
Total Depreciation Expenses	<u>\$ 522,042</u>

E. Long-Term Debt 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	\$ 1,760,000	\$ 0	\$ 150,000	\$ 1,610,000	\$ 215,000
Total Bonds	\$ 1,760,000	\$ 0	\$ 150,000	\$ 1,610,000	\$ 215,000
Other Liabilities					
Compensated					
Absences	\$ 140,943	\$ 76,939	\$ 71,586	\$ 146,296	\$ 146,296
Total Other Liabilities	\$ 140,943	\$ 76,939	\$ 71,586	\$ 146,296	\$ 146,296

Payments on the general obligation bonds are made by the Debt Service Funds. The compensated absences liability will ultimately be liquidated by several of the District's governmental funds, with most being paid by the General Fund.

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.

Series	Date of Issue	Original Amount	Interest Rate	Balance
2003	10/15/03	200,000	7.500%	\$ 20,000
2011	5/15/11	1,200,000	3.900%	1,005,000
2012	1/15/12	195,000	3.991%	95,000
2015	1/23/15	520,000	0.075%	490,000
				\$ 1,610,000

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

	Principal	Interest	Total
2018	\$ 215,000	\$ 48,657	\$ 263,657
2019	175,000	43,285	218,285
2020	210,000	38,096	248,096
2021	210,000	31,379	241,379
2022	180,000	23,142	203,142
2023-2027	540,000	24,937	564,937
2028	80,000	40	80,040
Total	\$ 1,610,000	\$ 209,536	\$ 1,819,536

F. Commitments

The District has various construction projects for repairs 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.

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,
- *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.

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 \$777,707.

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 \$8,067,202 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 0.11210%, which was an increase of 0.00141% from their proportion measured as of June 30, 2015.

For the year ended June 30, 2016, the District recognized pension expense of \$625,915. At the June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 34,999	76,729
Net difference between projected and actual earnings on pension plan investments	481,545	0
Changes of assumptions	164,216	0
Changes in proportion and differences between the District's contributions and proportionate share of contributions	128,771	138,947
District's contributions subsequent to the measurement	444,327	0
Total	<u>\$ 1,253,858</u>	<u>215,676</u>

\$444,327 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	\$ 34,687
2019	195,288
2020	246,449
2021	117,431
Total	<u>\$ 593,855</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 Lives	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.
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>	<u>Long-Term Expected Rate of Return</u>
Equities	35%	
Fixed Income	28%	
Alternatives	36%	
Cash	1%	
	<u>100%</u>	7.75%

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:

	<u>1% Decrease (6.75%)</u>	<u>Current Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
The Districts' proportionate share of the net pension liability	\$ <u>10,684,822</u>	\$ <u>8,067,202</u>	\$ <u>5,895,317</u>

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.

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.

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 \$64,149, \$64,001, and \$62,621 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. 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.

K. 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:

- 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.

L. Joint Powers Agreements

The District entered into a joint powers agreement with other school districts to establish the Central Regional Cooperative (CREC) dated July 1, 1990. Under this agreement, the participating school districts establish and maintain a cooperative program of supplementary special education and other services funded by each school district and the CREC. CREC is not a component unit of the District. CREC issues a separate publicly available audited financial report. The audited financial report for CREC may be obtained by writing to P.O. Box 37440, Albuquerque, NM 87176.

M. Concentrations

The District depends on financial resources flowing from, or associated with, both the Federal Government and the State of New Mexico. Because of this dependency, the District is subject to changes in specific flows of intergovernmental revenues based on modifications to Federal and State laws and Federal and State Appropriations.

N. Subsequent Events

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

O. Fund Deficient Balances

Transportation-13000 has a deficient fund balance of \$(1,365) and Farm to Table-29102 has a deficient fund balance of \$(2,460).

P. Foundation

The District has a foundation managed by Wells Fargo that is a 501 (c) 3 and files a federal form 990 tax return. The purpose of the foundation is to invest and distribute money to graduates of the District for the use of higher education. The funds originated from a federal grant, Gear Up. The foundation is not material to the District and are not included in the District's financial statements.

Q. 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
Magdalena Municipal Schools
Debt Service Fund-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- Favorable (Unfavorable)
	Original	Final		
Revenues				
Property Taxes	\$ 204,715	\$ 204,715	\$ 249,664	\$ 44,949
Total Revenues	<u>204,715</u>	<u>204,715</u>	<u>249,664</u>	<u>44,949</u>
Expenditures				
Support Services				
General Administration				
Professional & Tech Services	2,500	2,500	2,497	3
Total General Administration	<u>2,500</u>	<u>2,500</u>	<u>2,497</u>	<u>3</u>
Total Support Service	<u>2,500</u>	<u>2,500</u>	<u>2,497</u>	<u>3</u>
Debt Service				
Principal	150,000	150,000	150,000	0
Interest	52,615	52,615	52,615	0
Total Debt Service	<u>202,615</u>	<u>202,615</u>	<u>202,615</u>	<u>0</u>
Total Expenditures	<u>205,115</u>	<u>205,115</u>	<u>205,112</u>	<u>3</u>
Excess (Deficiency) of Revenues Over Expenditures	(400)	(400)	44,552	44,952
Cash Balance Beginning of Year	<u>37,791</u>	<u>37,791</u>	<u>37,791</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 37,391</u>	<u>\$ 37,391</u>	<u>\$ 82,343</u>	<u>\$ 44,952</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures			\$ 44,552	
Net Change in Taxes Receivable			13,942	
Net Change in Current Amount Due			(14,881)	
Net Change in Unavailable Revenue			(10,919)	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 32,694</u>	

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

**Supplemental Information Related to
Nonmajor Funds**

Food Service (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.

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.

IDEA B Early Intervention (24112). To account for a sub-award from IDEA-B Basic grant (24106) to develop and implement coordinated early intervening educational services. The services are designed to directly benefit nondisabled children who need additional academic and behavioral support to succeed in the general education environment. 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.

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

IDEA B Risk Pool (24120). To account for additional allocation from PED to fund children at risk. The program is funded by a federal grant to assist 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 funding was created by the authority of federal grant provisions.

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

Teacher/Principal Training and Recruiting (24154). This fund provide grants to LEAs 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. Elementary and Secondary Education Act of 1965, as amended, Title II, Part A (PL 107-110). The grant was created by the authority of federal grant provisions.

Johnson O'Malley (25131). To account for revenues and expenditures funded by the Department of Interior, Bureau of Indian Affairs, through the Navajo Tribe provided to supplement programs in special education and other special needs for New Mexico public schools where eligible Indian children are enrolled. The fund was created by the authority of federal grant provisions. (PL 103-382)

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

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

Medicaid (25153). To account for a program providing school-based screening, diagnostic services and other related health services and administrative activities in conformance with the approved Medicaid State Plan in order to improve health and developmental outcomes for children. The fund was created by the authority of federal grant provisions. (Title XIX Social Security Act).

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

Indian Education-Special Programs (25194). To encourage eligible entities to provide or maintain a guarantee to eligible low-income students who obtain a secondary diploma, of the financial assistance necessary to permit the student to attend an institution of higher education; and provide additional support services to students who are at risk of dropping out of school. Funding authority by the Higher Education act, Title IV, Part A, Subpart 2, Chapter 2, Public Law 105-244.

Farm to School Planning Grant (25208). The purpose of the USDA Farm to School Grant Program is to assist eligible entities in implementing farm to school programs that improve access to local foods in eligible schools. The fund was created by federal grant provisions.

Dual Credit Instructional Materials (27103). To provide financial assistance to purchased instructional materials for the college classes offered to students who are taking them for dual credits. The fund was created by the authority of state grant provisions.

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

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.

Truancy Prevention (27141). This grant is divided into two sections; School Based Law Enforcement and School Based Family Center. The purpose was to provide staff training in truancy prevention and strategies to deal with students to improve school attendance. Resources were also available to assist families in developing strategies to improve their children's school attendance. Funding was provided by the School Health Unit of the State of New Mexico.

Pre-K Initiative (27149). To account for revenues and expenditures from a state grant provided for the running of the Pre K program.. The fund was created by state grant provisions.

Indian Education Act (27150). To account for funds to be used for the to implement the Culture Base Education Program for American Indian students. The fund was created by state grant provisions.

Breakfast for Elementary (27155). To account for revenues and expenditures from a state grant for the purpose of providing a free breakfast to elementary students. The fund was created by state grant provisions.

NM Grown Fruits and Vegetables (27183). To account for a state grant to purchase only NM grown fruit and vegetables to be used in the Food Service program. The fund was created by grant provisions.

College Counselor Initiative (27189). To account for funds provided by the New Mexico Public Education Department to support College Counselors in public schools. The fund was created by the authority of state grant provisions.

Teachers "Hard to Staff"-STEM (27195). To account for funds provided by the New Mexico Public Education Department to assist with the recruitment and retention of teachers in "hard to staff" content areas. The fund was created by the authority of state grant provisions.

Grads Plus Teenage Parents (28190). To account for a program funded by the Public Education Department for the purpose to establish and maintain an in-school, family and consumer science instruction and intervention program for pregnant and parenting students, which focuses on knowledge and skills related to positive self, pregnancy, parenting and economic independence. Authority for the creation of this fund is the New Mexico GRADS System.

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

Farm to Table (29102). The account for a grant to purchase fresh fruit and vegetables. The fund was created by grant provisions.

Capital Projects Funds

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

Senate Bill-Nine-State (31700). The revenues are derived state funding. Expenditures are restricted to capital improvements, maintenance of the facilities and supplies.

Senate Bill-Nine-Local (31701). The revenues are derived from local ad-valorem taxes. Expenditures are restricted to capital improvements, furniture and equipment associated with the capital improvement, purchasing and improving school grounds, maintenance of the facilities, purchase of activity vehicles, the purchase of computers and software for the newly purchased computers, and payments for leasing equipment with the option to purchase said equipment at the end of the lease.

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

	Special Revenue Fund		
	Food Service 21000	Athletics 22000	IDEA B Entitlement 24106
Assets			
Cash and Cash Equivalents	\$ 3,550	\$ 45,165	\$ 0
Receivables			
Property Taxes	0	0	0
Due From Grantor	0	0	51,511
Inventory	3,105	0	0
Total Assets	<u>\$ 6,655</u>	<u>\$ 45,165</u>	<u>\$ 51,511</u>
Liabilities			
Accounts Payable	\$ 0	\$ 0	\$ 0
Accrued Salaries and Benefits	411	0	296
Interfund Balance	0	0	51,215
Total Liabilities	<u>411</u>	<u>0</u>	<u>51,511</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 Balances			
Nonspendable-Inventory	3,105	0	0
Restricted for:			
Special Revenue	3,139	45,165	0
Capital Projects	0	0	0
Unassigned	0	0	0
Total Fund Balances	<u>6,244</u>	<u>45,165</u>	<u>0</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 6,655</u>	<u>\$ 45,165</u>	<u>\$ 51,511</u>

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

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

	Special Revenue Fund		
	IDEA Preschool 24109	IDEA B Early Intervention 24112	Fresh Fruit and Vegetables 24118
Assets			
Cash and Cash Equivalents	\$ 0	\$ 0	\$ 0
Receivables			
Property Taxes	0	0	0
Due From Grantor	8,768	15,996	1,369
Inventory	0	0	0
Total Assets	\$ 8,768	\$ 15,996	\$ 1,369
Liabilities			
Accounts Payable	\$ 0	\$ 0	\$ 0
Accrued Salaries and Benefits	0	0	0
Interfund Balance	8,768	15,996	1,369
Total Liabilities	8,768	15,996	1,369
Deferred Inflows of Resources			
Unavailable Revenue	0	0	0
Total Deferred Inflows of Resources	0	0	0
Fund Balances			
Nonspendable-Inventory	0	0	0
Restricted for:			
Special Revenue	0	0	0
Capital Projects	0	0	0
Unassigned	0	0	0
Total Fund Balances	0	0	0
Total Liabilities, Deferred Inflows and Fund Balances	\$ 8,768	\$ 15,996	\$ 1,369

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

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

	Special Revenue Fund		
	IDEA B Risk Pool 24120	IDEA B Results Plan 24132	Teacher Principal Training 24154
Assets			
Cash and Cash Equivalents	\$ 0	\$ 0	\$ 0
Receivables			
Property Taxes	0	0	0
Due From Grantor	0	4,908	23,995
Inventory	0	0	0
Total Assets	\$ 0	\$ 4,908	\$ 23,995
Liabilities			
Accounts Payable	\$ 0	\$ 0	\$ 0
Accrued Salaries and Benefits	0	0	0
Interfund Balance	0	4,908	23,995
Total Liabilities	0	4,908	23,995
Deferred Inflows of Resources			
Unavailable Revenue	0	0	0
Total Deferred Inflows of Resources	0	0	0
Fund Balances			
Nonspendable-Inventory	0	0	0
Restricted for:			
Special Revenue	0	0	0
Capital Projects	0	0	0
Unassigned	0	0	0
Total Fund Balances	0	0	0
Total Liabilities, Deferred Inflows and Fund Balances	\$ 0	\$ 4,908	\$ 23,995

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

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

	Special Revenue Fund		
	Johnson O'Malley 25131	Impact-Aid Special Education 25145	Impact-Aid Indian Education 25147
Assets			
Cash and Cash Equivalents	\$ 0	\$ 4,077	\$ 16,783
Receivables			
Property Taxes	0	0	0
Due From Grantor	4,363	0	0
Inventory	0	0	0
Total Assets	\$ 4,363	\$ 4,077	\$ 16,783
Liabilities			
Accounts Payable	\$ 0	\$ 0	\$ 0
Accrued Salaries and Benefits	0	846	0
Interfund Balance	4,363	0	0
Total Liabilities	4,363	846	0
Deferred Inflows of Resources			
Unavailable Revenue	0	0	0
Total Deferred Inflows of Resources	0	0	0
Fund Balances			
Nonspendable-Inventory	0	0	0
Restricted for:			
Special Revenue	0	3,231	16,783
Capital Projects	0	0	0
Unassigned	0	0	0
Total Fund Balances	0	3,231	16,783
Total Liabilities, Deferred Inflows and Fund Balances	\$ 4,363	\$ 4,077	\$ 16,783

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

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

	Special Revenue Fund		
	Medicaid 25153	Indian Education Formula 25184	Indian Education- Special Projects 25194
Assets			
Cash and Cash Equivalents	\$ 39,263	\$ 325	\$ 206
Receivables			
Property Taxes	0	0	0
Due From Grantor	0	0	2,138
Inventory	0	0	0
Total Assets	<u>\$ 39,263</u>	<u>\$ 325</u>	<u>\$ 2,344</u>
Liabilities			
Accounts Payable	\$ 0	\$ 0	\$ 0
Accrued Salaries and Benefits	0	0	2,344
Interfund Balance	0	0	0
Total Liabilities	<u>0</u>	<u>0</u>	<u>2,344</u>
Deferred Inflows of Resources			
Unavailable Revenue	0	325	0
Total Deferred Inflows of Resources	<u>0</u>	<u>325</u>	<u>0</u>
Fund Balances			
Nonspendable-Inventory	0	0	0
Restricted for:			
Special Revenue	39,263	0	0
Capital Projects	0	0	0
Unassigned	0	0	0
Total Fund Balances	<u>39,263</u>	<u>0</u>	<u>0</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 39,263</u>	<u>\$ 0</u>	<u>\$ 2,344</u>

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

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

	Special Revenue Fund		
	Farm to School 25208	Duel Credit Instructional Materials 27103	GO Student Library 27107
Assets			
Cash and Cash Equivalents	\$ 2,588	\$ 0	\$ 0
Receivables			
Property Taxes	0	0	0
Due From Grantor	0	205	2,119
Inventory	0	0	0
Total Assets	<u>\$ 2,588</u>	<u>\$ 205</u>	<u>\$ 2,119</u>
Liabilities			
Accounts Payable	\$ 0	\$ 0	\$ 0
Accrued Salaries and Benefits	0	0	0
Interfund Balance	0	205	2,119
Total Liabilities	<u>0</u>	<u>205</u>	<u>2,119</u>
Deferred Inflows of Resources			
Unavailable Revenue	2,588	0	0
Total Deferred Inflows of Resources	<u>2,588</u>	<u>0</u>	<u>0</u>
Fund Balances			
Nonspendable-Inventory	0	0	0
Restricted for:			
Special Revenue	0	0	0
Capital Projects	0	0	0
Unassigned	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>\$ 205</u>	<u>\$ 2,119</u>

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

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

	Special Revenue Fund		
	NM Reads to Lead <u>27114</u>	Truancy Prevention <u>27141</u>	Pre-K Initiative <u>27149</u>
Assets			
Cash and Cash Equivalents	\$ 0	\$ 0	\$ 0
Receivables			
Property Taxes	0	0	0
Due From Grantor	0	25,663	18,756
Inventory	<u>0</u>	<u>0</u>	<u>0</u>
Total Assets	<u>\$ 0</u>	<u>\$ 25,663</u>	<u>\$ 18,756</u>
Liabilities			
Accounts Payable	\$ 0	\$ 0	\$ 0
Accrued Salaries and Benefits	0	0	0
Interfund Balance	<u>0</u>	<u>25,663</u>	<u>18,756</u>
Total Liabilities	<u>0</u>	<u>25,663</u>	<u>18,756</u>
Deferred Inflows of Resources			
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>
Fund Balances			
Nonspendable-Inventory	0	0	0
Restricted for:			
Special Revenue	0	0	0
Capital Projects	0	0	0
Unassigned	<u>0</u>	<u>0</u>	<u>0</u>
Total Fund Balances	<u>0</u>	<u>0</u>	<u>0</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 0</u>	<u>\$ 25,663</u>	<u>\$ 18,756</u>

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

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

	Special Revenue Fund		
	Indian Education Act 27150	Breakfast for Elementary 27155	NM Grown Fruits and Vegetables 27183
Assets			
Cash and Cash Equivalents	\$ 0	\$ 0	\$ 0
Receivables			
Property Taxes	0	0	0
Due From Grantor	10,761	61	0
Inventory	0	0	0
Total Assets	<u>\$ 10,761</u>	<u>\$ 61</u>	<u>\$ 0</u>
Liabilities			
Accounts Payable	\$ 0	\$ 0	\$ 0
Accrued Salaries and Benefits	0	0	0
Interfund Balance	10,761	61	0
Total Liabilities	<u>10,761</u>	<u>61</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 Balances			
Nonspendable-Inventory	0	0	0
Restricted for:			
Special Revenue	0	0	0
Capital Projects	0	0	0
Unassigned	0	0	0
Total Fund Balances	<u>0</u>	<u>0</u>	<u>0</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 10,761</u>	<u>\$ 61</u>	<u>\$ 0</u>

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

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

	Special Revenue Fund		
	College Counselor Initiative 27189	Hard to Staff STEM 27195	Grads Plus Teenage Parents 28190
Assets			
Cash and Cash Equivalents	\$ 0	\$ 0	\$ 0
Receivables			
Property Taxes	0	0	0
Due From Grantor	32,782	0	2,831
Inventory	0	0	0
Total Assets	\$ 32,782	\$ 0	\$ 2,831
Liabilities			
Accounts Payable	\$ 0	\$ 0	\$ 0
Accrued Salaries and Benefits	0	0	0
Interfund Balance	32,782	0	2,831
Total Liabilities	32,782	0	2,831
Deferred Inflows of Resources			
Unavailable Revenue	0	0	0
Total Deferred Inflows of Resources	0	0	0
Fund Balances			
Nonspendable-Inventory	0	0	0
Restricted for:			
Special Revenue	0	0	0
Capital Projects	0	0	0
Unassigned	0	0	0
Total Fund Balances	0	0	0
Total Liabilities, Deferred Inflows and Fund Balances	\$ 32,782	\$ 0	\$ 2,831

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

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

	<u>Special Revenue Fund</u>		<u>Capital Projects Fund</u>
	<u>Grads Plus 28203</u>	<u>Farm to Table 29102</u>	<u>Bond Building 31100</u>
Assets			
Cash and Cash Equivalents	\$ 1,246	\$ 0	\$ 0
Receivables			
Property Taxes	0	0	0
Due From Grantor	0	12,296	0
Inventory	0	0	0
Total Assets	<u>\$ 1,246</u>	<u>\$ 12,296</u>	<u>\$ 0</u>
Liabilities			
Accounts Payable	\$ 0	\$ 2,461	\$ 0
Accrued Salaries and Benefits	0	0	0
Interfund Balance	0	12,296	0
Total Liabilities	<u>0</u>	<u>14,757</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 Balances			
Nonspendable-Inventory	0	0	0
Restricted for:			
Special Revenue	1,246	0	0
Capital Projects	0	0	0
Unassigned	0	(2,461)	0
Total Fund Balances	<u>1,246</u>	<u>(2,461)</u>	<u>0</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 1,246</u>	<u>\$ 12,296</u>	<u>\$ 0</u>

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

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

	<u>Capital Projects Funds</u>		
	<u>Senate Bill Nine-State 31700</u>	<u>Senate Bill Nine-Local 31701</u>	<u>Total</u>
Assets			
Cash and Cash Equivalents	\$ 0	\$ 63,515	\$ 176,718
Receivables			
Property Taxes	0	29,623	29,623
Due From Grantor	9,989	0	228,511
Inventory	0	0	3,105
Total Assets	<u>\$ 9,989</u>	<u>\$ 93,138</u>	<u>\$ 437,957</u>
Liabilities			
Accounts Payable	\$ 0	\$ 114	\$ 2,575
Accrued Salaries and Benefits	0	0	3,897
Interfund Balance	9,989	0	226,077
Total Liabilities	<u>9,989</u>	<u>114</u>	<u>232,549</u>
Deferred Inflows of Resources			
Unavailable Revenue	0	28,354	31,267
Total Deferred Inflows of Resources	<u>0</u>	<u>28,354</u>	<u>31,267</u>
Fund Balances			
Nonspendable-Inventory	0	0	3,105
Restricted for:			
Special Revenue	0	0	108,827
Capital Projects	0	64,670	64,670
Unassigned	0	0	(2,461)
Total Fund Balances	<u>0</u>	<u>64,670</u>	<u>174,141</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 9,989</u>	<u>\$ 64,784</u>	<u>\$ 406,690</u>

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

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

	Special Revenue Fund		
	Food Service 21000	Athletics 22000	IDEA B Entitlement 24106
Revenues			
Property Taxes	\$ 0	\$ 0	\$ 0
Fees	12,099	32,074	0
State & Local Grants	0	0	0
Federal Grants	222,269	0	73,980
Other	0	0	0
Total Revenues	<u>234,368</u>	<u>32,074</u>	<u>73,980</u>
Expenditures			
Current			
Instruction	0	21,865	40,670
Support Services			
Students	0	0	33,310
Instruction	0	0	0
General Administration	0	0	0
School Administration	0	0	0
Student Transportation	0	0	0
Operation of Plant	0	0	0
Food Service Operations	236,576	0	0
Community Service	0	0	0
Capital Outlay	0	0	0
Total Expenditures	<u>236,576</u>	<u>21,865</u>	<u>73,980</u>
Excess (Deficiency) of Revenues Over Expenditures	(2,208)	10,209	0
Fund Balances at Beginning of Year	<u>8,452</u>	<u>34,956</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 6,244</u>	<u>\$ 45,165</u>	<u>\$ 0</u>

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

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

	Special Revenue Fund		
	IDEA Preschool 24109	IDEA B Early Intervention 24112	Fresh Fruit and Vegetables 24118
Revenues			
Property Taxes	\$ 0	\$ 0	\$ 0
Fees	0	0	0
State & Local Grants	0	0	0
Federal Grants	16,602	15,996	9,079
Other	0	0	0
Total Revenues	<u>16,602</u>	<u>15,996</u>	<u>9,079</u>
Expenditures			
Current			
Instruction	16,602	15,996	0
Support Services			
Students	0	0	0
Instruction	0	0	0
General Administration	0	0	0
School Administration	0	0	0
Student Transportation	0	0	0
Operation of Plant	0	0	0
Food Service Operations	0	0	9,079
Community Service	0	0	0
Capital Outlay	0	0	0
Total Expenditures	<u>16,602</u>	<u>15,996</u>	<u>9,079</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
Magdalena Municipal Schools
 Nonmajor Funds
 Combining Statement of Revenues, Expenditures and
 Changes in Fund Balance
 For the Year Ended June 30, 2017

	Special Revenue Fund		
	IDEA B Risk Pool 24120	IDEA B Results Plan 24132	Teacher Principal Training 24154
Revenues			
Property Taxes	\$ 0	\$ 0	\$ 0
Fees	0	0	0
State & Local Grants	0	0	0
Federal Grants	0	29,700	41,535
Other	0	0	0
Total Revenues	<u>0</u>	<u>29,700</u>	<u>41,535</u>
Expenditures			
Current			
Instruction	0	29,700	39,671
Support Services			
Students	0	0	0
Instruction	0	0	0
General Administration	0	0	1,585
School Administration	0	0	279
Student Transportation	0	0	0
Operation of Plant	0	0	0
Food Service Operations	0	0	0
Community Service	0	0	0
Capital Outlay	0	0	0
Total Expenditures	<u>0</u>	<u>29,700</u>	<u>41,535</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
Magdalena Municipal Schools
 Nonmajor Funds
 Combining Statement of Revenues, Expenditures and
 Changes in Fund Balance
 For the Year Ended June 30, 2017

	Special Revenue Fund		
	Johnson O'Malley 25131	Impact-Aid Special Education 25145	Impact-Aid Indian Education 25147
Revenues			
Property Taxes	\$ 0	\$ 0	\$ 0
Fees	0	0	0
State & Local Grants	0	0	0
Federal Grants	12,968	28,137	96,363
Other	0	0	0
Total Revenues	<u>12,968</u>	<u>28,137</u>	<u>96,363</u>
Expenditures			
Current			
Instruction	11,102	9,010	54,289
Support Services			
Students	0	14,260	26,583
Instruction	0	0	0
General Administration	540	972	3,439
School Administration	0	0	7,717
Student Transportation	0	0	0
Operation of Plant	0	0	0
Food Service Operations	0	0	0
Community Service	1,326	0	160
Capital Outlay	0	0	0
Total Expenditures	<u>12,968</u>	<u>24,242</u>	<u>92,188</u>
Excess (Deficiency) of Revenues Over Expenditures	0	3,895	4,175
Fund Balances at Beginning of Year	<u>0</u>	<u>(664)</u>	<u>12,608</u>
Fund Balance End of Year	<u>\$ 0</u>	<u>\$ 3,231</u>	<u>\$ 16,783</u>

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

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

	Special Revenue Fund		
	Medicaid 25153	Indian Education Formula 25184	Indian Education- Special Projects 25194
Revenues			
Property Taxes	\$ 0	\$ 0	\$ 0
Fees	143,410	0	0
State & Local Grants	0	0	0
Federal Grants	0	30,265	276,036
Other	0	0	0
Total Revenues	<u>143,410</u>	<u>30,265</u>	<u>276,036</u>
Expenditures			
Current			
Instruction	1,272	30,025	199,927
Support Services			
Students	79,072	0	0
Instruction	0	0	0
General Administration	3,342	240	6,738
School Administration	0	0	69,371
Student Transportation	0	0	0
Operation of Plant	0	0	0
Food Service Operations	0	0	0
Community Service	0	0	0
Capital Outlay	0	0	0
Total Expenditures	<u>83,686</u>	<u>30,265</u>	<u>276,036</u>
Excess (Deficiency) of Revenues Over Expenditures	59,724	0	0
Fund Balances at Beginning of Year	<u>(20,461)</u>	<u>0</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 39,263</u>	<u>\$ 0</u>	<u>\$ 0</u>

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

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

	Special Revenue Fund		
	Farm to School 25208	Duel Credit Instructional Materials 27103	GO Student Library 27107
Revenues			
Property Taxes	\$ 0	\$ 0	\$ 0
Fees	0	0	0
State & Local Grants	0	1,364	5,579
Federal Grants	0	0	0
Other	0	0	0
Total Revenues	<u>0</u>	<u>1,364</u>	<u>5,579</u>
Expenditures			
Current			
Instruction	0	1,364	0
Support Services			
Students	0	0	0
Instruction	0	0	5,579
General Administration	0	0	0
School Administration	0	0	0
Student Transportation	0	0	0
Operation of Plant	0	0	0
Food Service Operations	0	0	0
Community Service	0	0	0
Capital Outlay	0	0	0
Total Expenditures	<u>0</u>	<u>1,364</u>	<u>5,579</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
Magdalena Municipal Schools
 Nonmajor Funds
 Combining Statement of Revenues, Expenditures and
 Changes in Fund Balance
 For the Year Ended June 30, 2017

	Special Revenue Fund		
	NM Reads to Lead 27114	Truancy Prevention 27141	Pre-K Initiative 27149
Revenues			
Property Taxes	\$ 0	\$ 0	\$ 0
Fees	0	0	0
State & Local Grants	0	55,000	52,555
Federal Grants	0	0	0
Other	0	0	0
Total Revenues	<u>0</u>	<u>55,000</u>	<u>52,555</u>
Expenditures			
Current			
Instruction	0	55,000	41,681
Support Services			
Students	0	0	0
Instruction	0	0	0
General Administration	0	0	0
School Administration	0	0	0
Student Transportation	0	0	10,874
Operation of Plant	0	0	0
Food Service Operations	0	0	0
Community Service	0	0	0
Capital Outlay	0	0	0
Total Expenditures	<u>0</u>	<u>55,000</u>	<u>52,555</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
Magdalena Municipal Schools
 Nonmajor Funds
 Combining Statement of Revenues, Expenditures and
 Changes in Fund Balance
 For the Year Ended June 30, 2017

	Special Revenue Fund		
	Indian Education Act 27150	Breakfast for Elementary 27155	NM Grown Fruits and Vegetables 27183
Revenues			
Property Taxes	\$ 0	\$ 0	\$ 0
Fees	0	0	0
State & Local Grants	25,000	564	1,000
Federal Grants	0	0	0
Other	0	0	0
Total Revenues	<u>25,000</u>	<u>564</u>	<u>1,000</u>
Expenditures			
Current			
Instruction	25,000	0	0
Support Services			
Students	0	0	0
Instruction	0	0	0
General Administration	0	0	0
School Administration	0	0	0
Student Transportation	0	0	0
Operation of Plant	0	0	0
Food Service Operations	0	564	1,000
Community Service	0	0	0
Capital Outlay	0	0	0
Total Expenditures	<u>25,000</u>	<u>564</u>	<u>1,000</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
Magdalena Municipal Schools
 Nonmajor Funds
 Combining Statement of Revenues, Expenditures and
 Changes in Fund Balance
 For the Year Ended June 30, 2017

	Special Revenue Fund		
	College Counselor Imitative 27189	Hard to Staff STEM 27195	Grads Plus Teenage Parents 28190
Revenues			
Property Taxes	\$ 0	\$ 0	\$ 0
Fees	0	0	0
State & Local Grants	56,291	12,150	6,500
Federal Grants	0	0	0
Other	0	0	0
Total Revenues	<u>56,291</u>	<u>12,150</u>	<u>6,500</u>
Expenditures			
Current			
Instruction	0	12,150	6,500
Support Services			
Students	98	0	0
Instruction	56,193	0	0
General Administration	0	0	0
School Administration	0	0	0
Student Transportation	0	0	0
Operation of Plant	0	0	0
Food Service Operations	0	0	0
Community Service	0	0	0
Capital Outlay	0	0	0
Total Expenditures	<u>56,291</u>	<u>12,150</u>	<u>6,500</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
Magdalena Municipal Schools
 Nonmajor Funds
 Combining Statement of Revenues, Expenditures and
 Changes in Fund Balance
 For the Year Ended June 30, 2017

	<u>Special Revenue Fund</u>		<u>Capital Projects Fund</u>
	<u>Grads Plus 28203</u>	<u>Farm to Table 29102</u>	<u>Bond Building 31100</u>
Revenues			
Property Taxes	\$ 0	\$ 0	\$ 0
Fees	0	0	0
State & Local Grants	3,360	20,964	0
Federal Grants	0	0	0
Other	0	0	34
Total Revenues	<u>3,360</u>	<u>20,964</u>	<u>34</u>
Expenditures			
Current			
Instruction	2,114	0	0
Support Services			
Students	0	0	0
Instruction	0	0	0
General Administration	0	0	0
School Administration	0	0	0
Student Transportation	0	0	0
Operation of Plant	0	0	0
Food Service Operations	0	23,425	0
Community Service	0	0	0
Capital Outlay	0	0	18,715
Total Expenditures	<u>2,114</u>	<u>23,425</u>	<u>18,715</u>
Excess (Deficiency) of Revenues Over Expenditures	1,246	(2,461)	(18,681)
Fund Balances at Beginning of Year	<u>0</u>	<u>0</u>	<u>18,681</u>
Fund Balance End of Year	<u>\$ 1,246</u>	<u>\$ (2,461)</u>	<u>\$ 0</u>

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

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

	<u>Capital Projects Funds</u>		
	Senate Bill Nine-State 31700	Senate Bill Nine-Local 31701	Total
Revenues			
Property Taxes	\$ 0	\$ 58,153	\$ 58,153
Fees	0	0	187,583
State & Local Grants	51,768	0	292,095
Federal Grants	0	0	852,930
Other	0	0	34
Total Revenues	<u>51,768</u>	<u>58,153</u>	<u>1,390,795</u>
Expenditures			
Current			
Instruction	0	0	613,938
Support Services			
Students	0	0	153,323
Instruction	0	0	61,772
General Administration	0	577	17,433
School Administration	0	0	77,367
Student Transportation	0	0	10,874
Operation of Plant	51,768	29,408	81,176
Food Service Operations	0	0	270,644
Community Service	0	0	1,486
Capital Outlay	0	9,657	28,372
Total Expenditures	<u>51,768</u>	<u>39,642</u>	<u>1,316,385</u>
Excess (Deficiency) of Revenues Over Expenditures	0	18,511	74,410
Fund Balances at Beginning of Year	<u>0</u>	<u>46,159</u>	<u>99,731</u>
Fund Balance End of Year	<u>\$ 0</u>	<u>\$ 64,670</u>	<u>\$ 174,141</u>

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

Required Supplemental Information

State of New Mexico
Magdalena Municipal Schools
Schedules of Required Supplementary Information and Notes for Pension Plan
For the Year Ended June 30, 2017

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

Last 10 Fiscal Years*	Fiscal Year Measurement Date	June 30,		
		2015 2014	2016 2015	2017 2016
District's proportion of the net pension liability		0.10867%	0.11069%	0.11210%
District's proportionate share of the net pension liability	\$	6,200,409 \$	7,169,686 \$	8,067,202
District's covered-employee payroll	\$	3,150,302 \$	3,022,192 \$	3,196,744
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll		196.82%	237.23%	252.36%
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	\$ 437,892 \$	\$ 420,085 \$	\$ 444,327
Contributions in relation to the contractually required contribution	437,892 \$	420,085	444,327
Contribution deficiency (excess)	\$ 0 \$	\$ 0 \$	\$ 0
District's covered-employee payroll	\$ 3,150,302 \$	\$ 3,022,192 \$	\$ 3,196,744
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.

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
Magdalena Municipal Schools
Agency Funds-Activity
Schedule of Fiduciary Assets and Liabilities-Agency Funds
For the Year Ended June 30, 2017

	Balance 6/30/16	Additions	Deductions	Balance 6/30/17
Assets				
9000 Administration	\$ 998	\$ 3,780	\$ 4,777	\$ 0
9001 Yearbook	2,314	3,492	3,442	2,365
9002 Elementary	510	9,694	6,443	3,761
9003 FFA	0	6,006	5,981	25
9004 Football	1,459	3,982	3,664	1,777
9005 Library	4,321	2,210	2,976	3,555
9006 Flower Fund	234	380	210	404
9007 National Honor Society	23	1,124	793	354
9008 Native American Club-High School	66	0	20	46
9009 Native American Club-Middle School	837	0	198	639
9010 Native American Club-Elementary	236	172	179	229
9011 SPED	0	2,265	1,249	1,016
9012 Class of 2022	380	900	297	983
9013 Volleyball	3,103	9,329	9,117	3,315
9014 Class of 2023	0	575	0	575
9015 High School Student Council	665	1,058	1,033	690
9016 Class of 2021	198	467	420	245
9017 Concessions	11,818	39,014	32,198	18,634
9018 Boys Basketball	58	12,522	12,580	0
9020 Class of 2018	1,867	1,427	1,933	1,362
9021 Class of 2019	1,419	4,003	2,566	2,857
9022 Class of 2020	360	811	240	931
9023 Parent Advisory Council	1,592	2,816	3,935	474
9024 Class of 2012	1,145	2,314	2,653	805
9025 MESA	237	0	208	29
9026 MMS Scholarship	2,867	3,800	2,200	4,467
9027 Girls Basketball	1,331	3,539	4,318	552
9028 Renaissance Program-High School	4,576	6,878	4,324	7,129
9029 Renaissance Program-Elementary	2,419	0	1,264	1,156
9030 Educators Scholarship	2,970	2,640	2,600	3,010
9031 Close Up	0	5,857	4,788	1,069
9032 Clint Benjamin Memorial	763	1,773	2,000	536
9033 Robo Club	103	6,994	5,729	1,368
9034 Cheerleaders	1,560	1,778	438	2,900
9035 High School Account	2,324	1,865	1,563	2,626
9036 Auto Shop	14,995	42,488	38,735	18,748
9037 Board of Education Scholarship	2,876	932	2,422	1,386
9040 Incentives	916	2,000	466	2,450
9042 SAP	659	0	0	659
9043 Rodeo Club	\$ 0	\$ 267	\$ 0	\$ 267

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

	Balance 6/30/16	Additions	Deductions	Balance 6/30/17
9060 Benefits	\$ 0	\$ 219	\$ 0	\$ 219
9062 Garden Club	0	406	0	406
9064 Auto Shop Scholarship	13,398	0	0	13,398
9066 PBS	666	318	34	950
9067 Mid/High Science Club	172	700	624	249
9068 Letterman's Club	512	0	0	512
9069 Spanish Club	1,101	0	0	1,101
9072 Rocket Club	156	4,564	2,383	2,338
9073 Baseball	1,778	9,668	7,949	3,497
9074 Box Tops for Education	1,977	226	0	2,202
9075 NRAO Science Donation	0	883	404	479
9076 Track	2,273	3,942	5,295	919
9078 Class of 2017	780	2,570	3,252	98
9098 District 3-AA	7,360	17,091	16,205	8,246
9099 Gaming Account	143	6,244	6,184	203
Total Assets	<u>\$ 102,515</u>	<u>\$ 235,982</u>	<u>\$ 210,288</u>	<u>\$ 128,209</u>
 Liabilities				
Deposits Held for Others	<u>\$ 102,515</u>	<u>\$ 235,982</u>	<u>\$ 210,288</u>	<u>\$ 128,209</u>
Total Liabilities	<u>\$ 102,515</u>	<u>\$ 235,982</u>	<u>\$ 210,288</u>	<u>\$ 128,209</u>

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

State of New Mexico
Magdalena Municipal Schools
Cash Reconciliation-All Funds
For the Year Ended June 30, 2017

		Beginning Cash <u>6/30/16</u>	Revenue	Expenditures	Ending Cash <u>6/30/17</u>
Operational	11000	\$ 585,448	\$ 4,096,097	\$ 4,006,343	\$ 675,202
Teacherage	12000	487	0	0	487
Transportation	13000	9	240,958	240,958	9
Instructional Materials	14000	13,964	20,825	27,400	7,389
Food Services	21000	16,430	215,526	228,406	3,550
Athletics	22000	34,956	32,074	21,865	45,165
Agency Funds	23000	102,514	235,982	210,288	128,208
Federal Flow through	24000	(330,554)	570,430	572,675	(332,799)
Federal Direct	25000	(156,549)	735,106	519,678	58,879
State Flow through	27000	(82,790)	201,947	209,502	(90,345)
State Direct	28000	0	7,029	8,614	(1,585)
State & Local Grants	29000	(393)	9,061	20,964	(12,296)
Bond Building	31100	18,681	34	18,715	0
Senate Bill Nine-State	31700	(60,415)	102,194	51,768	(9,989)
Senate Bill Nine-Local	31701	45,877	57,631	39,994	63,514
Debt Service	41000	37,792	249,664	205,113	82,343
		<u>\$ 225,457</u>	<u>\$ 6,774,558</u>	<u>\$ 6,382,283</u>	<u>\$ 617,732</u>

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

Federal Compliance

State of New Mexico
Magdalena Municipal Schools
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2017

Federal Agency/Pass Through Grantor/Program Title	Federal CFDA Number	State ID Number	Total Federal Awards Expended
<u>U. S. Department of Agriculture</u>			
Pass-through State Public Education Department:			
Child Nutrition Cluster			
School Breakfast Program	10.553	21000	\$ 63,483
National School Lunch Program	10.555	21000	131,309
Pass-through Children, Youth and Families Department:			
National School Lunch Program	10.555	21000	8,636
Pass-through State Department of Human Services:			
Commodity Supplemental Food Program	10.565	21000	(1) 18,841
			<u>222,269</u>
Pass-through State Public Education Department:			
Fresh Fruits and Vegetables	10.582	24118	9,079
Direct Program			
Rural Development, Forestry, and Communities	10.672	11000	6,126
Total U. S. Department of Agriculture			<u>237,474</u>
<u>U. S. Department of Education</u>			
Pass-through State Public Education Department:			
Special Education Cluster			
IDEA B Entitlement	84.027	24106	73,980
IDEA B Early Intervention	84.027	24112	15,996
IDEA B Results Plan	84.027	24132	29,700
IDEA Preschool	84.173	24109	16,602
			<u>136,278</u>
Title I	84.010	24101	383,403
Supporting Effective Instruction	84.367	24154	41,535
Direct Program			
Impact Aid	84.041	11000	392,450
Impact Aid-Special Education	84.041	25145	28,137
Impact Aid-Indian Education	84.041	25147	96,363
Indian Education Formula Grant	84.060	25184	30,265
Indian Education-Special Projects	84.235	25194	276,036
Total U. S. Department of Education			<u>1,384,467</u>
<u>U. S. Department of Interior</u>			
Pass-through State Public Education Department:			
Johnson O'Malley	15.130	25131	12,968
			<u>12,968</u>
Total Federal Assistance			\$ <u>1,634,909</u>

(1) Non-cash assistance

See accompanying notes to the Schedule of Expenditures of Federal Awards

State of New Mexico

Magdalena Municipal Schools

Notes to the Schedule of Expenditures of Federal Awards

June 30, 2017

Note 1: Significant Accounting Policies used in preparing the Schedule of Expenditure of Federal Awards

The modified accrual basis was used to prepare the Schedule of Expenditures of Federal Awards

Note 2: Insurance Requirements

There are no insurance requirements on the federal awards disclosed on the Schedule of Expenditures of Federal Awards

Note 3: Loans or Loan Guarantees

There were no loans or loan guarantees outstanding at year end.

Note 4: De Minimis Indirect Rate

The District did not elect to use the 10% de minimis indirect cost rate.

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 Magdalena 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 fund, of the Magdalena 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 the budgetary comparison of the debt service fund 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did not identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs, that we consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2017-001

District's Responses to Findings

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

Purpose of this Report

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

 De'Ann Willoughby CPA PC

Clovis, New Mexico
October 23, 2017

De'Aun Willoughby CPA, PC

Certified Public Accountant

225 Innsdale Terrace Clovis, NM 88101

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Report on Compliance With Requirements
Applicable To Each Major Program and Internal Control
Over Compliance in Accordance With OMB Uniform Guidance

Independent Auditor's Report

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

Mr. Keller and Members of the Board

Report on Compliance for Each Major Federal Program

We have audited Magdalena Municipal Schools (District) compliance with the types of compliance requirements described in the Title 2 U.S. CFR Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2017. The District's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

De'Ann Willoughby CPA PC

Clovis, New Mexico
October 23, 2017

A. Summary of Audit Results

Financial Statements

Type of auditor's report issued Unmodified

Internal control over financial reporting

* Material weaknesses identified? No

* Significant deficiencies identified? Yes

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

* Material weaknesses identified? No

* Significant deficiencies identified? No

Type of auditor's report issued on compliance for major programs Unmodified

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

Identification of major programs:

<u>CFDA Numbers)</u>	<u>Name of Federal Program of Cluster</u>
10.553	Child Nutrition Cluster
10.555	School Breakfast Program
10.565	National School Lunch Program
	Commodity Supplemental Food Program
84.010	Title I

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

Audited qualified as low risk Auditee Yes

Federal Compliance Findings

Prior Year Audit Findings	None
Current Year Audit Findings	None

Financial Statements Findings

Prior Year Audit Findings	<u>Status</u>
2014-003 I-9's	Resolved
2014-004 New Hire Reporting	Resolved
2014-006 Cash Appropriations in Excess of Available Cash Balances	Resolved
2016-001 Anti-Donation Clause	Resolved
2016-002 Receipt Books	Resolved

Current Year Audit Findings

2017-001 Pledged Collateral-Compliance and Internal Control-Compliance Condition

Wells Fargo Bank has not pledged enough securities for the public monies held by the institution over the insured amount. The securities were under pledged by \$16,520.82.

Criteria

Pursuant to Section 6-10-16, NMSA 1978 and Section 6-10-17, NMSA 1978 securities with an aggregate value equal to one-half the amount of public money deposited shall be provided by the depository.

Cause

Management depended upon the institution to adequately pledge securities to cover public funds. The institution completed the Bank Report disclosing the amount of deficiency but did not increase the amount of the pledge.

Effect

Under collateralization results in lack of guarantee of the District's money in case of institutional failure.

Recommendation

We recommend that the District monitor the Bank Report and request additional securities when necessary.

Response

The District is working with Wells Fargo to ensure that our monies are adequately collateralized. It was our understanding that this issue was corrected in prior years.

The Superintendent is responsible for this finding and it should be resolved within the current fiscal year.

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. Those present were Dr. Glenn Haven-Superintendent, Lynn Major-Board Member, Scott Brantley-audit committee member, Keri James-Federal/State Programs Coordinator, Dorothy Zamora-Business Manager and De'Aun Willoughby, CPA.