

STATE OF NEW MEXICO
**MORA INDEPENDENT SCHOOL
DISTRICT NO. 44**

FINANCIAL ANNUAL REPORT
AND
SUPPLEMENTAL INFORMATION
YEAR ENDED JUNE 30, 2017
WITH
REPORT OF CERTIFIED PUBLIC ACCOUNTANTS



ACCOUNTING & FINANCIAL
SOLUTIONS
CERTIFIED PUBLIC ACCOUNTANTS

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INTRODUCTORY SECTION

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OFFICIAL ROSTER

June 30, 2017

BOARD OF EDUCATION

Tranquilino Hurtado	Chairman
George A. Trujillo	Vice-Chairman
Dennis Romero	Secretary
Lillian Maestas	Member
Michael Benjamin	Member

SCHOOL OFFICIALS

Ella Arellano	Superintendent
Miguel Martinez	Chief Financial/Procurement
Debra Alcon	AP/Payroll Specialist.
Dolores Romero	Executive Assistant

AUDIT COMMITTEE

Tranquilino Hurtado	Member
Lillian Maestas	Member
Jack Rains	Member
Joe Gonzales	Member
Victoria Lovato	Member

FINANCE COMMITTEE

Dennis Romero	Member
Michael Benjamin	Member
Francine Trujillo	Member
Inez Abeyta	Member
Faith Rivera	Member

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FINANCIAL SECTION

FISCAL YEAR 2017

JULY 1, 2016 THROUGH JUNE 30, 2017

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INDEPENDENT AUDITORS' REPORT

Tim Keller, State Auditor,
The Board of Education and Audit Committee of
Mora Independent School District No. 44

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the general fund and major special revenue funds of 44Mora Independent School District No. 44, as of and for the year ended June 30, 2017, and the related notes to the financial statements which collectively comprise,s basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to Mora Independent School District No. 44'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 Mora Independent School District No. 44, as of June 30, 2017, and the respective changes in financial position thereof and the respective budgetary comparisons for the general fund and major special revenue funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Tim Keller, State Auditor,
The Board of Education and Audit Committee of
Mora Independent School District No. 44Mora Independent School District No. 44

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Mora Independent School District No. 44's basic financial statements. The supplemental information such as the budgetary comparisons for the major capital project fund, the combining and individual nonmajor fund financial statements, the budgetary comparisons for non-major special revenue funds, capital projects funds, debt service funds, and the other information, such as the Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* 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 supplemental information 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 and other supplemental information 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 9, 2017 on our consideration of the Mora Independent School District No. 44'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 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 Mora Independent School District No. 44's internal control over financial reporting and compliance.

Accounting & Financial Solutions, LLC
Farmington, New Mexico
October 9, 2017

BASIC FINANCIAL STATEMENTS

STATE OF NEW MEXICO
MORA INDEPENDENT SCHOOL DISTRICT NO. 44

STATEMENT OF NET POSITION
 June 30, 2017

	<u>Governmental Activities</u>
Assets	
Cash and cash equivalents	\$ 1,493,657
Receivables:	
Delinquent property taxes receivable	127,535
Grant	204,202
Due from other governments	13,822
Food inventory	8,082
Non-current:	
Non-depreciable assets	460,006
Depreciable capital assets, net	<u>11,662,125</u>
Total Assets	<u>13,969,429</u>
Deferred Outflows of Resources:	
Contributions to pension subsequent to the measurement date	525,617
Difference between expected and actual experience	40,531
Net difference between projected and actual investment earnings on plan investments	557,664
Net change in pension assumptions	190,174
Net change in proportionate share of pension liability	<u>91,787</u>
Total Deferred Outflows of Resources	<u>1,405,773</u>
Liabilities	
Accounts payable	63,302
Accrued interest	9,844
Compensated absences	35,497
Long-term liabilities other than pensions:	
Due within one year	325,000
Due in more than one year	150,000
Aggregate net pension liability	<u>9,342,410</u>
Total Liabilities	<u>9,926,053</u>
Deferred Inflows of Resources	
Difference between expected and actual experience	88,858
Net change in proportionate share of pension liability	<u>255,471</u>
Total Deferred Inflows of Resources	<u>344,329</u>
Net Position	
Net investment in capital assets	11,756,661
Restricted for:	
Inventories	8,082
Special revenue funds	274,737
Capital projects	335,937
Debt service	370,943
Unrestricted	<u>(7,641,540)</u>
Total Net Position	<u>\$ 5,104,820</u>

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

STATE OF NEW MEXICO
MORA INDEPENDENT SCHOOL DISTRICT NO. 44

STATEMENT OF ACTIVITIES
Year Ended June 30, 2017

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Total</u>
Primary government:					
Governmental activities:					
Instruction	\$ 4,135,280	\$ 29,645	\$ 1,100,845	\$ 85,066	\$ (2,919,724)
Support Services - Students	447,741	34,779	119,192	-	(293,770)
Support Services - Instruction	693,248	-	184,548	-	(508,700)
Support Services - General Administration	459,975	-	122,449	551	(336,975)
Support Services - School Administration	455,358	-	121,220	-	(334,138)
Central Services	202,376	-	53,874	-	(148,502)
Operations & Maintenance of Plant	1,258,504	-	335,024	54,456	(869,024)
Student Transportation	401,939	-	341,069	-	(60,870)
Other Support Services	1,557	-	414	-	(1,143)
Food Services	423,023	9,149	375,775	-	(38,099)
Bond interest paid	19,738	-	-	-	(19,738)
Total governmental activities	<u>\$ 8,498,739</u>	<u>\$ 73,573</u>	<u>\$ 2,754,410</u>	<u>\$ 140,073</u>	<u>(5,530,683)</u>
General revenues:					
Taxes:					
Property Taxes:					
General purposes					28,676
Capital projects					230,296
Debt service					322,767
State equalization					4,122,206
Miscellaneous income					<u>80,719</u>
Total general revenues					<u>4,784,664</u>
<i>Change in net position</i>					<u>(746,019)</u>
Net position - beginning					5,717,237
Restatement					<u>133,602</u>
Net position - beginning as restated					<u>5,850,839</u>
Net position - ending					<u>\$ 5,104,820</u>

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

STATE OF NEW MEXICO
MORA INDEPENDENT SCHOOL DISTRICT NO. 44

GOVERNMENTAL FUNDS

Balance Sheet

June 30, 2017

	General Fund	Food Service Fund #21000	Headstart Fund #25127	Gear Up New Mexico State Initiatives Fund #25205	Capital Improvements SB-9 Fund #31701
Assets					
Cash and cash equivalents	\$ 523,802	\$ 222,821	\$ 487	\$ -	\$ 301,827
Receivables:					
Property taxes	5,970	-	-	-	39,500
Grant	-	-	1,544	75,830	-
Due from other governments	656	-	-	-	4,484
Due from other funds	202,658	-	-	-	-
Food inventory	<u>-</u>	<u>8,082</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 733,086</u>	<u>\$ 230,903</u>	<u>\$ 2,031</u>	<u>\$ 75,830</u>	<u>\$ 345,811</u>
 Liabilities, deferred inflows, and fund balance					
Liabilities:					
Accounts payable	\$ 52,580	\$ 60	\$ 2,031	\$ -	\$ 3,974
Due to other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>75,830</u>	<u>-</u>
Total liabilities	<u>52,580</u>	<u>60</u>	<u>2,031</u>	<u>75,830</u>	<u>3,974</u>
Deferred inflows of resources:					
Delinquent property taxes	<u>5,583</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>36,854</u>
Fund balance:					
Non-spendable:					
Inventories	-	8,082	-	-	-
Restricted for:					
Special revenue funds	-	222,761	-	-	-
Capital projects funds	-	-	-	-	304,983
Debt service	-	-	-	-	-
Unassigned	<u>674,923</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balance	<u>674,923</u>	<u>230,843</u>	<u>-</u>	<u>-</u>	<u>304,983</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 733,086</u>	<u>\$ 230,903</u>	<u>\$ 2,031</u>	<u>\$ 75,830</u>	<u>\$ 345,811</u>

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STATE OF NEW MEXICO
MORA INDEPENDENT SCHOOL DISTRICT NO. 44

GOVERNMENTAL FUNDS

Balance Sheet
June 30, 2017

	<u>Debt Service</u> <u>Fund #41000</u>	<u>Other</u> <u>Governmental</u> <u>Funds</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
Assets			
Cash and cash equivalents	\$ 357,133	\$ 87,587	\$ 1,493,657
Receivables:			
Property taxes	82,065	-	127,535
Grant	-	126,828	204,202
Due from other governments	8,682	-	13,822
Due from other funds	-	-	202,658
Food inventory	<u>-</u>	<u>-</u>	<u>8,082</u>
Total assets	<u>\$ 447,880</u>	<u>\$ 214,415</u>	<u>\$ 2,049,956</u>
 Liabilities, deferred inflows, and fund balance			
Liabilities:			
Accounts payable	\$ -	\$ 4,657	\$ 63,302
Due to other funds	<u>-</u>	<u>126,828</u>	<u>202,658</u>
Total liabilities	<u>-</u>	<u>131,485</u>	<u>265,960</u>
Deferred inflows of resources:			
Delinquent property taxes	<u>76,937</u>	<u>-</u>	<u>119,374</u>
Fund balance:			
Non-spendable:			
Inventories	-	-	8,082
Restricted for:			
Special revenue funds	-	51,976	274,737
Capital projects funds	-	30,954	335,937
Debt service	370,943	-	370,943
Unassigned	<u>-</u>	<u>-</u>	<u>674,923</u>
Total fund balance	<u>370,943</u>	<u>82,930</u>	<u>1,664,622</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 447,880</u>	<u>\$ 214,415</u>	<u>\$ 2,049,956</u>

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STATE OF NEW MEXICO
MORA INDEPENDENT SCHOOL DISTRICT NO. 44

RECONCILIATION OF THE BALANCE SHEET - ALL GOVERNMENTAL FUNDS
 TO THE STATEMENT OF NET POSITION
June 30, 2017

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

Fund balances - total governmental funds	\$	1,664,622
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Capital assets		20,800,826
Accumulated depreciation		(8,678,695)
Other assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Property taxes receivable		119,374
Deferred outflow of resources are not financial resources, and therefore are not reported in the funds and include:		
Contributions to pension subsequent to the measurement date		525,617
Difference between expected and actual experience		40,531
Net difference between projected and actual investment earnings on plan investments		557,664
Net change in pension assumptions		190,174
Net change in proportionate share of pension liability		91,787
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds		
Bonds payable		(475,000)
Accrued interest payable		(9,844)
Accrued vacation payable		(35,497)
Net pension liability		(9,342,410)
Deferred inflow of resources are not financial resources, and therefore are not reported in the funds and include:		
Difference between expected and actual experience		(88,858)
Net change in proportionate share of pension liability		(255,471)
Net position of governmental activities	\$	<u>5,104,820</u>

STATE OF NEW MEXICO
MORA INDEPENDENT SCHOOL DISTRICT NO. 44

GOVERNMENTAL FUNDS

Statement of Revenues, Expenditures, and Changes in Fund Balance
Year Ended June 30, 2017

	<u>General Fund</u>	<u>Food Service Fund #21000</u>	<u>Headstart Fund #25127</u>	<u>Gear Up New Mexico State Initiatives Fund #25205</u>
Revenues:				
Taxes:				
Property	\$ 27,701	\$ -	\$ -	\$ -
Intergovernmental - federal grants	58,254	375,775	1,257,893	259,980
Intergovernmental - state grants	4,488,749	-	-	-
Charges for services	29,645	9,149	-	-
Investment and interest income	3,565	-	-	-
Miscellaneous	<u>80,613</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>4,688,527</u>	<u>384,924</u>	<u>1,257,893</u>	<u>259,980</u>
Expenditures:				
Current:				
Instruction	2,607,583	-	563,720	154,257
Support services:				
Students	349,666	-	-	15,870
Instruction	38,700	-	509,369	89,853
General Administration	357,741	-	53,498	-
School Administration	388,959	-	-	-
Central Services	187,034	-	-	-
Operation & Maintenance of Plant	908,575	-	72,437	-
Student transportation	336,233	-	35,235	-
Other Support services	1,439	-	-	-
Food services operations	-	351,982	23,634	-
Capital outlay	38,908	8,684	-	-
Debt service:				
Bond interest paid	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>5,214,838</u>	<u>360,666</u>	<u>1,257,893</u>	<u>259,980</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(526,311)	24,258	-	-
Fund balance at beginning of the year	<u>1,201,234</u>	<u>206,585</u>	<u>-</u>	<u>-</u>
Fund balance at end of the year	<u>\$ 674,923</u>	<u>\$ 230,843</u>	<u>\$ -</u>	<u>\$ -</u>

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

STATE OF NEW MEXICO
MORA INDEPENDENT SCHOOL DISTRICT NO. 44

GOVERNMENTAL FUNDS
Statement of Revenues, Expenditures, and Changes in Fund Balance
Year Ended June 30, 2017

	Capital Improvements SB-9 <u>Fund #31701</u>	Debt Service <u>Fund #41000</u>	Other Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
Revenues:				
Taxes:				
Property	\$ 175,269	\$ 361,937	\$ -	\$ 564,907
Intergovernmental - federal grants	-	-	348,705	2,300,607
Intergovernmental - state grants	-	-	223,768	4,712,517
Charges for services	-	-	34,779	73,573
Investment and interest income	-	-	-	3,565
Miscellaneous	-	-	106	80,719
Total revenues	<u>175,269</u>	<u>361,937</u>	<u>607,358</u>	<u>7,735,888</u>
Expenditures:				
Current:				
Instruction	-	-	363,114	3,688,674
Support services:				
Students	-	-	48,261	413,797
Instruction	-	-	-	637,922
General Administration	1,842	3,557	8,466	425,104
School Administration	-	-	31,878	420,837
Central Services	-	-	-	187,034
Operation & Maintenance of Plant	165,576	-	16,508	1,163,096
Student transportation	-	-	-	371,468
Other Support services	-	-	-	1,439
Food services operations	-	-	15,337	390,953
Capital outlay	164,435	-	120,000	332,027
Debt service:				
Bond interest paid	-	9,894	-	9,894
Total expenditures	<u>331,853</u>	<u>13,451</u>	<u>603,564</u>	<u>8,042,245</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(156,584)	348,486	3,794	(306,357)
Fund balance at beginning of the year	<u>461,567</u>	<u>22,457</u>	<u>79,136</u>	<u>1,970,979</u>
Fund balance at end of the year	<u>\$ 304,983</u>	<u>\$ 370,943</u>	<u>\$ 82,930</u>	<u>\$ 1,664,622</u>

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STATE OF NEW MEXICO
MORA INDEPENDENT SCHOOL DISTRICT NO. 44

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES ALL GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2017

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

Net change in fund balance - total governmental funds	\$ (306,357)
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current year</p>	
Capital outlay	332,027
Depreciation	(642,800)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>	
<p>Deferred property taxes at:</p>	
June 30, 2016	(102,542)
June 30, 2017	119,374
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.</p>	
<p>Compensated absences at:</p>	
June 30, 2016	32,727
June 30, 2017	(35,497)
<p>Accrued interest at:</p>	
June 30, 2017	(9,844)
Deferred contributions to pension plan	525,617
Pension expense	<u>(658,724)</u>
Change in net position of governmental activities	<u>\$ (746,019)</u>

STATE OF NEW MEXICO
MORA INDEPENDENT SCHOOL DISTRICT NO. 44

GENERAL FUND
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
Revenues:				
Taxes:				
Property	\$ 27,342	\$ 27,342	\$ 27,840	\$ 498
Intergovernmental - federal grants	52,500	52,500	58,254	5,754
Intergovernmental - state grants	4,690,971	4,485,990	4,488,749	2,759
Charges for services	23,800	23,800	29,645	5,845
Investment and interest income	3,850	3,850	3,565	(285)
Miscellaneous	-	-	80,614	80,614
Total revenues	4,798,463	4,593,482	4,688,667	95,185
Expenditures:				
Current:				
Instruction	2,684,167	2,684,740	2,603,305	81,435
Support services:				
Students	541,330	495,815	344,344	151,471
Instruction	43,706	54,221	38,241	15,980
General Administration	332,680	386,940	334,746	52,194
School Administration	428,781	413,841	388,959	24,882
Central Services	206,410	207,109	187,034	20,075
Operation & Maintenance of Plant	1,130,234	1,031,045	904,186	126,859
Student transportation	390,740	341,069	341,069	-
Other Support services	1,746	7,746	1,439	6,307
Capital outlay	89,206	46,506	38,908	7,598
Total expenditures	5,849,000	5,669,032	5,182,231	486,801
<i>Excess (deficiency) of revenues over expenditures</i>	(1,050,537)	(1,075,550)	(493,564)	581,986
<i>Beginning cash balance budgeted</i>	1,050,537	1,075,550	-	(1,075,550)
Fund balance at beginning of the year	-	-	1,201,234	1,201,234
Fund balance at end of the year	\$ -	\$ -	707,670	\$ 707,670
RECONCILIATION TO GAAP BASIS:				
Change in property tax receivable			1,362	
Change in due from other governments			(526)	
Change in payables			(32,608)	
Change in deferred property taxes			(975)	
Fund balance at end of the year (GAAP basis)			\$ 674,923	

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

STATE OF NEW MEXICO
MORA INDEPENDENT SCHOOL DISTRICT NO. 44

FOOD SERVICE FUND - NO. 21000
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive
				(Negative)
Revenues:				
Intergovernmental - federal grants	\$ 270,696	\$ 270,696	\$ 347,322	\$ 76,626
Charges for services	<u>6,000</u>	<u>6,000</u>	<u>9,149</u>	<u>3,149</u>
Total revenues	<u>276,696</u>	<u>276,696</u>	<u>356,471</u>	<u>79,775</u>
Expenditures:				
Current:				
Food services operations	368,519	409,522	320,972	88,550
Capital outlay	<u>10,000</u>	<u>63,180</u>	<u>8,684</u>	<u>54,496</u>
Total expenditures	<u>378,519</u>	<u>472,702</u>	<u>329,656</u>	<u>143,046</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(101,823)	(196,006)	26,815	222,821
<i>Beginning cash balance budgeted</i>	101,823	196,006	-	(196,006)
Fund balance at beginning of the year	<u>-</u>	<u>-</u>	<u>206,585</u>	<u>206,585</u>
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	<u>233,400</u>	<u>\$ 233,400</u>
RECONCILIATION TO GAAP BASIS:				
Change in inventory			(2,497)	
Change in payables			<u>(60)</u>	
Fund balance at end of the year (GAAP basis)			<u>\$ 230,843</u>	

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

STATE OF NEW MEXICO
MORA INDEPENDENT SCHOOL DISTRICT NO. 44

HEADSTART FUND - NO. 25127
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
Revenues:				
Intergovernmental - federal grants	\$ 638,988	\$ 1,424,532	\$ 1,296,065	\$ (128,467)
Expenditures:				
Current:				
Instruction	245,124	583,525	563,974	19,551
Support services:				
Students	10,150	10,150	41	10,109
Instruction	224,278	539,344	507,823	31,521
General Administration	26,949	54,401	53,902	499
Operation & Maintenance of Plant	105,402	161,750	75,555	86,195
Student transportation	16,250	35,252	35,235	17
Food services operations	7,835	37,110	23,634	13,476
Capital outlay	3,000	3,000	-	3,000
Total expenditures	<u>638,988</u>	<u>1,424,532</u>	<u>1,260,164</u>	<u>164,368</u>
<i>Excess of revenues over expenditures</i>	-	-	35,901	35,901
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	<u>35,901</u>	<u>\$ 35,901</u>
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			(38,172)	
Change in payables			2,271	
Fund balance at end of the year (GAAP basis)			<u>\$ -</u>	

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

STATE OF NEW MEXICO
MORA INDEPENDENT SCHOOL DISTRICT NO. 44

GEAR UP NEW MEXICO STATE INITIATIVES FUND - NO. 25205
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive
				(Negative)
Revenues:				
Intergovernmental - state grants	\$ 220,000	\$ 263,197	\$ 291,448	\$ 28,251
Expenditures:				
Current:				
Instruction	117,534	153,075	154,257	(1,182)
Support services:				
Students	18,893	15,871	15,870	1
Instruction	83,573	94,251	89,853	4,398
Total expenditures	<u>220,000</u>	<u>263,197</u>	<u>259,980</u>	<u>3,217</u>
<i>Excess of revenues over expenditures</i>	-	-	31,468	31,468
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	\$ -	\$ -	31,468	\$ 31,468
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			(31,468)	
Fund balance at end of the year (GAAP basis)			\$ -	

STATE OF NEW MEXICO
MORA INDEPENDENT SCHOOL DISTRICT NO. 44

AGENCY FUNDS
Statement of Fiduciary Assets and Liabilities
June 30, 2017

ASSETS

Pooled cash and investments	\$	<u>76,764</u>
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LIABILITIES

Deposits held for others	\$	<u>76,764</u>
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The notes to the financial statements are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

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NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

I. SUMMARY OF ALL SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

The District's financial statements include all entities over which the Board of Education exercises oversight responsibility. Oversight responsibility includes such aspects as appointment of governing body members, designation of management, the ability to significantly influence operations, and accountability for fiscal matters. Based upon the application of these criteria, no component units or fiduciary units were included in the financial statements.

Generally Accepted Accounting Principles (GAAP) requires that financial statements present the District (primary government) and its component units. The District has no component units that are required to be presented in accordance with Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity* and GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units, an amendment of GASB Statement No. 14*, and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34*.

1. Blended Component Units

The District does not have any component units reported as blended component units.

2. Discretely Presented Component Units

The District does not have any component units reported as discretely presented component units.

The summary of significant accounting policies of the District is presented to assist in the understanding of the District's financial statements. The financial statements and notes are the representation of Mora Independent School District NO. 44' management who is responsible for their integrity and objectivity. The financial statements of the District conform to GAAP as applied to governmental units. GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

B. Implementation of New Accounting Principles

During fiscal year 2017, the District adopted the following Governmental Accounting Standards Board (GASB) Statements:

- **GASB Statement No. 74**, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, This Statement replaces Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, as amended, Statement 43, and Statement No. 50, *Pension Disclosures*. This Statement will be effective for the year ended June 30, 2017.
- **GASB Statement No. 77**, *Tax Abatement Disclosures*, financial statements prepared by state and local governments in conformity with generally accepted accounting principles provide citizens and taxpayers, legislative and oversight bodies, municipal bond analysts, and others with information they need to evaluate the financial health of governments, make decisions, and assess accountability. This information is intended, among other things, to assist these users of financial statements in assessing (1) whether a government's current-year revenues were sufficient to pay for current-year services (known as inter-period equity), (2) whether a government complied with finance-related legal and contractual obligations, (3) where a government's financial resources come from and how it uses them, and (4) a government's financial position and economic condition and how they have changed over time.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

B. Implementation of New Accounting Principles (cont'd)

This Statement requires governments that enter into tax abatement agreements to disclose the following information about the agreements:

- Brief descriptive information, such as the tax being abated, the authority under which tax abatements are provided, eligibility criteria, the mechanism by which taxes are abated, provisions for recapturing abated taxes, and the types of commitments made by tax abatement recipients
- The gross dollar amount of taxes abated during the period
- Commitments made by a government, other than to abate taxes, as part of a tax abatement agreement.

Governments should organize those disclosures by major tax abatement program and may disclose information for individual tax abatement agreements within those programs.

Tax abatement agreements of other governments should be organized by the government that entered into the tax abatement agreement and the specific tax being abated. Governments may disclose information for individual tax abatement agreements of other governments within the specific tax being abated. For those tax abatement agreements, a reporting government should disclose:

- The names of the governments that entered into the agreements
- The specific taxes being abated
- The gross dollar amount of taxes abated during the period.

- **GASB Statement No. 78**, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*, the objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, Accounting and Financial Reporting for Pensions. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions.

Prior to the issuance of this Statement, the requirements of Statement 68 applied to the financial statements of all state and local governmental employers whose employees are provided with pensions through pension plans that are administered through trusts that meet the criteria in paragraph 4 of that Statement.

This Statement amends the scope and applicability of Statement 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a state or local governmental pension plan, (2) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (3) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). This Statement establishes requirements for recognition and measurement of pension expense, expenditures, and liabilities; note disclosures; and required supplementary information for pensions that have the characteristics described above.

- **GASB Statement No. 80**, *Blending Requirements for Certain Component Units—an amendment of GASB Statement No. 14*, the objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, The Financial Reporting Entity, as amended.

This Statement amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, Determining Whether Certain Organizations Are Component Units.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

B. Implementation of New Accounting Principles (cont'd)

Other accounting standards that the District is currently reviewing for applicability and potential impact on the financial statements include:

- **GASB Statement No. 75**, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, this Statement replaces the requirements of Statements No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as amended, and No. 57, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, for OPEB. Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, establishes new accounting and financial reporting requirements for OPEB plans. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed. This Statement will be effective for the year ended June 30, 2018.
- **GASB Statement No. 81**, *Irrevocable Split-Interest Agreements*, the objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement.

Split-interest agreements are a type of giving agreement used by donors to provide resources to two or more beneficiaries, including governments. Split-interest agreements can be created through trusts—or other legally enforceable agreements with characteristics that are equivalent to split-interest agreements—in which a donor transfers resources to an intermediary to hold and administer for the benefit of a government and at least one other beneficiary. Examples of these types of agreements include charitable lead trusts, charitable remainder trusts, and life-interests in real estate.

This Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. This Statement requires that a government recognize revenue when the resources become applicable to the reporting period.

The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2016 (FYE June 30, 2018), and should be applied retroactively. Earlier application is encouraged.

- **GASB Statement No. 82**, *Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73*, the objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, Financial Reporting for Pension Plans, No. 68, Accounting and Financial Reporting for Pensions, and No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016 (FYE June 30, 2017), except for the requirements of this Statement for the selection of assumptions in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements for the selection of assumptions are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017 (FYE June 30, 2018). Earlier application is encouraged.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

B. Implementation of New Accounting Principles (cont'd)

- **GASB Statement No. 83, *Certain Asset Retirement Obligations*** - This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement.

This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. This Statement requires that recognition occur when the liability is both incurred and reasonably estimable. The determination of when the liability is incurred should be based on the occurrence of external laws, regulations, contracts, or court judgments, together with the occurrence of an internal event that obligates a government to perform asset retirement activities. Laws and regulations may require governments to take specific actions to retire certain tangible capital assets at the end of the useful lives of those capital assets, such as decommissioning nuclear reactors and dismantling and removing sewage treatment plants. Other obligations to retire tangible capital assets may arise from contracts or court judgments. Internal obligating events include the occurrence of contamination, placing into operation a tangible capital asset that is required to be retired, abandoning a tangible capital asset before it is placed into operation, or acquiring a tangible capital asset that has an existing ARO.

This Statement requires the measurement of an ARO to be based on the best estimate of the current value of outlays expected to be incurred. The best estimate should include probability weighting of all potential outcomes, when such information is available or can be obtained at reasonable cost. If probability weighting is not feasible at reasonable cost, the most likely amount should be used. This Statement requires that a deferred outflow of resources associated with an ARO be measured at the amount of the corresponding liability upon initial measurement.

This Statement requires the current value of a government's AROs to be adjusted for the effects of general inflation or deflation at least annually. In addition, it requires a government to evaluate all relevant factors at least annually to determine whether the effects of one or more of the factors are expected to significantly change the estimated asset retirement outlays. A government should remeasure an ARO only when the result of the evaluation indicates there is a significant change in the estimated outlays. The deferred outflows of resources should be reduced and recognized as outflows of resources (for example, as an expense) in a systematic and rational manner over the estimated useful life of the tangible capital asset.

A government may have a minority share (less than 50 percent) of ownership interest in a jointly owned tangible capital asset in which a nongovernmental entity is the majority owner and reports its ARO in accordance with the guidance of another recognized accounting standards setter. Additionally, a government may have a minority share of ownership interest in a jointly owned tangible capital asset in which no joint owner has a majority ownership, and a nongovernmental joint owner that has operational responsibility for the jointly owned tangible capital asset reports the associated ARO in accordance with the guidance of another recognized accounting standards setter. In both situations, the government's minority share of an ARO should be reported using the measurement produced by the nongovernmental majority owner or the nongovernmental minority owner that has operational responsibility, without adjustment to conform to the liability measurement and recognition requirements of this Statement.

In some cases, governments are legally required to provide funding or other financial assurance for their performance of asset retirement activities. This Statement requires disclosure of how those funding and assurance requirements are being met by a government, as well as the amount of any assets restricted for payment of the government's AROs, if not separately displayed in the financial statements. This Statement also requires disclosure of information about the nature of a government's AROs, the methods and assumptions used for the estimates of the liabilities, and the estimated remaining useful life of the associated tangible capital assets. If an ARO (or portions thereof) has been incurred by a government but is not yet recognized because it is not reasonably estimable, the government is required to disclose that fact and the reasons therefor. This Statement requires similar disclosures for a government's minority shares of AROs.

The requirements of this Statement are effective for reporting periods beginning after June 15, 2018 (FYE June 30, 2019). Earlier application is encouraged.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

B. Implementation of New Accounting Principles (cont'd)

- **GASB Statement No. 84, *Fiduciary Activities*** – This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. An exception to that requirement is provided for a business-type activity that normally expects to hold custodial assets for three months or less. This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria. A fiduciary component unit, when reported in the fiduciary fund financial statements of a primary government, should combine its information with its component units that are fiduciary component units and aggregate that combined information with the primary government's fiduciary funds. This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. Events that compel a government to disburse fiduciary resources occur when a demand for the resources has been made or when no further action, approval, or condition is required to be taken or met by the beneficiary to release the assets.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2018 (FYE June 30, 2020). Earlier application is encouraged. Changes adopted to conform to the provisions of this Statement should be applied retroactively by restating financial statements, if practicable, for all prior periods presented. If restatement for prior periods is not practicable, the cumulative effect, if any, of applying this Statement should be reported as a restatement of beginning net position (or fund balance or fund net position, as applicable) for the earliest period restated. In the first period that this Statement is applied, the notes to the financial statements should disclose the nature of the restatement and its effect. Also, the reason for not restating prior periods presented should be disclosed.

- **GASB Statement No. 85, Omnibus 2017** – The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]).

Specifically, this Statement addresses the following topics:

- Blending a component unit in circumstances in which the primary government is a business-type activity that reports in a single column for financial statement presentation
- Reporting amounts previously reported as goodwill and “negative” goodwill • Classifying real estate held by insurance entities
- Measuring certain money market investments and participating interest earning investment contracts at amortized cost
- 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 requirements of this Statement are effective for reporting periods beginning after June 15, 2017 (FYE June 30, 2018). Earlier application is encouraged.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

B. Implementation of New Accounting Principles (cont'd)

- **GASB Statement No. 86, Certain Debt Extinguishment Issues** – The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance.

In-Substance Defeasance of Debt Using Only Existing Resources Statement No. 7, Advance Refundings Resulting in Defeasance of Debt, requires that debt be considered defeased in substance when the debtor irrevocably places cash or other monetary assets acquired with refunding debt proceeds in a trust to be used solely for satisfying scheduled payments of both principal and interest of the defeased debt. The trust also is required to meet certain conditions for the transaction to qualify as an in-substance defeasance. This Statement establishes essentially the same requirements for when a government places cash and other monetary assets acquired with only existing resources in an irrevocable trust to extinguish the debt. However, in financial statements using the economic resources measurement focus, governments should recognize any difference between the reacquisition price (the amount required to be placed in the trust) and the net carrying amount of the debt defeased in substance using only existing resources as a separately identified gain or loss in the period of the defeasance. Governments that defease debt using only existing resources should provide a general description of the transaction in the notes to financial statements in the period of the defeasance. In all periods following an in-substance defeasance of debt using only existing resources, the amount of that debt that remains outstanding at period-end should be disclosed.

Prepaid Insurance Related to Extinguished Debt – For governments that extinguish debt, whether through a legal extinguishment or through an in-substance defeasance, this Statement requires that any remaining prepaid insurance related to the extinguished debt be included in the net carrying amount of that debt for the purpose of calculating the difference between the reacquisition price and the net carrying amount of the debt.

Additional Disclosure for All In-Substance Defeasance Transactions – One of the criteria for determining an in-substance defeasance is that the trust hold only monetary assets that are essentially risk-free. If the substitution of essentially risk-free monetary assets with monetary assets that are not essentially risk-free is not prohibited, governments should disclose that fact in the period in which the debt is defeased in substance. In subsequent periods, governments should disclose the amount of debt defeased in substance that remains outstanding for which that risk of substitution exists.

The requirements of this Statement are effective for reporting periods beginning after June 15, 2017 (FYE June 30, 2018). Earlier application is encouraged.

- **GASB Statement No. 87, Leases** - The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

Definition of a Lease - A lease is defined as a contract that conveys control of the right to use another entity's nonfinancial asset (the underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transaction. Examples of nonfinancial assets include buildings, land, vehicles, and equipment. Any contract that meets this definition should be accounted for under the leases guidance, unless specifically excluded in this Statement.

The provisions of this Statement are effective for reporting periods beginning after December 15, 2019 (FYE June 30, 2021).

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

C. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the school district. For the most part, the effect of inter-fund activity has been removed from these statements.

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

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues, net of estimated refunds and estimated uncollectable amounts, in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

➤ GENERAL FUND

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

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (cont'd)

➤ SPECIAL REVENUE FUNDS

Food Service (Fund No. 21000)

Minimum Balance: None

This program provides financing for the school breakfast and lunch program. Funding is provided from fees from patrons and USDA food reimbursements, under the National School Lunch Act of 1946, as amended, Public Law 79-396, Sections 2-4, 60 Stat. 230, 42 U.S.C. 1751 et seq.; 80 stat. 889, as amended; 84 stat. 270; and the Child Nutrition Act of 1966, as amended, Sections 4 and 10. Public Law 89-642, 80 stat. 886, 889, 42 U.S.C. 1773, 1779; Public Law 99-591, 100 stat. 3341; Public Law 100-71, 101 stat. 430.

Headstart (Fund No. 25127)

Minimum Balance: None

To promote school readiness by enhancing the social and cognitive development of low-income children, including children on federally recognized reservations and children of migratory farm-workers, through the provision of comprehensive health, educational, nutritional, social and other services; and to involve parents in their children's learning and to help parents make progress toward their educational, literacy and employment goals. Head Start also emphasizes the significant involvement of parents in the administration of their local Head Start programs. The project is funded through the federal government, under the Community Opportunities, Accountability, and Training and Educational Services Act of 1998, Title I, Section 101-119.

Gear Up New Mexico Initiatives (Fund No. 25205)

Minimum Balance: None

To encourage eligible entities to provide supportive services to elementary and middle schools, and secondary school students who are at risk of dropping out of school; and information to students and their parents about the advantages of obtaining a postsecondary education and the college financing options for the students and their parents. Authorization granted through Higher Education Act, Title IV, Part A, Subpart 2, Chapter 2, 20 U.S.C. 1070a-21-1070a-28.

➤ CAPITAL PROJECTS FUNDS

Capital Improvements SB – 9 (Fund No. 31701)

Minimum Balance: None

This fund provides financing for the purchase of equipment and capital improvements to School District property. Funding is received from a 2 mill property tax levy and interest earned on investments, under New Mexico Senate Bill 9.

➤ DEBT SERVICE FUNDS

Debt Service Fund (Fund No. 41000)

Minimum Balance: None

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

Additionally, the government reports the following fund types:

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

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

Fiduciary Funds –agency funds used to account for financial resources used by the student activity groups for which the District has stewardship

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

E. Assets, Liabilities, and Net Position or Equity

1. *Deposits and investments*

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

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

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

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

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

2. *Receivables and payables*

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

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

Under GASB Statement 33, property taxes are impressed non-exchange revenue. Assets from impressed non-exchange transactions are reported when the District has an enforceable legal claim to the asset. The enforceable legal claim date for property taxes is the assessment date. Taxes are payable in two equal installments on November 10 and April 10th following the levy and become delinquent after 30 days. Therefore, the District has recorded a delinquent tax receivable and revenue for taxes received within the sixty days following year-end. A receivable and deferred revenue have been recorded for uncollected delinquent taxes. On the government-wide financial statements, the district has recorded delinquent property taxes receivable and revenue for taxes assessed as of year-end that have not be collected, as prescribed in GASB 34. An allowance for refunds and uncollectible amounts has not been recorded.

3. *Inventories*

USDA Commodities are recorded at estimated costs and other inventories are recorded at cost, which approximates market. Inventories of governmental funds are recorded as expenditures when purchased rather than when consumed.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

E. Assets, Liabilities, and Net Position or Equity (cont'd)

4. Capital assets

Capital assets, which include property, plant, and equipment (software), are reported in the applicable governmental-wide financial statements. Beginning July 1, 2005, the threshold for defining Capital assets by the government was raised from \$1,000 to assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Software costs have been included with the cost of computer equipment and are capitalized with that equipment. The District does not develop software for internal use or any other use.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest on construction projects has not been capitalized.

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

ASSETS	YEARS
Buildings	40-50
Building improvements	20
Land Improvements	10-20
Vehicles	5-7
Office equipment	5
Computer equipment	3-5

5. Compensated absences

It is the District's policy to permit employees to accumulate earned but unused vacation, which no more than 20 days will be paid to employees upon separation from the District's service. Twelve-month employees that are full time are entitled to two weeks paid vacation per year. Vacation days may not accrue from one year to the next without the prior approval of the superintendent, and is accrued when incurred in the government-wide financial statements.

Accumulated sick leave is not payable upon termination and is recorded as expenditures when it is paid.

6. Long-term obligations

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

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

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

E. Assets, Liabilities, and Net Position or Equity (cont'd)

7. 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 Education Retirement Board (ERB) and additions to/deductions from ERB's fiduciary net position have been determined on the same basis as they are reported by ERB. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

8. Deferred Outflows/Inflows of Resources

Both deferred inflows and outflows are reported in the Statement of Net Position, but are not recognized in the financial statements as revenues, expenses, and reduction of liabilities or increase in assets until the period(s) to which they relate.

In addition to assets, the District reports a separate section for deferred outflows of resources. This separate financial statement element represents a use of net position/fund balance that applies to future periods and will not be recognized as an expenditure until that time.

The District also reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position/fund balance that applies to future periods and so will not be recognized as a revenue until that time. Revenue must be susceptible to accrual (measurable and available to finance expenditures of the current fiscal period) to be recognized. If assets are recognized in connection with a transaction, but those assets are not yet available to finance expenditures of the current fiscal period, then the assets must be offset by a corresponding liability for deferred inflows of resources.

The District reports deferred outflows of resources for pension-related amounts for the District's share of the difference between projected and actual earnings, for the District's share of the difference between contributions to the individual plans and the proportionate share of the contributions, and for changes of assumptions or other inputs.

The District reports deferred inflows of resources for pension-related amounts in the government wide financial statements or the District's share of the difference between expected and actual experience and for the District's share of the difference between contributions to the individual plans and the proportionate share of the contributions.

Under the modified accrual basis of accounting, revenue and other fund financial resources are recognized in the period in which they become both measurable and available. Assets recorded in the fund financial statements for which the revenues are not available are reported as a deferred inflow of resources. Deferred inflows of resources are also comprised of property tax and long-term receivables that are unavailable in the fund statements.

9. Fund balance

a. Non-Spendable

The non-spendable fund balance classification includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example, inventories and prepaid amounts.

b. Restricted

Fund balance is reported as restricted when constraints placed on the use of resources are either (1) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or (2) imposed by law through constitutional provisions or enabling legislation.

c. Committed

Amounts that can only be used for specific purposes pursuant to constraints imposed by the formal action of the District's Board of Education should be reported as committed fund balance. The committed amounts cannot be used for any other purpose unless the District's Board of Education removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. The District did not have committed fund balances for the year ended June 30, 2017.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

E. Assets, Liabilities, and Net Position or Equity (cont'd)

d. Assigned

Assigned fund balance includes (a) all remaining amounts, except for negative balances, that are reported in governmental funds, other than the general fund, that are not classified as non-spendable and are neither restricted nor committed and amounts in the general fund that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. Intent, and removal of, is expressed by the Board of Education or the Finance Committee. The District did not have assigned fund balances for the year ended June 30, 2017.

e. Unassigned

The remaining fund balance, after all other classifications, within the general fund is reported as unassigned fund balance. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. In governmental funds other than the general fund, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes, a negative fund balance will be reported as unassigned fund balance.

When committed, assigned, and unassigned resources are available for use, it is the District's policy to use committed first followed by assigned and unassigned resources as they are needed.

10. *Net Position*

Net Position is presented on the Statement of Net Position and may be presented in any of three components.

a. Net investment in capital assets

This component of Net Position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. The portion of the debt attributable to the unspent proceeds is not included in the calculation of invested in capital assets, net of related debt. That portion of the debt is included in restricted for capital projects.

b. Restricted Net Position

Net Position is reported as being restricted when the restriction is either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the government to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation.

c. Unrestricted Net Position

Unrestricted Net Position consists of Net Position that does not meet the definition of "net investment in capital assets" or "restricted."

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

In the governmental environment, Net Position often is designated to indicate that management does not consider them to be available for general operations. In contrast to restricted Net Position, these types of constraints on resources are internal and management can remove or modify them. However, enabling legislation established by the reporting government should not be construed as an internal constraint.

11. *Indirect Costs*

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

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

E. Assets, Liabilities, and Net Position or Equity (cont'd)

12. *Estimates*

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

13. *Inter-fund Transactions*

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund from expenditures initially made from it that are properly applicable to another fund, are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed. All other inter-fund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Non-recurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other inter-fund transfers are reported as operating transfers.

14. *Revenues*

State Equalization Guarantee: School districts in the State of New Mexico receive a 'state equalization guarantee distribution' which is defined as "that amount of money distributed to each school district to insure that the school district's operating revenue, including its local and federal revenues as defined (in Chapter 22, Section 825, NMSA 1978) is at least equal to the school district's "program cost."

A school district's program costs are determined through the use of various formulas using 'program units' which take into consideration 1) early childhood education; 2) basic education; 3) special education; 4) bilingual-multicultural education, 5) size, etc. Payment is made from the public school fund under the authority of the Director of Public School Finance. The District received \$4,122,206 in state equalization guarantee distributions during the year ended June 30, 2017.

Transportation Distribution: School districts in the State of New Mexico received student transportation distributions. The transportation distribution is allocated to each school district in accordance with formulas developed by the State Transportation Director and the Director of Public School Finance. The funds shall be used only for the purpose of making payments to each school district for the to-and-from school transportation costs of students in grades K through twelve attending public school within the school district. The District received \$341,069 in transportation distributions during the year ended June 30, 2017.

Instructional Materials: The New Mexico Public Education Department (PED) receives federal mineral leasing funds from which it makes annual allocations to the various school districts for the purchase of educational materials. Of each allocation, fifty percent is restricted to the purchase of material listed on the PED 'Multiple List', while fifty percent of each allocation is available for purchases directly from vendors or transfer to the fifty percent account for purchase of material from the "Multiple List". Districts are allowed to carry forward unused textbook funds from year to year. The District received \$25,474 in instructional materials distributions during the year ended June 30, 2017.

15. *Tax Abatements*

Governmental Accounting Standards Board Statement No. 77 requires the District to disclose information on certain tax abatement agreements effecting the District. Accordingly, the District did not have any tax abatements effecting the District during the year ended June 30, 2017.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

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

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

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

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

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

1. In April or May, the superintendent submits to the Board of Education a proposed operating budget of the fiscal year commencing the following July. The operating budget includes proposed expenditures and the means of financing them, and has approval by the Department of Education.
2. In May or June, the budget is approved by the Board of Education.
3. The school board meeting, while not intended for the general public, is open for the general public unless a closed meeting has been called for.
4. The superintendent is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the school board and the State of New Mexico Department of Education.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, Debt Service Funds and Capital Projects Funds.
6. Budgets for the General, Special Revenue, Capital Projects, and Debt Service Funds are adopted on a basis not consistent with generally accepted accounting principles (GAAP). Encumbrances are treated the same way for GAAP purposes and for Budget purposes.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (cont'd)

A. Budgetary Information (cont'd)

The Board of Education may approve amendments to the appropriated budget, which are required when a change is made affecting budgeted ending fund balance. The appropriated budget for the year ended June 30, 2017 was properly amended by the Board through the year. New Mexico state law prohibits a Governmental Agency to exceed an individual line item. These amendments resulted in the following changes:

	ORIGINAL	FINAL
Major Funds:		
General Funds	\$ 5,849,000	\$ 5,669,032
<i>Special Revenue Funds:</i>		
Food Service	378,519	472,702
Head Start	638,988	1,424,532
Gear Up New Mexico Initiatives	220,000	263,197
<i>Capital Projects Funds:</i>		
Capital Improvements SB-9	593,036	593,036
<i>Debt Service Funds:</i>		
Debt Service Fund	541,335	541,335
Nonmajor Funds:		
Special Revenue Funds	462,785	657,189
Capital Projects Funds	247,745	247,745
Total Budget	\$ 8,931,408	\$ 9,868,768

B. Budgetary Violations

The District exceeded its legal budget in individual funds during the year ended June 30, 2017 as follows:

Gear Up New Mexico State Initiatives	Instruction	\$ 1,182
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The District is aware of legal binding of budgets and has implemented a system of checks that will help prevent any further violations of budgetary control.

C. Deficit Fund Equity

The District did not have any deficit fund balances as of June 30, 2017.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

III. DETAILED NOTES ON ALL FUNDS

A. Cash and Temporary Investments

At June 30, 2017, the carrying amount of the District's deposits was \$1,570,421 and the bank balance was \$2,015,842 with the difference consisting of outstanding checks.

	BALANCE
Financial institution:	
Southwest Capital Bank	\$ 2,015,842
Less agency cash	(76,764)
Less net reconciling items	(445,421)
Total cash and equivalents	\$ 1,493,657

Of this balance \$250,000 was covered by federal depository insurance and \$1,500,000 was covered by collateral held in joint safekeeping by a third party.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. New Mexico State Statutes require collateral pledged for deposits in excess of the federal deposit insurance to be delivered, or a joint safekeeping receipt be issued, to the District for at least one half of the amount on deposit with the institution. The District does not have a deposit policy for custodial credit risk, other than the following state statutes as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978). The statement listed below will meet the State of New Mexico Office of the State Auditor's requirement in reporting the uninsured portion of the deposits. As of June 30, 2017, \$265,842 of the District's bank deposits was exposed to custodial risk as follows:

	INSURED	UNDER INSURED	TOTAL
Bank deposits:			
Uninsured and uncollateralized	\$ 265,842	\$ -	\$ 265,842
Uninsured and collateral held by pledging bank's trust dept not in the District's name	1,500,000	-	1,500,000
Total uninsured	1,765,842	-	1,765,842
Insured (FDIC)	250,000	-	250,000
Total deposits	\$ 2,015,842	\$ -	\$ 2,015,842
 State of New Mexico collateral requirement:			
50% of uninsured public fund bank deposits	\$ 882,921	\$ -	\$ 882,921
Pledged security	1,500,000	-	1,500,000
Over collateralization	\$ 617,079	\$ -	\$ 617,079

The collateral pledged is listed on Page 104 of this report. The types of collateral allowed are limited to direct obligations of the United States Government and all bonds issued by any agency, district or political subdivision of the State of New Mexico. According to the Federal Deposit Insurance Authority, public unit deposits are funds owned by the schools. Time deposits, savings deposits and interest bearing "Now" accounts of a public unit in an institution in the same state will be insured up to \$250,000 in aggregate and separate from the \$250,000 coverage for public unit demand deposits at the same institution.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

III. DETAILED NOTES ON ALL FUNDS (cont'd)

B. Receivables

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

	RECEIVABLES		DUE FROM OTHER	
	Property Taxes	Grants	Governments	Funds
Major Funds:				
General Funds	\$ 5,970	\$ -	\$ 656	\$ 202,658
Food Service	-	-	-	-
Headstart	-	1,544	-	-
Gear Up New Mexico Initiatives	-	75,830	-	-
Capital Improvements SB-9	39,500	-	-	-
Debt Service	82,065	-	4,484	-
Other Governmental Funds	-	126,828	8,682	-
Total	<u>\$ 127,535</u>	<u>\$ 204,202</u>	<u>\$ 13,822</u>	<u>\$ 202,658</u>

An allowance for doubtful accounts has not been established. All receivables are expected to be collectible.

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

	UNAVAILABLE	UNEARNED
Delinquent property taxes		
General Fund	\$ 5,583	\$ -
Food Service	-	-
Headstart	-	-
Gear Up New Mexico Initiatives	-	-
Capital Improvements SB-9	36,854	-
Debt Service	76,937	-
Other Governmental Funds	-	-
Total deferred/unearned revenue for governmental funds	<u>\$ 119,374</u>	<u>\$ -</u>

C. Inter-Fund Receivables and Payables

The inter-fund receivables and payables at June 30, 2017 were:

	RECEIVABLES	PAYABLES
Major Funds:		
General Funds	\$ 202,658	\$ -
Food Service	-	-
Headstart	-	-
Gear Up New Mexico Initiatives	-	75,830
Capital Improvements SB-9	-	-
Debt Service	-	-
Other Governmental Funds	-	126,828
Total	<u>\$ 202,658</u>	<u>\$ 202,658</u>

The inter-fund loans were made for the purposes of cash shortfalls within the individual funds. The loans are expected to be repaid within the next fiscal year.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

III. DETAILED NOTES ON ALL FUNDS (cont'd)

D. Capital Assets

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

	BEGINNING	RESTATEMENT	RESTATED	INCREASES	DECREASES	ADJUSTMENT	ENDING
Governmental activities:							
<u>Capital assets not being depreciated:</u>							
Land	\$ 460,006	\$ -	\$ 460,006	\$ -	\$ -	\$ -	\$ 460,006
<u>Capital assets being depreciated:</u>							
Land improvements	-	-	-	204,502	-	2,922,826	3,127,328
Buildings and improvements	16,346,344	97,792	16,444,136	-	-	(2,922,826)	13,521,310
Furniture, fixtures, and equipment	3,454,300	110,357	3,564,657	127,525	-	-	3,692,182
<i>Total capital assets being depreciated</i>	<u>19,800,644</u>	<u>208,149</u>	<u>20,008,793</u>	<u>332,027</u>	<u>-</u>	<u>-</u>	<u>20,340,820</u>
Less accumulated depreciation for:							
Land improvements	-	-	-	(156,101)	-	(1,167,036)	(1,323,137)
Buildings and improvements	(4,964,583)	(18,816)	(4,983,399)	(372,442)	-	1,167,036	(4,188,805)
Furniture, fixtures, and equipment	(2,996,765)	(55,731)	(3,052,496)	(114,257)	-	-	(3,166,753)
<i>Total accumulated depreciation</i>	<u>(7,961,348)</u>	<u>(74,547)</u>	<u>(8,035,895)</u>	<u>(642,800)</u>	<u>-</u>	<u>-</u>	<u>(8,678,695)</u>
Total capital assets being depreciated, net	<u>11,839,296</u>	<u>133,602</u>	<u>11,972,898</u>	<u>(310,773)</u>	<u>-</u>	<u>-</u>	<u>11,662,125</u>
Total capital assets, net	<u>\$ 12,299,302</u>	<u>\$ 133,602</u>	<u>\$ 12,432,904</u>	<u>\$ (310,773)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,122,131</u>

Depreciation has been allocated to the functions by the following amounts:

DEPRECIATION ALLOCATION TO FUNCTIONS	
Instruction	\$ 309,234
Support Services - Students	34,690
Support Services - Instruction	50,735
Support Services - General Administration	35,638
Support Services - School Administration	35,280
Central Services	15,680
Operations & Maintenance of Plant	97,506
Student Transportation	31,141
Other Support Services	121
Food Services	32,775
Total Depreciation Expense	<u>\$ 642,800</u>

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

Construction commitments

The District is involved in long-term construction projects as part of their master plan for upgrading the district buildings. The amount in the capital projects funds designated for subsequent years expenditures are committed for funding these projects. Interest on construction projects is not capitalized.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

III. DETAILED NOTES ON ALL FUNDS (cont'd)

E. Long-Term Debt

General Obligation Bonds – The District issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. Bonds are direct obligations and pledge the full faith and credit of the District. The bonds will be paid from taxes levied against property owners living within the School District boundaries. The details of the bonds and notes as of June 30, 2017 are as follows:

BOND ISSUES		ORIGINAL AMOUNT	INTEREST RATES	BALANCE	CURRENT PORTION
Series	07/01/07	\$ 900,000	4.1% to 4.25%	\$ 475,000	\$ 325,000

Balances shown for bonds and notes do not include unamortized premiums or deferred amounts on refinancing.

Annual debt service requirements to maturity for general obligation bonds are as follows:

YEAR ENDING	TOTAL REQUIREMENTS		
JUNE 30,	PRINCIPAL	INTEREST	
2018	\$ 325,000	\$ 13,044	\$ 338,044
2019	150,000	3,150	153,150
Total	<u>\$ 475,000</u>	<u>\$ 16,194</u>	<u>\$ 491,194</u>

Changes in long term debt – During the year ended June 30, 2017 the following changes occurred in liabilities reported in the general obligation bonds account group:

	BALANCE	ADDITIONS	RETIREMENTS	BALANCE	CURRENT
Compensated absences:					
Compensated vacation	\$ 32,727	\$ 28,062	\$ (25,292)	\$ 35,497	\$ 35,497
Bonds payable	800,000	-	(325,000)	475,000	325,000
	<u>\$ 832,727</u>	<u>\$ 28,062</u>	<u>\$ (350,292)</u>	<u>\$ 510,497</u>	<u>\$ 360,497</u>

The liability of compensated absences is liquidated with resources from the general fund and several special revenue funds.

IV. OTHER INFORMATION

A. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injury to employees; and natural disasters. The New Mexico Public Schools Insurance Authority (NMSIA) was formed on April 5, 1985 under the New Mexico Public Schools Insurance Authority Act, Chapter 22, Section 2 of the New Mexico Statutes Annotated (NMSA 1978), as amended, as an insurance fund to provide health, disability and life insurance coverage (benefits coverage), and property, casualty and workers' compensation insurance coverage (risk coverage) to participating public schools, school board members, public school employees, and retirees within the State of New Mexico. The District is one of 91 members that participate in NMPSIA. Participation in NMPSIA is mandatory for all K-12 public schools except those with enrollment exceeding 60,000 students. Participation is voluntary for other public education institutions. The District pays an annual premium to the pool for its general insurance coverage. The agreement for formation of NMPSIA provides that the pool will be self-sustaining through member premiums. NMPSIA establishes self-insured retentions by line of coverage and procures insurance or reinsurance, where indicated, in excess of the self-insured retention on a per occurrence basis. NMPSIA will publish its own financial report for the year ended June 30, 2017.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

IV. OTHER INFORMATION (cont'd)

B. Employee Retirement Plan

Plan Description - Substantially all of the District's full-time employees participate in a public employee retirement system authorized under the Educational Retirement Act (Chapter 22, Article 11, Sections 1 through 52, NMSA 1978). The Educational Retirement Board (ERB) is the administrator of the New Mexico Educational Employees' Retirement Plan (Plan), which is a cost-sharing multiple-employer defined benefit retirement plan. ERB issues a separate, publicly available financial report that includes the financial statements and required supplementary information for the plan. That report may be obtained www.nmerb.org, www.saonm.org, or by writing to:

ERB
P.O. Box 26129
Santa Fe, New Mexico 87502-6129
www.nmerb.org

Membership in the Plan is a condition of employment. Employees of public schools, universities, regional cooperatives, special schools and state agencies providing educational programs, who are employed at more than 25% of a full-time equivalency, are required to be members of the Plan. There were 150,082 active, retired, and inactive members in fiscal year 2016; there were 146,089 active, retired, and inactive members in fiscal year 2015.

Benefits Provided - The plan provides for retirement benefits, disability benefits, survivor benefits and cost-of-living adjustments to plan members (certified teachers, and other employees of State public school districts, colleges and universities) and beneficiaries. Benefits are based on three components: Final Average Salary (FAS), years of both earned and allowed service credits, and a 2.35% factor. The gross annual benefit is determined by multiplying the three components together. FAS is the higher of annual earnings for the previous 20 calendar quarters prior to retirement or the highest average annual earnings for any 20 consecutive calendar quarters.

For members employed before July 1, 2010, a member is eligible to retire when one of the following events occurs: the member's age and earned service credit add up to the sum of 75 or more; the member is at least sixty-five years of age and has five or more years of earned service credit; or the member has service credit totaling 25 years or more.

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

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

Retired members and surviving beneficiaries receiving benefits receive an automatic cost of living adjustment (COLA) to their benefit each July 1, beginning in the year the member attains or would have attained age 65 or on July 1 of the year following the member's retirement date, whichever is later. Prior to June 30, 2013 the COLA adjustment was equal to one-half the change in the Consumer Price Index (CPI), except that the COLA shall not exceed 4% nor be less than 2%, unless the change in CPI is less than 2%, in which case, the COLA would equal the change in the CPI, but never less than zero. As of July 1, 2013, for current and future retirees the COLA was immediately reduced until the plan is 100% funded. The COLA reduction was based on the median retirement benefit of all retirees excluding disability retirements. Retirees with benefits at or below the median and with 25 or more years of service credit will have a 10% COLA reduction; their average COLA will be 1.8%. All other retirees will have a 20% COLA reduction; their average COLA will be 1.6%. Once the funding is greater than 90%, the COLA reductions will decrease. The retirees with benefits at or below the median and with 25 or more years of service credit will have a 5% COLA reduction; their average COLA will be 1.9%. All other retirees will have a 10% COLA reduction; their average will be 1.8%. Members on disability retirement are entitled to a COLA commencing on July 1 of the third full year following disability retirement. A member on regular retirement who can prove retirement because of a disability may qualify for a COLA beginning July 1 in the third full year of retirement.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

IV. OTHER INFORMATION (cont'd)

B. Employee Retirement Plan (cont'd)

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

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

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

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

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

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

Member Contributions – Plan members whose annual salary is \$20,000 or less are required by statute to contribute 7.9% of their gross salary. Plan members whose annual salary is over \$20,000 are required to make the following contributions to the Plan: 10.7% of their gross salary in fiscal year 2017.

Employer Contributions – In fiscal year 2017, the District was required to contribute 13.9% of the gross covered salary for employees whose annual salary is \$20,000 or less, and 13.9% of the gross covered salary for employees whose annual salary is more than \$20,000. The contribution requirements of plan members and the District are established in State statute under Chapter 22, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The District's contributions to ERB for the fiscal years ending June 30, 2017 were \$525,617, which equal the amount of the required contributions for each fiscal year.

Employers

The Educational Retirement Act designates employers as Local Administrative Units, directly responsible for payment of compensation for the employment of members or participants of this Plan. There were 218 contributing employers in fiscal year 2016; there were 216 contributing employers in fiscal year 2015.

Liabilities, Deferred Outflows of Resources, Deferred Inflows of Resources, and Expense Related to Pensions

At June 30, 2017, the District reported a liability of \$9,342,410 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. 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 school districts, actuarially determined. At June 30, 2016, the District's proportion was 0.129820 percent, which was a decrease of 0.001590 percent from its proportion measured as of June 30, 2015.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

IV. OTHER INFORMATION (cont'd)

B. Employee Retirement Plan (cont'd)

For the year ended June 30, 2017, the District recognized pension expense of \$658,724.

PENSION EXPENSE CALCULATION	
Net pension liability - end of the year	\$ 9,342,410
Net pension liability - beginning of the year	(8,511,776)
Deferred outflows of resources during the year	(450,772)
Deferred inflows of resources during the year	(237,738)
Reductions to ending net pension liability due contributions paid	516,600
Total Pension Expense	\$ 658,724

At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OUTFLOWS	INFLOWS
Difference between expected and actual experience	\$ 40,531	\$ 88,858
Change of assumptions	190,174	-
Net difference between projected and actual earnings on pension plan investments	557,664	-
Changes in proportion and differences between District contributions and proportionate share of contributions	91,787	255,471
District contributions subsequent to the measurement date	525,617	-
Total	\$ 1,405,773	\$ 344,329

Deferred outflows of resources related to pensions in the amount of \$525,617 resulted from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

JUNE 30,	AMORTIZATION
2018	\$ (24,170)
2019	180,754
2020	243,253
2021	135,990
2022	-
Thereafter	-
Total	\$ 535,827

Actuarial Assumptions

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 the expected rate of return on pension plan investments of 7.75%. Based on the assumptions described below and the projection of cash flows, pension plan's fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current plan members. The long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

IV. OTHER INFORMATION (cont'd)

B. Employee Retirement Plan (cont'd)

The total pension liability, net pension liability, and certain sensitivity information shown in this report are based on an actuarial valuation performed as of June 30, 2015. The total pension liability and net pension liability are based on an actuarial valuation performed 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. There were no significant events or changes in benefit provisions that required an adjustment to the roll-forward liabilities as of June 30, 2016. Specifically, the liabilities measured as of June 30, 2016 incorporate the following assumptions:

- 1) All members with an annual salary of more than \$20,000 will contribute 10.7% during the fiscal year ending June 30, 2015 and thereafter.
- 2) Members hired after June 30, 2013 will have an actuarially reduced retirement benefit if they retire before age 55 and their Cost of Living Adjustment (COLA) will be deferred until age 67.
- 3) COLAs for most retirees are reduced until ERB attains a 100% funded status.
- 4) The new assumptions were adopted by ERB on June 12, 2015 in conjunction with the six year experience study period ending June 30, 2014.

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

Actuarial Cost Method Entry Age:	Normal
Amortization Method:	Level Percentage of Payroll
Remaining Period:	Amortized - closed 30 years from June 30, 2012 to June 30, 2042
Asset Valuation Method:	5 year smoothed market for funding valuation (fair value for financial valuation)
Inflation:	3.00%
Salary Increases:	Composition: 3% inflation, plus 1.25% productivity increase rate, plus step rate promotional increases for members with less than 10 years of service
Investment Rate of Return:	7.75%
Retirement Age:	Experience based table of rates based on age and service. Adopted by NMERB on June 12, 2015 in conjunction with the six-year experience study for the period ending June 30, 2014
Mortality:	Healthy males: RP-2000 Combined Mortality Table with white collar adjustments, generational mortality improvements with scale BB. Healthy females: 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.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

IV. OTHER INFORMATION (cont'd)

B. Employee Retirement Plan (cont'd)

The long-term expected rate of return on pension plan investments is determined annually using a building-block approach that includes the following: 1) rate of return projections are the sum of current yield plus projected changes in price (valuation, defaults, etc.), 2) application of key economic projections (inflation, real growth, dividends, etc.), and 3) structural themes (supply and demand imbalances, capital flows, etc.). These items are developed for each major asset class. Best estimates of geometric real rates of return for each major asset class included in the Plan's target asset allocation for 2016 and 2015 for 30-year return assumptions are summarized in the following table:

<u>Asset Class</u>	2016 Long-Term Expected <u>Real Rate of Return</u>	2015 Long-Term Expected <u>Real Rate of Return</u>
Cash	-0.25%	0.00%
U.S. Treasuries	0.00%	0.25%
IG Corp Credit	1.75%	1.50%
Mortgage Backed Securities	0.25%	0.50%
Core Bonds*	0.64%	0.73%
Treasury Inflation Protected Securities	0.75%	0.75%
High-Yield Bonds	2.50%	2.50%
Bank Loans	2.75%	2.75%
Global Bonds (Unhedged)	-0.50%	-1.00%
Global Bonds (Hedged)	-0.38%	-0.84%
Emerging Market Debt External	2.75%	2.75%
Emerging Market Debt Local Currency	3.25%	3.50%
Large Cap Equities	4.25%	4.25%
Small/ Mid Cap Equities	4.50%	4.50%
International Equities (Unhedged)	4.75%	4.75%
International Equities (Hedged)	5.14%	5.22%
Emerging International Equities	6.25%	6.00%
Private Equity	6.25%	6.25%
Private Debt	4.75%	4.75%
Private Real Assets	4.50%	4.50%
Real Estate	3.25%	3.25%
Commodities	2.25%	2.50%
Hedge Funds	3.25%	3.50%

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.).

These items are developed for each major asset class.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

IV. OTHER INFORMATION (cont'd)

B. Employee Retirement Plan (cont'd)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate Assumption

The following table shows the sensitivity of the net pension liability to changes in the discount rate as of fiscal year end 2016, 2015, and 2014. In particular, the table presents the Plan's net pension liability under the current single rate assumption, as if it were calculated using a discount rate one percentage point lower (6.75%) or one percentage point higher (8.75%) than the single discount rate.

		CURRENT SINGLE RATE		
		1% Decrease	Assumption	1% Increase
		6.75%	7.75%	8.75%
ERB (All Employers)				
	2016	\$ 9,531,509,131	\$ 7,196,433,561	\$ 5,258,980,529
	2015	\$ 8,715,594,530	\$ 6,477,266,299	\$ 4,596,837,569
Mora Independent Schools				
	2016	\$ 12,373,805	\$ 9,342,410	\$ 6,827,209
	2015	\$ 11,453,163	\$ 8,511,776	\$ 6,040,704

C. Post-Retirement Health Care Benefits

Plan Description

Mora Independent School District No. 62 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 the 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:

Retiree Health Care Authority
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.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

IV. OTHER INFORMATION (cont'd)

C. Post-Retirement Health Care Benefits (cont'd)

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, 2013, the statute required each participating employer to contribute 2.5% of each participating employee's annual salary; and each participating employee was required to contribute 1.25% of their salary. For employees that were not members of an enhanced retirement plan during the fiscal year ended June 30, 2014, the statute required each participating employer to contribute 2.0% of each participating employee's annual salary; each participating employee was required to contribute 1.0% of their salary. In addition, pursuant to Section 10-7C-15(G) NMSA 1978, at the first session of the Legislature following July 1, 2013, the legislature shall review and adjust the distributions pursuant to Section 7-1-6.1 NMSA 1978 and the employer and employee contributions to the authority in order to ensure the actuarial soundness of the benefits provided under the Retiree Health Care Act.

The District's contributions to the RHCA for the years ended June 30, 2017 were \$75,513, which equal the required contributions for each year.

D. Contingent Liabilities

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

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

E. Cash Flows

The District's federal and state grants operate on a reimbursement basis. The District must support the expenditures of these grants with monies from the unrestricted operating monies. Operating on a reimbursement basis for these grants in its self does not adversely affect the District's ability to operate effectively. However, the time it takes to receive reimbursement, if extensive, does significantly affect the District's cash flows and the ability to deliver educational services to the community in an effective manner. This could affect the District's financial operations in subsequent years.

F. Subsequent Events

Subsequent events were evaluated through October 9, 2017 which is the date the financial statements were available to be issued.

G. Restatement

The restatement of \$133,602 was due to the expenditures for assets in excess of \$5,000 not being capitalized for the year ended 2014 which totaled \$208,149 and had associated accumulated depreciation of \$74,357.

REQUIRED SUPPLEMENTARY INFORMATION

JUNE 30, 2017

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY Educational Retirement Board (ERB) Pension Plan Last 10 Fiscal Years*

	2017	2016	2015
District's proportion of the net pension liability	0.129820%	0.131410%	0.128440%
District's proportionate share of the net pension liability	\$ 9,342,410	\$ 8,511,776	\$ 8,511,776
District's covered-employee payroll	\$ 3,707,676	\$ 3,587,914	\$ 3,540,402
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	251.97%	237.23%	240.42%
Plan fiduciary net position as a percentage of the total pension liability	61.58%	63.97%	66.54%

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

SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS Educational Retirement Board (ERB) Pension Plan Last 10 Fiscal Years*

	2017	2016	2015
Contractually required contribution	\$ 515,366	\$ 592,594	\$ 519,026
Contributions in relation to the contractually required	<u>(515,366)</u>	<u>(519,257)</u>	<u>(519,026)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ 73,337</u>	<u>\$ -</u>
District's Covered-employee Payroll	\$ 3,707,676	\$ 3,587,914	\$ 3,540,402
Contribution as a percentage of covered-employee payroll	13.90%	14.47%	14.66%

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

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION For the Year Ended June 30, 2017

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

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

- 1) Fiscal year 2016 valuation assumptions that changed based on this study:
 - a. Lower wage inflation from 4.75% to 3.75%
 - b. Lower payroll growth from 3.75% to 3.50%
 - c. Minor changes to demographic assumptions
 - d. Population growth per year from 0.50% to 0.00%
- 2) Assumptions that were not changed:
 - a. Investment return will remain at 7.75%
 - b. Net real return remains at 4.75%
 - c. Inflation will remain at 3.00%
 - d. COLA assumption of 2.00% per year
 - e. Payroll growth remains at 3.50%

See also the Note VI (B) *Actuarial Assumptions* of the financial statement note disclosure on the Pension Plan.

GENERAL FUNDS
YEAR ENDED JUNE 30, 2017

OPERATING FUND (Fund No. 11000)

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

TRANSPORTATION FUND (Fund No. 13000)

Accounts for all the Transportation funds received through the state that are used in the maintaining and operating vehicles used to transport students.

INSTRUCTIONAL MATERIALS FUND (Fund No. 14000)

Accounts for all the Instructional Materials funds received through the state for the purpose of acquiring study materials for the students.

STATE OF NEW MEXICO
MORA INDEPENDENT SCHOOL DISTRICT NO. 44

GENERAL FUNDS
Combining Balance Sheet
June 30, 2017

	Operational <u>Fund #11000</u>	Transportation <u>Fund #13000</u>	Instructional Materials <u>Fund #14000</u>	Total General <u>Funds</u>
Assets				
Cash and cash equivalents	\$ 500,942	\$ 1	\$ 22,859	\$ 523,802
Receivables:				
Property taxes	5,970	-	-	5,970
Due from other governments	656	-	-	656
Due from other funds	<u>202,658</u>	<u>-</u>	<u>-</u>	<u>202,658</u>
Total assets	<u>\$ 710,226</u>	<u>\$ 1</u>	<u>\$ 22,859</u>	<u>\$ 733,086</u>
 Liabilities, deferred inflows and fund balance				
Liabilities:				
Accounts payable	\$ 52,580	\$ -	\$ -	\$ 52,580
Deferred inflows of resources:				
Delinquent property taxes	5,583	-	-	5,583
Fund balance:				
Unassigned	<u>652,063</u>	<u>1</u>	<u>22,859</u>	<u>674,923</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 710,226</u>	<u>\$ 1</u>	<u>\$ 22,859</u>	<u>\$ 733,086</u>

STATE OF NEW MEXICO
MORA INDEPENDENT SCHOOL DISTRICT NO. 44

GENERAL FUNDS
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balance
Year Ended June 30, 2017

	General Funds			Total General Fund
	Operational Fund #11000	Transportation Fund #13000	Instructional Materials Fund #14000	
Revenues:				
Taxes:				
Property	\$ 27,701	\$ -	\$ -	\$ 27,701
Intergovernmental - federal grants	58,254	-	-	58,254
Intergovernmental - state grants	4,122,206	341,069	25,474	4,488,749
Charges for services	29,645	-	-	29,645
Investment and interest income	3,565	-	-	3,565
Miscellaneous	<u>80,613</u>	<u>-</u>	<u>-</u>	<u>80,613</u>
Total revenue	<u>4,321,984</u>	<u>341,069</u>	<u>25,474</u>	<u>4,688,527</u>
Expenditures:				
Current:				
Instruction	2,582,016	-	25,567	2,607,583
Support services:				
Students	349,666	-	-	349,666
Instruction	38,700	-	-	38,700
General Administration	357,741	-	-	357,741
School Administration	388,959	-	-	388,959
Central Services	187,034	-	-	187,034
Operation & Maintenance of Plant	908,575	-	-	908,575
Student transportation	-	336,233	-	336,233
Other Support services	1,439	-	-	1,439
Capital outlay	<u>38,908</u>	<u>-</u>	<u>-</u>	<u>38,908</u>
Total expenditures	<u>4,853,038</u>	<u>336,233</u>	<u>25,567</u>	<u>5,214,838</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(531,054)	4,836	(93)	(526,311)
Fund balance at beginning of the year	<u>1,183,117</u>	<u>(4,835)</u>	<u>22,952</u>	<u>1,201,234</u>
Fund balance at end of the year	<u>\$ 652,063</u>	<u>\$ 1</u>	<u>\$ 22,859</u>	<u>\$ 674,923</u>

STATE OF NEW MEXICO
MORA INDEPENDENT SCHOOL DISTRICT NO. 44

OPERATIONAL FUND - NO. 11000
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
Revenues:				
Taxes:				
Property	\$ 27,342	\$ 27,342	\$ 27,840	\$ 498
Intergovernmental - federal grants	52,500	52,500	58,254	5,754
Intergovernmental - state grants	4,276,624	4,125,754	4,122,206	(3,548)
Charges for services	23,800	23,800	29,645	5,845
Investment and interest income	3,850	3,850	3,565	(285)
Miscellaneous	-	-	80,614	80,614
Total revenues	4,384,116	4,233,246	4,322,124	88,878
Expenditures:				
Current:				
Instruction	2,660,560	2,640,560	2,575,677	64,883
Support services:				
Students	541,330	495,815	344,344	151,471
Instruction	43,706	54,221	38,241	15,980
General Administration	332,680	386,940	334,746	52,194
School Administration	428,781	413,841	388,959	24,882
Central Services	206,410	207,109	187,034	20,075
Operation & Maintenance of Plant	1,130,234	1,031,045	904,186	126,859
Other Support services	1,746	7,746	1,439	6,307
Capital outlay	89,206	46,506	38,908	7,598
Total expenditures	5,434,653	5,283,783	4,813,534	470,249
<i>Excess (deficiency) of revenues over expenditures</i>	(1,050,537)	(1,050,537)	(491,410)	559,127
<i>Beginning cash balance budgeted</i>	1,050,537	1,050,537	-	(1,050,537)
Fund balance at beginning of the year	-	-	1,183,117	1,183,117
Fund balance at end of the year	\$ -	\$ -	691,707	\$ 691,707
RECONCILIATION TO GAAP BASIS:				
Change in property tax receivable			1,362	
Change in due from other governments			(526)	
Change in payables			(39,505)	
Change in deferred property taxes			(975)	
Fund balance at end of the year (GAAP basis)			\$ 652,063	

STATE OF NEW MEXICO
MORA INDEPENDENT SCHOOL DISTRICT NO. 44

TRANSPORTATION FUND - NO. 13000
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		(Negative)
Revenues:				
Intergovernmental - state grants	\$ 390,740	\$ 341,069	\$ 341,069	\$ -
Expenditures:				
Current:				
Support services:				
Student transportation	390,740	341,069	341,069	-
<i>Excess of revenues over expenditures</i>	-	-	-	-
Fund balance (deficit) at beginning of the year	-	-	(4,835)	(4,835)
Fund balance at end of the year	-	-	(4,835)	(4,835)
 RECONCILIATION TO GAAP BASIS:				
Change in payables			4,836	
Fund balance (deficit) at end of the year (GAAP basis)			\$ 1	

STATE OF NEW MEXICO
MORA INDEPENDENT SCHOOL DISTRICT NO. 44

INSTRUCTIONAL MATERIALS FUND - NO. 14000
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		(Negative)
Revenues:				
Intergovernmental - state grants	\$ 23,607	\$ 19,167	\$ 25,474	\$ 6,307
Expenditures:				
Current:				
Instruction	23,607	44,180	27,628	16,552
<i>Excess (deficiency) of revenues over expenditures</i>	-	(25,013)	(2,154)	22,859
<i>Beginning cash balance budgeted</i>	-	25,013	-	(25,013)
Fund balance at beginning of the year	-	-	22,952	22,952
Fund balance at end of the year	\$ -	\$ -	20,798	\$ 20,798
 RECONCILIATION TO GAAP BASIS:				
Change in payables			2,061	
Fund balance at end of the year (GAAP basis)			\$ 22,859	

MAJOR CAPITAL PROJECTS FUND
&
MAJOR DEBT SERVICE FUND

STATE OF NEW MEXICO
MORA INDEPENDENT SCHOOL DISTRICT NO. 44

CAPITAL IMPROVEMENTS SB-9 FUND - NO. 31701

**Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2017**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues:				
Taxes:				
Property	\$ 181,581	\$ 181,581	\$ 184,244	\$ 2,663
Expenditures:				
Current:				
Support services:				
General Administration	1,850	1,850	1,842	8
Operation & Maintenance of Plant	191,186	348,070	161,603	186,467
Capital outlay	<u>400,000</u>	<u>243,116</u>	<u>164,435</u>	<u>78,681</u>
Total expenditures	<u>593,036</u>	<u>593,036</u>	<u>327,880</u>	<u>265,156</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(411,455)	(411,455)	(143,636)	267,819
<i>Beginning cash balance budgeted</i>	411,455	411,455	-	(411,455)
Fund balance at beginning of the year	<u>-</u>	<u>-</u>	<u>461,567</u>	<u>461,567</u>
Fund balance at end of the year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u>317,931</u>	<u><u>\$ 317,931</u></u>
RECONCILIATION TO GAAP BASIS:				
Change in property tax receivable			17,590	
Change in due from other governments			(11,619)	
Change in payables			(3,975)	
Change in deferred property taxes			<u>(14,944)</u>	
Fund balance at end of the year (GAAP basis)			<u><u>\$ 304,983</u></u>	

STATE OF NEW MEXICO
MORA INDEPENDENT SCHOOL DISTRICT NO. 44

DEBT SERVICE FUND - NO. 41000
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues:				
Taxes:				
Property	\$ 170,779	\$ 170,779	\$ 355,751	\$ 184,972
Expenditures:				
Current:				
Support services:				
General Administration	1,800	3,600	3,558	42
Debt service:				
Principal retirement	325,000	325,000	325,000	-
Bond interest paid	26,451	26,451	26,450	1
Debt service reserves	188,084	186,284	-	186,284
Total expenditures	541,335	541,335	355,008	186,327
<i>Excess (deficiency) of revenues over expenditures</i>	(370,556)	(370,556)	743	371,299
<i>Beginning cash balance budgeted</i>	370,556	370,556	-	(370,556)
Fund balance at beginning of the year	-	-	22,457	22,457
Fund balance at end of the year	\$ -	\$ -	23,200	\$ 23,200
RECONCILIATION TO GAAP BASIS:				
Change in property tax receivable			6,042	
Change in due from other governments			1,058	
Change in accrued liabilities			341,556	
Change in deferred property taxes			(913)	
Fund balance at end of the year (GAAP basis)			\$ 370,943	

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NONMAJOR GOVERNMENTAL FUNDS

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NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2017

Nonmajor Special Revenue Funds

Special revenue funds are operating funds used to account for the proceeds of specific revenue sources that are intended for specific purposes other than special assessments or major capital projects.

Athletics (Fund No. 22000) Minimum Balance: None
This fund provides financing for school athletic activities. Funding is provided by fees from patrons.

Title I (Fund No. 24101) Minimum Balance: None
To help local education agencies (LEAs) and schools improve the teaching and learning of children failing, or most at-risk of failing, to meet challenging State academic standards. Funding authorization: Elementary and Secondary Education Act of 1965, Title I, Part A, 20 U.S.C. 6301 et seq.

Entitlement IDEA-B (Fund No. 24106) Minimum Balance: None
Program provides grants to states that flow-through to schools, to assist them in providing a free appropriate public education to all children with disabilities. The program is funded by the United States government, under the Individuals with Disabilities Education Act, Part B, Section 611-617, and part D, Section 674 as amended, 20 U.S.C. 1711-1417 and 1420.

NM Autism (Fund No. 24108) Minimum Balance: None
Program provides grants to states that flow-through to schools, to assist them in providing a free appropriate public education to all children with disabilities. The program is funded by the United States government, under the Individuals with Disabilities Education Act, Part B, Section 611-617, and part D, Section 674 as amended, 20 U.S.C. 1711-1417 and 1420.

Preschool IDEA-B (Fund No. 24109) Minimum Balance: None
The Preschool program is for the purpose of enhancing Special Education for handicapped children from ages 3 to 5. The program is funded by the United States government, under the Individuals With Disabilities Act, Part B, Section 619, as amended, Public Laws 94-142, 99-457, 100-630, 101-497, and 101-476.

Fresh Fruits and Vegetables(Fund No. 24154) Minimum Balance: None
To assist States, through cash grants, in providing free fresh fruits and vegetables to school children in designated participating schools beginning in school year 2004/2006. Authorization granted under National School Lunch Act, as amended, 42 U.S.C. 1769.

Title II Teacher Quality (Fund No. 24154) Minimum Balance: None
To provide grants to State Education Agencies (SEAs) on a formula basis to increase student academic achievement through strategies such as improving teacher and principal quality and increasing the number of highly qualified teachers in the classroom and highly qualified principals and assistant principals in schools and hold local educational agencies and schools accountable for improvements in the academic achievement. Authorization is granted through the Elementary and Secondary Education Act of 1965, as amended, Title II, Part A, Public Law 107-110.

Carl D Perkins (Fund No. 24171 & 24173) Minimum Balance: None
Basic grants assist states and outlying areas to expand and improve their programs of vocational education and provide equal access in vocational education to special need populations. Authorized by Carl D. Perkins Vocational and Applied Technology Education Amendments of 1998, Title I, Public Law 105-332, 20 U.S.C. 2301, et seq.

Title XIX Medicaid (Fund No. 25153) Minimum Balance: None
To provide financial assistance from the Federal government which flows-through the State of New Mexico to school districts, for payments of medical assistance on behalf of cash assistance recipients, children, pregnant women and the aged who meet income and resource requirements, and other categorically-eligible groups. The program is funded by the U.S. government under the Social Security Act, Title XIX, as amended; Public Laws 92-223, 92-602, 93-66, 93-233, 96-499, 97-35, 97-2248, 98-369, 99-272, 99-509, 100-93, 100-202, 100-203, 100-360, 100-436, 100-485, 100-647, 101-166, 101-234, 101-239, 101-508, 101-517, 102-234, 102-170, 102-394, 103-66, 103-14, 103-333, 104-91, 104-191, 104-193, 104-208, and 104-134; Balanced Budget Act of 1997, Public Law 105-33.

NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2017

Nonmajor Special Revenue Funds (cont'd)

- CNM Foundation** (Fund No. 26207) Minimum Balance: None
The funds are to be used for classroom supplies, curriculum materials, software, guest speakers, fieldtrips, conferences, starting a school snack bar or school store.
- Dual Credit Instructional Materials** (Fund No. 27103) Minimum Balance: None
To be used for courses approved by Higher Education Department (HED) and through a college/university for which the district has an approved agreement.
- Library GO Bond 2012** (Fund No. 27107) Minimum Balance: None
Funds to be used for library books and library resources for public school libraries statewide. Library resources include computers, software, projectors, televisions, other related hardware and software, shelving, desks, chairs, and book trucks/carts. Senate Bill 66, Laws of 2012, 2nd Session, Chapter 54, Section 10.B.(3).
- Reads To Lead** (Fund No. 27114) Minimum Balance: None
Provides an aligned approach for districts and schools to ensure that children can read by the end of third grade—giving them essential skills for future career and college success. It also provides regional and district reading coaches, supports for intervention, and professional development for parents, teachers, reading coaches, and administrators.
- Breakfast For Elementary Students (Fund No. 27155)** Minimum Balance: None
The Breakfast for Elementary School program provides foods (at no charge) after the instructional day has begun, provided that instruction occurs simultaneously with breakfast. Authorized through 22-13-13.2 NMSA 1978; NMAC 6.12.9
- Kindergarten 3-Plus** (Fund No. 27166) Minimum Balance: None
To account for funds received to provide the opportunity for the district to address early literacy. The fullday kindergarten program is the first step in the implementation of a sequential early literacy approach to teaching reading.
- NM Grown** (Fund No. 27183) Minimum Balance: None
Funds under this award are to be used to purchase locally grown New Mexico fresh fruits and vegetables, to be made available at no charge to students. Funds have been received as appropriation through the General Appropriations Act to distribute to school districts and charter schools.
- CYFD Child Food Program** (Fund No. 28201) Minimum Balance:
To account for federal money received from CYFD from the National School Lunch Program to provide food to the Head Start Student. The fund was created by grant provisions.

NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2017

Nonmajor Capital Projects Funds

Capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

Bond Building (Fund No. 31100) Minimum Balance: None
This fund provides financing for the construction of buildings, the purchase of equipment, and the acquisition and improvement of land. Funding is provided by the sale of general obligation bonds, which have been approved by the voters of the district.

State SB-9 Match (Fund No. 31700) Minimum Balance: None
To account for erecting, remodeling, making additions to and furnishing of school buildings, or purchasing or improving school grounds or any combination thereof as identified by the local school board. Financing is provided by the State of New Mexico's State Equalization Matching as authorized by the Public School District Capital Improvements Act (22-25-1 to 22-25-10 NMSA 1978).

Nonmajor Debt Service Funds

Debt service funds are used to account for the payment of principal and interest on long-term debt. Debt Service revenues are from taxes and other operating revenues, some of which are pledged specifically to repay certain outstanding bond issues.

Debt Service Fund (Fund No. 41000) Minimum Balance: None
The debt service fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

STATE OF NEW MEXICO
MORA INDEPENDENT SCHOOL DISTRICT NO. 44

NON-MAJOR GOVERNMENTAL FUNDS
Combining Balance Sheet
June 30, 2017

	Special Revenue Funds			
	Athletics Fund #22000	Title I Fund #24101	Entitlement IDEA-B Fund #24106	NM Autism Fund #24108
Assets				
Cash and cash equivalents	\$ 18,225	\$ -	\$ -	\$ -
Receivables:				
Grant	<u>-</u>	<u>22,570</u>	<u>20,342</u>	<u>8,796</u>
Total assets	<u>\$ 18,225</u>	<u>\$ 22,570</u>	<u>\$ 20,342</u>	<u>\$ 8,796</u>
 Liabilities, deferred inflows and fund balance				
Liabilities:				
Accounts payable	\$ 4,497	\$ -	\$ -	\$ -
Due to other funds	<u>-</u>	<u>22,570</u>	<u>20,342</u>	<u>8,796</u>
Total liabilities	<u>4,497</u>	<u>22,570</u>	<u>20,342</u>	<u>8,796</u>
Fund balance:				
Restricted for:				
Special revenue funds	13,728	-	-	-
Capital projects funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balance	<u>13,728</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 18,225</u>	<u>\$ 22,570</u>	<u>\$ 20,342</u>	<u>\$ 8,796</u>

(cont'd; 1 of 6)

STATE OF NEW MEXICO
MORA INDEPENDENT SCHOOL DISTRICT NO. 44

NON-MAJOR GOVERNMENTAL FUNDS
Combining Balance Sheet
June 30, 2017

	Special Revenue Funds			
	Preschool IDEA-B <u>Fund #24109</u>	Fresh Fruits and Vegetables <u>Fund #24118</u>	Title II Teacher Quality <u>Fund #24154</u>	Carl D Perkins - JAG <u>Fund #24171</u>
Assets				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Receivables:				
Grant	-	-	3,375	14,411
Total assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,375</u>	<u>\$ 14,411</u>
 Liabilities, deferred inflows and fund balance				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	3,375	14,411
Total liabilities	<u>-</u>	<u>-</u>	<u>3,375</u>	<u>14,411</u>
Fund balance:				
Restricted for:				
Special revenue funds	-	-	-	-
Capital projects funds	-	-	-	-
Total fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,375</u>	<u>\$ 14,411</u>

(cont'd; 2 of 6)

STATE OF NEW MEXICO
MORA INDEPENDENT SCHOOL DISTRICT NO. 44

NON-MAJOR GOVERNMENTAL FUNDS
Combining Balance Sheet
June 30, 2017

	Special Revenue Funds			
	Carl D Perkins Special Projects - Redistribution Fund #24173	Title XIX Medicaid Fund #25153	CNM Foundation Fund #26207	Dual Credit Instructional Materials Fund #27103
Assets				
Cash and cash equivalents	\$ -	\$ 38,340	\$ 68	\$ -
Receivables:				
Grant	-	-	-	262
Total assets	\$ -	\$ 38,340	\$ 68	\$ 262
 Liabilities, deferred inflows and fund balance				
Liabilities:				
Accounts payable	\$ -	\$ 160	\$ -	\$ -
Due to other funds	-	-	-	262
Total liabilities	-	160	-	262
Fund balance:				
Restricted for:				
Special revenue funds	-	38,180	68	-
Capital projects funds	-	-	-	-
Total fund balance	-	38,180	68	-
Total liabilities and fund balance	\$ -	\$ 38,340	\$ 68	\$ 262

(cont'd; 3 of 6)

STATE OF NEW MEXICO
MORA INDEPENDENT SCHOOL DISTRICT NO. 44

NON-MAJOR GOVERNMENTAL FUNDS
Combining Balance Sheet
June 30, 2017

	Special Revenue Funds			
	Libraries GO Bond 2012 <u>Fund #27107</u>	Reads to Leads <u>Fund #27114</u>	Breakfast for Elementary Students <u>Fund #27155</u>	Kindergarten 3- Plus <u>Fund #27166</u>
Assets				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Receivables:				
Grant	<u>6,700</u>	<u>-</u>	<u>-</u>	<u>29,397</u>
Total assets	<u>\$ 6,700</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29,397</u>
Liabilities, deferred inflows and fund balance				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	<u>6,700</u>	<u>-</u>	<u>-</u>	<u>29,397</u>
Total liabilities	<u>6,700</u>	<u>-</u>	<u>-</u>	<u>29,397</u>
Fund balance:				
Restricted for:				
Special revenue funds	-	-	-	-
Capital projects funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 6,700</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29,397</u>

(cont'd; 4 of 6)

STATE OF NEW MEXICO
MORA INDEPENDENT SCHOOL DISTRICT NO. 44

NON-MAJOR GOVERNMENTAL FUNDS
Combining Balance Sheet
June 30, 2017

	Special Revenue Funds		Capital Project Funds	
	NM Grown Fund #27183	CYFD Child Food Program Fund #28201	Total Non-Major Special Revenue Funds	Bond Building Fund #31100
Assets				
Cash and cash equivalents	\$ -	\$ -	\$ 56,633	\$ 30,954
Receivables:				
Grant	-	4,467	110,320	-
Total assets	\$ -	\$ 4,467	\$ 166,953	\$ 30,954
Liabilities, deferred inflows and fund balance				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 4,657	\$ -
Due to other funds	-	4,467	110,320	-
Total liabilities	-	4,467	114,977	-
Fund balance:				
Restricted for:				
Special revenue funds	-	-	51,976	-
Capital projects funds	-	-	-	30,954
Total fund balance	-	-	51,976	30,954
Total liabilities and fund balance	\$ -	\$ 4,467	\$ 166,953	\$ 30,954

(cont'd; 5 of 6)

STATE OF NEW MEXICO
MORA INDEPENDENT SCHOOL DISTRICT NO. 44

NON-MAJOR GOVERNMENTAL FUNDS
Combining Balance Sheet
June 30, 2017

	<u>Capital Projects Funds</u>			
	Special Capital Outlay - State Fund #31400	State SB-9 Match Fund #31700	Total Non-Major Capital Projects Funds	Total Nonmajor Governmental Funds
Assets				
Cash and cash equivalents	\$ -	\$ -	\$ 30,954	\$ 87,587
Receivables:				
Grant	-	16,508	16,508	126,828
Total assets	<u>\$ -</u>	<u>\$ 16,508</u>	<u>\$ 47,462</u>	<u>\$ 214,415</u>
 Liabilities, deferred inflows and fund balance				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ 4,657
Due to other funds	-	16,508	16,508	126,828
Total liabilities	<u>-</u>	<u>16,508</u>	<u>16,508</u>	<u>131,485</u>
Fund balance:				
Restricted for:				
Special revenue funds	-	-	-	51,976
Capital projects funds	-	-	30,954	30,954
Total fund balance	<u>-</u>	<u>-</u>	<u>30,954</u>	<u>82,930</u>
Total liabilities and fund balance	<u>\$ -</u>	<u>\$ 16,508</u>	<u>\$ 47,462</u>	<u>\$ 214,415</u>

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STATE OF NEW MEXICO
MORA INDEPENDENT SCHOOL DISTRICT NO. 44

NON-MAJOR GOVERNMENTAL FUNDS
**Combining Statement of Revenues, Expenditures, and
 Changes in Fund Balance
 Year Ended June 30, 2017**

Special Revenue Funds

	Athletics Fund #22000	Title I Fund #24101	Entitlement IDEA-B Fund #24106	NM Autism Fund #24108	Preschool IDEA-B Fund #24109
Revenues:					
Intergovernmental - federal grants	\$ -	\$ 110,621	\$ 107,500	\$ 10,112	\$ 2,497
Intergovernmental - state grants	-	-	-	-	-
Charges for services	34,779	-	-	-	-
Miscellaneous	106	-	-	-	-
Total revenues	<u>34,885</u>	<u>110,621</u>	<u>107,500</u>	<u>10,112</u>	<u>2,497</u>
Expenditures:					
Current:					
Instruction	44,714	110,621	74,668	10,112	2,497
Support services:					
Students	-	-	7,200	-	-
General Administration	-	-	-	-	-
School Administration	-	-	25,632	-	-
Operation & Maintenance of Plant	-	-	-	-	-
Food services operations	-	-	-	-	-
Capital outlay	-	-	-	-	-
Total expenditures	<u>44,714</u>	<u>110,621</u>	<u>107,500</u>	<u>10,112</u>	<u>2,497</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(9,829)	-	-	-	-
Fund balance at beginning of the year	<u>23,557</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of the year	<u>\$ 13,728</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(cont'd; 1 of 6)

STATE OF NEW MEXICO
MORA INDEPENDENT SCHOOL DISTRICT NO. 44

NON-MAJOR GOVERNMENTAL FUNDS
**Combining Statement of Revenues, Expenditures, and
 Changes in Fund Balance
 Year Ended June 30, 2017**

	Special Revenue Funds			
	Fresh Fruits and Vegetables <u>Fund #24118</u>	Title II Teacher Quality <u>Fund #24154</u>	Carl D Perkins - JAG <u>Fund #24171</u>	Carl D Perkins Special Projects - Redistribution <u>Fund #24173</u>
Revenues:				
Intergovernmental - federal grants	\$ 9,960	\$ 6,160	\$ 47,171	\$ -
Intergovernmental - state grants	-	-	-	-
Charges for services	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	9,960	6,160	47,171	-
Expenditures:				
Current:				
Instruction	-	6,160	38,705	-
Support services:				
Students	-	-	-	-
General Administration	-	-	8,466	-
School Administration	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Food services operations	9,960	-	-	-
Capital outlay	-	-	-	-
Total expenditures	9,960	6,160	47,171	-
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	-	-
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	\$ -	\$ -	\$ -	\$ -

(cont'd; 2 of 6)

STATE OF NEW MEXICO
MORA INDEPENDENT SCHOOL DISTRICT NO. 44

NON-MAJOR GOVERNMENTAL FUNDS
**Combining Statement of Revenues, Expenditures, and
 Changes in Fund Balance
 Year Ended June 30, 2017**

	Special Revenue Funds			
	Title XIX	CNM	Dual Credit	Libraries GO
	Medicaid	Foundation	Instructional	Bond 2012
	<u>Fund #25153</u>	<u>Fund #26207</u>	<u>Fund #27103</u>	<u>Fund #27107</u>
Revenues:				
Intergovernmental - federal grants	\$ 54,684	\$ -	\$ -	\$ -
Intergovernmental - state grants	-	-	1,745	11,942
Charges for services	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	<u>54,684</u>	<u>-</u>	<u>1,745</u>	<u>11,942</u>
Expenditures:				
Current:				
Instruction	-	-	1,745	11,942
Support services:				
Students	41,061	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>41,061</u>	<u>-</u>	<u>1,745</u>	<u>11,942</u>
<i>Excess (deficiency) of revenues over expenditures</i>	13,623	-	-	-
Fund balance at beginning of the year	<u>24,557</u>	<u>68</u>	<u>-</u>	<u>-</u>
Fund balance at end of the year	<u>\$ 38,180</u>	<u>\$ 68</u>	<u>\$ -</u>	<u>\$ -</u>

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STATE OF NEW MEXICO
MORA INDEPENDENT SCHOOL DISTRICT NO. 44

NON-MAJOR GOVERNMENTAL FUNDS
**Combining Statement of Revenues, Expenditures, and
 Changes in Fund Balance
 Year Ended June 30, 2017**

	Special Revenue Funds			
	Reads to Leads Fund #27114	Breakfast for Elementary Students Fund #27155	Kindergarten 3- Plus Fund #27166	NM Grown Fund #27183
Revenues:				
Intergovernmental - federal grants	\$ -	\$ -	\$ -	\$ -
Intergovernmental - state grants	-	4,384	68,196	993
Charges for services	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	-	4,384	68,196	993
Expenditures:				
Current:				
Instruction	-	-	61,950	-
Support services:				
Students	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	6,246	-
Operation & Maintenance of Plant	-	-	-	-
Food services operations	-	4,384	-	993
Capital outlay	-	-	-	-
Total expenditures	-	4,384	68,196	993
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	-	-
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	\$ -	\$ -	\$ -	\$ -

(cont'd; 4 of 6)

STATE OF NEW MEXICO
MORA INDEPENDENT SCHOOL DISTRICT NO. 44

NON-MAJOR GOVERNMENTAL FUNDS
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balance
Year Ended June 30, 2017

	Special Revenue Funds		Capital Project Funds	
	CYFD Child Food Program Fund #28201	Total Nonmajor Special Revenue Funds	Bond Building Fund #31100	Special Capital Outlay - State Fund #31400
Revenues:				
Intergovernmental - federal grants	\$ -	\$ 348,705	\$ -	\$ -
Intergovernmental - state grants	-	87,260	-	120,000
Charges for services	-	34,779	-	-
Miscellaneous	-	106	-	-
Total revenues	-	470,850	-	120,000
Expenditures:				
Current:				
Instruction	-	363,114	-	-
Support services:				
Students	-	48,261	-	-
General Administration	-	8,466	-	-
School Administration	-	31,878	-	-
Operation & Maintenance of Plant	-	-	-	-
Food services operations	-	15,337	-	-
Capital outlay	-	-	-	120,000
Total expenditures	-	467,056	-	120,000
<i>Excess (deficiency) of revenues over expenditures</i>	-	3,794	-	-
Fund balance at beginning of the year	-	48,182	30,954	-
Fund balance at end of the year	\$ -	\$ 51,976	\$ 30,954	\$ -

(cont'd; 5 of 6)

STATE OF NEW MEXICO
MORA INDEPENDENT SCHOOL DISTRICT NO. 44

NON-MAJOR GOVERNMENTAL FUNDS
**Combining Statement of Revenues, Expenditures, and
 Changes in Fund Balance
 Year Ended June 30, 2017**

	<u>Capital Project Funds</u>		Total
	State SB-9 Match Fund #31700	Total Nonmajor Capital Projects Funds	Nonmajor Governmental Funds
Revenues:			
Intergovernmental - federal grants	\$ -	\$ -	\$ 348,705
Intergovernmental - state grants	16,508	136,508	223,768
Charges for services	-	-	34,779
Miscellaneous	-	-	106
Total revenues	<u>16,508</u>	<u>136,508</u>	<u>607,358</u>
Expenditures:			
Current:			
Instruction	-	-	363,114
Support services:			
Students	-	-	48,261
General Administration	-	-	8,466
School Administration	-	-	31,878
Operation & Maintenance of Plant	16,508	16,508	16,508
Food services operations	-	-	15,337
Capital outlay	-	120,000	120,000
Total expenditures	<u>16,508</u>	<u>136,508</u>	<u>603,564</u>
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	3,794
Fund balance at beginning of the year	-	30,954	79,136
Fund balance at end of the year	<u>\$ -</u>	<u>\$ 30,954</u>	<u>\$ 82,930</u>

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NONMAJOR GOVERNMENTAL FUNDS
BUDGETARY PRESENTATION

STATE OF NEW MEXICO
MORA INDEPENDENT SCHOOL DISTRICT NO. 44

ATHLETICS FUND - NO. 22000
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues:				
Charges for services	\$ 37,485	\$ 33,124	\$ 34,779	\$ 1,655
Miscellaneous	-	-	106	106
Total revenues	37,485	33,124	34,885	1,761
Expenditures:				
Current:				
Instruction	56,830	52,469	40,217	12,252
<i>Excess (deficiency) of revenues over expenditures</i>	(19,345)	(19,345)	(5,332)	14,013
<i>Beginning cash balance budgeted</i>	19,345	19,345	-	(19,345)
Fund balance at beginning of the year	-	-	23,557	23,557
Fund balance at end of the year	\$ -	\$ -	18,225	\$ 18,225
RECONCILIATION TO GAAP BASIS:				
Change in payables			(4,497)	
Fund balance at end of the year (GAAP basis)			\$ 13,728	

STATE OF NEW MEXICO
MORA INDEPENDENT SCHOOL DISTRICT NO. 44

TITLE I FUND - NO. 24101
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive
				(Negative)
Revenues:				
Intergovernmental - federal grants	\$ 141,250	\$ 141,495	\$ 145,779	\$ 4,284
Expenditures:				
Current:				
Instruction	124,536	141,495	110,621	30,874
Support services:				
Instruction	16,714	-	-	-
Total expenditures	141,250	141,495	110,621	30,874
<i>Excess of revenues over expenditures</i>	-	-	35,158	35,158
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	\$ -	\$ -	35,158	\$ 35,158
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			(35,158)	
Fund balance at end of the year (GAAP basis)			\$ -	

STATE OF NEW MEXICO
MORA INDEPENDENT SCHOOL DISTRICT NO. 44

ENTITLEMENT IDEA-B FUND - NO. 24106
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive
				(Negative)
Revenues:				
Intergovernmental - federal grants	\$ 97,917	\$ 186,011	\$ 148,187	\$ (37,824)
Expenditures:				
Current:				
Instruction	67,182	141,269	74,668	66,601
Support services:				
Students	30,735	15,632	7,200	8,432
School Administration	-	29,110	25,632	3,478
Total expenditures	97,917	186,011	107,500	78,511
<i>Excess of revenues over expenditures</i>	-	-	40,687	40,687
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	\$ -	\$ -	40,687	\$ 40,687
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			(40,687)	
Fund balance at end of the year (GAAP basis)			\$ -	

STATE OF NEW MEXICO
MORA INDEPENDENT SCHOOL DISTRICT NO. 44

NM AUTISM FUND - NO. 24108
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
Revenues:				
Intergovernmental - federal grants	\$ -	\$ 11,000	\$ 7,536	\$ (3,464)
Expenditures:				
Current:				
Instruction	-	11,000	10,112	888
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	(2,576)	(2,576)
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	\$ -	\$ -	(2,576)	\$ (2,576)
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			2,576	
Fund balance at end of the year (GAAP basis)			\$ -	

STATE OF NEW MEXICO
MORA INDEPENDENT SCHOOL DISTRICT NO. 44

PRESCHOOL IDEA-B FUND - NO. 24109

**Schedule of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2017**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
Revenues:				
Intergovernmental - federal grants	\$ 6,061	\$ 12,431	\$ 6,758	\$ (5,673)
Expenditures:				
Current:				
Instruction	6,061	12,431	2,497	9,934
<i>Excess of revenues over expenditures</i>	-	-	4,261	4,261
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	\$ -	\$ -	4,261	\$ 4,261
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			(4,261)	
Fund balance at end of the year (GAAP basis)			\$ -	

STATE OF NEW MEXICO
MORA INDEPENDENT SCHOOL DISTRICT NO. 44

FRESH FRUITS AND VEGETABLES FUND - NO. 24118
**Schedule of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2017**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
Revenues:				
Intergovernmental - federal grants	\$ -	\$ 9,987	\$ 10,722	\$ 735
Expenditures:				
Current:				
Food services operations	-	9,987	9,960	27
<i>Excess of revenues over expenditures</i>	-	-	762	762
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	762	<u>\$ 762</u>
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			(762)	
Fund balance at end of the year (GAAP basis)			<u>\$ -</u>	

STATE OF NEW MEXICO
MORA INDEPENDENT SCHOOL DISTRICT NO. 44

TITLE II TEACHER QUALITY FUND - NO. 24154
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues:				
Intergovernmental - federal grants	\$ 23,582	\$ 50,493	\$ 11,377	\$ (39,116)
Expenditures:				
Current:				
Instruction	23,582	50,493	6,160	44,333
<i>Excess of revenues over expenditures</i>	-	-	5,217	5,217
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	\$ -	\$ -	5,217	\$ 5,217
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			(5,217)	
Fund balance at end of the year (GAAP basis)			\$ -	

STATE OF NEW MEXICO
MORA INDEPENDENT SCHOOL DISTRICT NO. 44

CARL D PERKINS - JAG FUND - NO. 24171

**Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2017**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
Revenues:				
Intergovernmental - federal grants	\$ 44,068	\$ 47,171	\$ 48,249	\$ 1,078
Expenditures:				
Current:				
Instruction	35,602	38,705	38,705	-
Support services:				
General Administration	8,466	8,466	8,466	-
Total expenditures	<u>44,068</u>	<u>47,171</u>	<u>47,171</u>	<u>-</u>
<i>Excess of revenues over expenditures</i>	-	-	1,078	1,078
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	1,078	<u>\$ 1,078</u>
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			(1,078)	
Fund balance at end of the year (GAAP basis)			<u>\$ -</u>	

STATE OF NEW MEXICO
MORA INDEPENDENT SCHOOL DISTRICT NO. 44

CARL D PERKINS SPECIAL PROJECTS - REDISTRIBUTION FUND - NO. 24173
**Schedule of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2017**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues:				
Intergovernmental - federal grants	\$ -	\$ -	\$ 2,013	\$ 2,013
Expenditures:				
Instruction	-	-	-	-
<i>Excess of revenues over expenditures</i>	-	-	2,013	2,013
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	\$ -	\$ -	2,013	\$ 2,013
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			(2,013)	
Fund balance at end of the year (GAAP basis)			\$ -	

STATE OF NEW MEXICO
MORA INDEPENDENT SCHOOL DISTRICT NO. 44

TITLE XIX MEDICAID FUND - NO. 25153
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
Revenues:				
Intergovernmental - federal grants	\$ 36,110	\$ 36,110	\$ 54,684	\$ 18,574
Expenditures:				
Current:				
Support services:				
Students	<u>56,262</u>	<u>56,262</u>	<u>41,419</u>	<u>14,843</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(20,152)	(20,152)	13,265	33,417
<i>Beginning cash balance budgeted</i>	20,152	20,152	-	(20,152)
Fund balance at beginning of the year	<u>-</u>	<u>-</u>	<u>24,557</u>	<u>24,557</u>
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	37,822	<u>\$ 37,822</u>
RECONCILIATION TO GAAP BASIS:				
Change in payables			<u>358</u>	
Fund balance at end of the year (GAAP basis)			<u>\$ 38,180</u>	

STATE OF NEW MEXICO
MORA INDEPENDENT SCHOOL DISTRICT NO. 44

CNM FOUNDATION FUND - NO. 26207
**Schedule of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2017**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues:				
Contributions - private grants	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Current:				
Instruction	-	-	-	-
<i>Excess of revenues over expenditures</i>	-	-	-	-
Fund balance at beginning of the year	-	-	68	68
Fund balance at end of the year	\$ -	\$ -	68	\$ 68
RECONCILIATION TO GAAP BASIS:				
Change in payables			-	
Fund balance at end of the year (GAAP basis)			\$ 68	

STATE OF NEW MEXICO
MORA INDEPENDENT SCHOOL DISTRICT NO. 44

DUAL CREDIT INSTRUCTIONAL MATERIALS FUND - NO. 27103
**Schedule of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2017**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues:				
Intergovernmental - state grants	\$ -	\$ 1,745	\$ 1,483	\$ (262)
Expenditures:				
Current:				
Instruction	-	1,745	1,745	-
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	(262)	(262)
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	(262)	<u>\$ (262)</u>
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			<u>262</u>	
Fund balance at end of the year (GAAP basis)			<u>\$ -</u>	

STATE OF NEW MEXICO
MORA INDEPENDENT SCHOOL DISTRICT NO. 44

LIBRARIES GO BOND 2012 FUND - NO. 27107

**Schedule of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2017**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
Revenues:				
Intergovernmental - state grants	\$ 13,193	\$ 13,193	\$ 5,242	\$ (7,951)
Expenditures:				
Current:				
Instruction	13,193	13,193	11,942	1,251
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	(6,700)	(6,700)
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	\$ -	\$ -	(6,700)	\$ (6,700)
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			6,700	
Fund balance at end of the year (GAAP basis)			\$ -	

STATE OF NEW MEXICO
MORA INDEPENDENT SCHOOL DISTRICT NO. 44

READS TO LEADS FUND - NO. 27114
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
Revenues:				
Intergovernmental - state grants	\$ -	\$ -	\$ 10,985	\$ 10,985
Expenditures:				
Instruction	-	-	-	-
<i>Excess of revenues over expenditures</i>	-	-	10,985	10,985
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	10,985	<u>\$ 10,985</u>
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			(10,985)	
Fund balance at end of the year (GAAP basis)			<u>\$ -</u>	

STATE OF NEW MEXICO
MORA INDEPENDENT SCHOOL DISTRICT NO. 44

BREAKFAST FOR ELEMENTARY STUDENTS FUND - NO. 27155
**Schedule of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2017**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues:				
Intergovernmental - state grants	\$ -	\$ 5,151	\$ 4,384	\$ (767)
Expenditures:				
Current:				
Food services operations	-	5,151	4,384	767
<i>Excess of revenues over expenditures</i>	-	-	-	-
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
RECONCILIATION TO GAAP BASIS:				
Change in payables			-	
Fund balance at end of the year (GAAP basis)			<u>\$ -</u>	

STATE OF NEW MEXICO
MORA INDEPENDENT SCHOOL DISTRICT NO. 44

KINDERGARTEN 3-PLUS FUND - NO. 27166
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
Revenues:				
Intergovernmental - state grants	\$ 23,622	\$ 68,781	\$ 63,283	\$ (5,498)
Expenditures:				
Current:				
Instruction	18,618	62,527	61,950	577
Support services:				
School Administration	5,004	6,254	6,246	8
Total expenditures	23,622	68,781	68,196	585
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	(4,913)	(4,913)
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	\$ -	\$ -	(4,913)	\$ (4,913)
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			4,913	
Fund balance at end of the year (GAAP basis)			\$ -	

STATE OF NEW MEXICO
MORA INDEPENDENT SCHOOL DISTRICT NO. 44

NM GROWN FUND - NO. 27183
**Schedule of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2017**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues:				
Intergovernmental - state grants	\$ -	\$ 1,000	\$ 993	\$ (7)
Expenditures:				
Current:				
Food services operations	-	1,000	993	7
<i>Excess of revenues over expenditures</i>	-	-	-	-
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	\$ -	\$ -	-	\$ -
RECONCILIATION TO GAAP BASIS:				
Change in payables			-	
Fund balance at end of the year (GAAP basis)			\$ -	

STATE OF NEW MEXICO
MORA INDEPENDENT SCHOOL DISTRICT NO. 44

CYFD CHILD FOOD PROGRAM FUND - NO. 28201

**Schedule of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2017**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
Revenues:				
Intergovernmental - state grants	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Current:				
Instruction	-	-	-	-
<i>Excess of revenues over expenditures</i>	-	-	-	-
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	\$ -	\$ -	-	\$ -
RECONCILIATION TO GAAP BASIS:				
Change in payables			-	
Fund balance at end of the year (GAAP basis)			\$ -	

STATE OF NEW MEXICO
MORA INDEPENDENT SCHOOL DISTRICT NO. 44

BOND BUILDING FUND - NO. 31100
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues:				
Contributions - private grants	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Capital outlay	30,954	30,954	-	30,954
<i>Excess (deficiency) of revenues over expenditures</i>	(30,954)	(30,954)	-	30,954
<i>Beginning cash balance budgeted</i>	30,954	30,954	-	(30,954)
Fund balance at beginning of the year	-	-	30,954	30,954
Fund balance at end of the year	\$ -	\$ -	30,954	\$ 30,954
RECONCILIATION TO GAAP BASIS:				
Change in payables			-	
Fund balance at end of the year (GAAP basis)			\$ 30,954	

STATE OF NEW MEXICO
MORA INDEPENDENT SCHOOL DISTRICT NO. 44

SPECIAL CAPITAL OUTLAY - STATE FUND - NO. 31400
**Schedule of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2017**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
Revenues:				
Intergovernmental - state grants	\$ 190,000	\$ 190,000	\$ 120,000	\$ (70,000)
Expenditures:				
Current:				
Support services:				
Operation & Maintenance of Plant	20,000	20,000	-	20,000
Capital outlay	<u>170,000</u>	<u>170,000</u>	<u>120,000</u>	<u>50,000</u>
Total expenditures	<u>190,000</u>	<u>190,000</u>	<u>120,000</u>	<u>70,000</u>
<i>Excess of revenues over expenditures</i>	-	-	-	-
Fund balance at beginning of the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
RECONCILIATION TO GAAP BASIS:				
Change in payables			<u>-</u>	
Fund balance at end of the year (GAAP basis)			<u>\$ -</u>	

STATE OF NEW MEXICO
MORA INDEPENDENT SCHOOL DISTRICT NO. 44

STATE SB-9 MATCH FUND - NO. 31700
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
Revenues:				
Intergovernmental - state grants	\$ 26,791	\$ 26,791	\$ -	\$ (26,791)
Expenditures:				
Current:				
Support services:				
Operation & Maintenance of Plant	-	16,508	16,508	-
Capital outlay	26,791	10,283	-	10,283
Total expenditures	26,791	26,791	16,508	10,283
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	(16,508)	(16,508)
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	\$ -	\$ -	(16,508)	\$ (16,508)
RECONCILIATION TO GAAP BASIS:				
Change in receivables			16,508	
Fund balance at end of the year (GAAP basis)			\$ -	

STATE REQUIRED DISCLOSURES

Supplemental schedules required by the State of
New Mexico to provide additional analysis.

STATE OF NEW MEXICO
MORA INDEPENDENT SCHOOL DISTRICT NO. 44

FIDUCIARY FUNDS
Schedule of Changes in Assets and Liabilities - All Agency Funds
Year Ended June 30, 2017

Activity		Balance			Transfers	Balance
<u>Fund</u>	<u>ASSETS</u>	<u>June 30, 2016</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>In / (Out)</u>	<u>June 30, 2017</u>
23001	Cheerleaders	\$ 610	\$ -	\$ -	\$ -	\$ 610
23002	National Honor Society	319	345	627	-	37
23003	High School General	994	383	583	8,881	9,675
23004	Mesa	2,010	371	951	-	1,430
23005	Bpa	3,593	475	634	-	3,434
23006	Scholarship	1,361	-	-	-	1,361
23007	Student Council	113	1,320	1,149	-	284
23008	Yearbook	-	40	-	-	40
23009	Memorial Wall	60	-	-	-	60
23010	Band	1,581	-	-	-	1,581
23011	Girls Vlb - Athletic Field Donation	3,398	4,429	3,198	-	4,629
23012	Class of 2014	1,012	-	-	(1,012)	-
23013	Peer Educators	173	202	280	2,486	2,581
23014	Swimming Pool	3,868	-	-	-	3,868
23015	Cross Country	123	-	-	-	123
23016	Alumni Scholarship	705	-	-	-	705
23017	21st Century Activities	2,828	-	-	(2,828)	-
23018	Class Of 2016	4,381	-	627	(3,754)	-
23019	Jag Activity	938	2,129	1,949	-	1,118
23020	Girls Basketball Camp	209	1,673	-	-	1,882
23021	Boys Basketball Camp	315	-	300	-	15
23022	Boys Baseball	-	3,700	2,589	-	1,111
23023	Class Of 2018	863	10,195	816	-	10,242
23024	DARE Program	95	-	-	(95)	-
23025	Future Educators of America	80	-	-	(80)	-
23026	Class Of 2019	-	687	-	-	687
23027	Prevention Activities	2,593	-	-	(2,593)	-
23028	Class of 2012	1,005	-	-	(1,005)	-
23029	Class Of 2020	-	380	-	-	380
23030	FFA	2,610	-	-	-	2,610
23034	Elementary General	5,444	15,595	18,108	-	2,931
23035	Cassm	883	-	134	-	749
23036	Middle School Student Council	6,118	73	2,181	-	4,010
23037	Skills Usa-Vocational Activity	-	1,940	-	-	1,940
23038	District 5-AA	1,414	7,093	6,188	-	2,319
23039	Basketball District 2-AA	198	-	198	-	-
23040	Middle School Mesa	367	579	310	-	636
23041	Elementary Library	147	-	-	-	147
23042	Elementary Yearbook	164	-	-	-	164
23043	Cafeteria Activity	711	-	358	-	353
23044	Middle School Yearbook	329	-	-	-	329
23050	Class Of 2017	2,566	1,507	2,500	-	1,573
23053	7Th - 8Th Boys Basketball	127	-	-	-	127
23054	Headstart Activity	2,858	2,555	1,219	-	4,194
23056	Health Club	\$ 658	\$ -	\$ -	\$ -	\$ 658

(cont'd; 1 of 2)

STATE OF NEW MEXICO
MORA INDEPENDENT SCHOOL DISTRICT NO. 44

FIDUCIARY FUNDS
Schedule of Changes in Assets and Liabilities - All Agency Funds
Year Ended June 30, 2017

Activity <u>Fund</u>	<u>ASSETS</u>	Balance <u>June 30, 2016</u>	<u>Receipts</u>	<u>Disbursements</u>	Transfers <u>In / (Out)</u>	Balance <u>June 30, 2017</u>
23060	Class of 2009	\$ 203	\$ -	\$ 203	\$ -	\$ -
23061	7Th/8Th Girls Volleyball	12	-	-	-	12
23062	Elementary Student Council	112	-	21	-	91
23063	Middle School Football	1,216	-	-	-	1,216
23065	Middle School No Referral	2,225	-	714	-	1,511
23066	Middle School Science Lab	505	-	-	-	505
23067	7Th/8Th Girls Basketball	355	-	-	-	355
23081	District Activity	-	2,900	782	-	2,118
23082	Mariachi	<u>\$ 1,742</u>	<u>\$ 1,761</u>	<u>\$ 1,140</u>	<u>\$ -</u>	<u>\$ 2,363</u>
	Pooled cash and investments	<u>\$ 64,191</u>	<u>\$ 60,332</u>	<u>\$ 47,759</u>	<u>\$ -</u>	<u>\$ 76,764</u>
	 <u>LIABILITIES</u>					
	Deposits held for others	<u>\$ 64,191</u>	<u>\$ 60,332</u>	<u>\$ 47,759</u>	<u>\$ -</u>	<u>\$ 76,764</u>

(2 of 2)

STATE OF NEW MEXICO
MORA INDEPENDENT SCHOOL DISTRICT NO. 44

SCHEDULE OF PLEDGED COLLATERAL
June 30, 2017

	Southwest <u>Capital</u>
Cash on deposit at June 30, 2017:	
Checking and savings	\$ 2,015,842
Less: FDIC coverage	<u>(250,000)</u>
Uninsured funds	<u>\$ 1,765,842</u>

Amount requiring pledged collateral:	
50% collateral requirement	\$ 882,921
Pledged collateral	<u>1,500,000</u>
Excess (deficiency) of pledged collateral	<u>\$ 617,079</u>

Pledged collateral of financial institutions consists of the following at June 30, 2017

<u>Southwest Capital Bank:</u>	<u>Maturity</u>	<u>CUSIP #</u>	<u>Market Value</u>
FHLB Letter of Credit	1/25/2018	n/a	<u>\$ 1,500,000</u>

The above letter of credit is held at Federal Home Loan Bank, Dallas TX and will honored by the Federal Home

STATE OF NEW MEXICO
MORA INDEPENDENT SCHOOL DISTRICT NO. 44

CASH RECONCILIATION
Year Ended June 30, 2017

	Beginning Cash	Receipts	Distributions	Other	Net Cash End of Period	Adjustments to the report	Total Cash on Report
Operations	\$ 1,195,009	\$ 4,322,124	\$ 4,813,533	\$ -	\$ 703,600	\$ (202,658) ⁽¹⁾	\$ 500,942
Transportation	1	341,069	341,069	-	1	-	1
Instructional Materials	25,013	25,474	27,628	-	22,859	-	22,859
Food Services	196,008	356,470	329,657	-	222,821	-	222,821
Athletics	23,556	34,885	40,216	-	18,225	-	18,225
Federal Flowthrough Funds	(156,097)	380,622	294,020	-	(69,495)	69,495 ⁽²⁾	-
Federal Direct Funds	(117,637)	1,642,197	1,561,563	-	(37,003)	75,830 ⁽²⁾	38,827
Local Grants	68	-	-	-	68	-	68
State Flowthrough Funds	(35,469)	86,370	87,260	-	(36,359)	36,359 ⁽²⁾	-
State Direct Funds	(4,466)	-	-	-	(4,466)	4,466 ⁽²⁾	-
Bond Building	30,954	-	-	-	30,954	-	30,954
Special Capital Outlay - State	-	120,000	120,000	-	-	-	-
State SB-9 Match	-	-	16,508	-	(16,508)	16,508 ⁽²⁾	-
Capital Improvements SB-9	445,465	184,243	327,881	-	301,827	-	301,827
Debt Service	356,389	355,751	355,007	-	357,133	-	357,133
Agency Funds	64,191	59,930	47,357	-	76,764	-	76,764
Total	\$ 2,022,985	\$ 7,909,135	\$ 8,361,699	\$ -	\$ 1,570,421	\$ -	\$ 1,570,421

Account Name	Account Type	Bank Name	Bank Amount		
Operational	Checking - Interest	Southwest Capital Bank	\$ 2,015,842	Adjustment to the report:	
				Interfund loans - pooled cash ⁽¹⁾	\$ (202,658)
				Interfund loans - pooled cash ⁽²⁾	202,658
				Total adjustment to the report	<u>\$ -</u>
				Adjustments to cash:	
				Bank Balance	\$ 2,015,842
				Cash on hand	-
				Outstanding deposits	-
				Outstanding checks	(445,421)
				Errors	-
				Total adjusted cash	<u>\$ 1,570,421</u>

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COMPLIANCE SECTION

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

§

Report on Compliance for Each Major Federal Program;
Report on Internal Control Over Compliance; and
Report on the Schedule of Expenditures of
Federal Awards Required By Uniform Guidance

§

Schedule of Findings and Questioned Costs:
Summary of Auditor's Results
Financial Statement Findings
Federal Award Findings

§

Summary Schedule of Prior Year Audit Findings

§

Schedule of Expenditures of Federal Awards
Notes to the Schedule of Expenditures of Federal Awards

§

Required Disclosure

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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 AUDITORS' REPORT

Tim Keller, State Auditor
The Board of Education and Audit Committee of
Mora Independent School District No. 44

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, the aggregate remaining fund information, the budgetary comparisons of the general fund and major special revenue funds, of the Mora Independent School District No. 44 as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise Mora Independent School District No. 44's basic financial statements, and the combining and individual funds and related budgetary comparisons of Mora Independent School District No. 44, presented as supplemental information, and have issued our report thereon dated October 9, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit, of the financial statements, we considered Mora Independent School District No. 44'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 Mora Independent School District No. 44's internal control. Accordingly, we do not express an opinion on the effectiveness of Mora Independent School District No. 44'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 Mora Independent School District No. 44's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a *material weakness*, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses that we consider to be significant deficiencies. Finding 2017-002, 2017-003, 2017-007 and 2017-009. However, material weaknesses may exist that have not been identified.

Compliance and other matters

As part of obtaining reasonable assurance about whether Mora Independent School District No. 44'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. We also noted certain other matters that are required to be reported pursuant to *Government Auditing Standards* and pursuant to Section 12-6-5, NMSA 1978, which are described in the accompanying schedule of findings and questioned costs as findings 2017-001, 2017-004, 2017-005, 2017-006, 2017-008 and 2017-010 through 2017-012.

Tim Keller, State Auditor
The Board of Education and Audit Committee of
Mora Independent School District No. 44

Mora Independent School District No. 44's Response to Findings

Mora Independent School District No. 44 responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. Mora Independent School District No. 44's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the Mora Independent School District No. 44's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Accounting & Financial Solutions, LLC
Farmington, New Mexico
October 9, 2017



REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL
OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
REQUIRED BY UNIFORM GUIDANCE

INDEPENDENT AUDITOR'S REPORT

Tim Keller, State Auditor,
The Board of Education and Audit Committee of
Mora Independent School District No. 44

Report on Compliance for Each Major Federal Program

We have audited Mora Independent School District No. 44's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Mora Independent School District No. 44's major federal programs for the year ended June 30, 2017. Mora Independent School District No. 44'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 Mora Independent School District No. 44's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about 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 compliance.

Opinion on Each Major Federal Program

In our opinion, Mora Independent School District No. 44 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.

Tim Keller, State Auditor,
The Council and Audit Committee of

Report on Internal Control Over Compliance

Management of Mora Independent School District No. 44 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 Mora Independent School District No. 44'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 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 Mora Independent School District No. 44'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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Accounting & Financial Solutions, LLC
Farmington, New Mexico
October 9, 2017

SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS

STATE OF NEW MEXICO
MORA INDEPENDENT SCHOOL DISTRICT NO. 44

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2017

<u>Federal Grantor/Pass - Through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	Pass-Through Entity Identifying Number	<u>Passed To Subrecipients</u>	<u>Cluster Programs</u>	<u>Federal Expenditures</u>
U.S. Department of Agriculture:					
Direct Program:					
Forest Reserve	10.665	11000	\$ -		\$ <u>4,891</u>
Pass-Through Program From:					
New Mexico Department of Education:					
<u>Child Nutrition Cluster:</u>					
USDA National School Lunch Program	10.555	21000	-	215,460	
USDA School Breakfast Program	10.553	21000	-	<u>116,753</u>	
Total Child Nutrition Cluster					332,213
Fresh Fruits and Vegetables	10.582	24118			9,960
Pass-Through Program From:					
New Mexico Human Service Department:					
USDA Commodities Program	10.565	21000	-		<u>28,453</u>
<i>Subtotal Pass-Through Programs</i>					<u>370,626</u>
<i>Total U.S. Department of Agriculture</i>					<u>375,517</u>
U.S. Department of Education:					
Direct Programs:					
Gear Up New Mexico State Initiatives	84.334	25205			<u>259,980</u>
<u>U.S. Department of Education (continued):</u>					
Pass-Through Programs From:					
New Mexico Department of Education:					
<u>Special Education (IDEA) Cluster:</u>					
Entitlement IDEA-B	84.027	24106	-	\$ 107,500	
NM Autism	84.027	24108		10,112	
Preschool IDEA-B	84.173	24109	-	2,497	
Total Special Education (IDEA) Cluster					120,109
Title I	84.010	24101	-		110,621
Title II Teacher Quality	84.367	24154	-		6,160
Carl D Perkins - JAG	84.048	24171	-		<u>47,171</u>
<i>Subtotal Pass-Through Programs</i>					<u>284,061</u>
<i>Total U.S. Department of Education</i>					544,041
U.S. Department of Health and Human Services:					
Direct Program:					
Headstart	93.600	25127	-		1,257,893
Pass-Through Program From:					
New Mexico Department of Health:					
Title XIX Medicaid	93.778	25153	<u>-</u>		<u>41,061</u>
<i>Total U.S. Department of Health and Human Services</i>					<u>1,298,954</u>
Total Expenditures of Federal Awards			<u>\$ -</u>		<u>\$ 2,218,512</u>

See the accompanying notes to the Schedule of Expenditures of Federal Awards.

NOTES THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 YEAR ENDED JUNE 30, 2017

1. Scope of audit pursuant to OMB Uniform Grant Guidance

All federal grant operations of Mora Independent School District NO. 44 (the “District”) are included in the scope of the Office of Management and Budget (“OMB”) Uniform Grant Guidance audit (the “Single Audit”). The Single Audit was performed in accordance with the provisions of the OMB Circular Compliance Supplement (Revised August 2017 the “Compliance Supplement”). Compliance testing of all requirements are described in the Compliance Supplement, was performed for the grants programs noted below. These programs represent all federal award programs and other grants with fiscal year 2017 cash and non-cash expenditures to ensure coverage of at least 20% (LOW risk auditee) of federally granted funds. Actual coverage is approximately 69% of total cash and non-cash federal award program expenditures. Total cash expenditures were in the amount of \$2,190,059 and all non-cash expenditures amounted to \$28,453.

<u>Major Federal Award Program Description</u>	<u>Expenditures</u>
Cash assistance	
Headstart	\$ 1,257,893
Gear Up New Mexico State Initiatives	<u>259,981</u>
Total	<u>\$ 1,517,874</u>

The District had one program that was considered a high risk Type A programs for the 2017.

The U.S. Department of Education is the District’s oversight agency for single audit.

2. Summary of significant accounting policies

Basis of presentation

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) includes the federal grant activity of the District under programs of the federal government for the year ended June 30, 2017. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Uniform Grant Guidance. Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position and changes in net position of the District. All federal programs considered active during the year ended June 30, 2017, are reflected on the Schedule. An active federal program is defined as a federal program for which there were receipts or disbursements of funds or accrued (deferred) grant revenue adjustments during the fiscal year or a federal program considered as not completed or closed out at the beginning of the fiscal year. The Schedule is prepared using the accrual basis of accounting. Grant revenues are recorded for financial reporting purposes when the District has met the qualifications for the respective grant. Grant revenues for the Food Donation Program are based upon commodities received, at amounts per standard price listing, published quarterly by the United States Department of Agriculture (the “USDA”). In addition, there is no federal insurance in effect during the year and loan or loan guarantee outstanding at year end.

Accrued and deferred reimbursements

Various reimbursement procedures are used for Federal awards received by the District. Consequently, timing differences between expenditures and program reimbursements can exist at the beginning and end of the year. Accrued balances at year end represent an excess of reimbursable expenditures over receipts to date. Deferred balance at year-end represent an excess of cash receipts over reimbursable expenditure to date. Generally, accrued or deferred balances covered by differences in the timing of cash receipts and expenditures will be reversed in the remaining grant period.

3. Reconciliation of Federal Awards to Expenditure of Federal Awards

The differences between the federal awards received (Intergovernmental sources – federal) during the year ended June 30, 2016 and the federal awards expended during the year are as follows:

Federal sources	\$ 2,300,607
Indirect costs from federal programs	(53,363)
Unexpended federal sources from current year	<u>(28,732)</u>
Total expenditures of federal awards	<u>\$ 2,218,512</u>

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 YEAR ENDED JUNE 30, 2017

I. SUMMARY OF AUDIT RESULTS

	<u>Yes</u>	<u>No</u>	<u>Occurrences</u>
FINANCIAL STATEMENTS:			
Type of auditor's report issued: <u>Unmodified</u>			
Internal control over financial reporting:			
Material weakness(es) identified?	—	✓	—
Significant Deficiency(ies) identified?	✓	—	-4
Noncompliance material to financial statements noted?	—	✓	—
FEDERAL AWARDS:			
Internal control over major programs:			
Material weakness(es) identified?	—	✓	—
Significant Deficiency(ies) identified?	—	✓	—
Type of auditor's report issued on compliance with major programs: <u>Unmodified</u>			
Any audit findings disclosed that are required to be reported in accordance with Section 200.516 of the Uniform Guidance?	—	✓	—
The programs treated as major programs include:			
<u>Name of Federal Program or Cluster</u>	<u>CFDA Number</u>		
Headstart	93.778		
Gear Up New Mexico State Initiatives	84.334		
The threshold for distinguishing types A and B programs: <u>\$750,000</u>			
Auditee qualified as low-risk auditee?	✓	—	

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2017

II. FINDINGS RELATED TO FINANCIAL STATEMENTS

2017 – 001 STATE REPORTING NOT ACCURATE TO THE GENERAL LEDGER
Other matters (Does not rise to the level of significant deficiency)

Condition: Amounts in the year-end “Actuals Report” are not supported by the amounts in the general ledger. The expenditures reported to the state did not include \$4,699 in Fund 27166 Kindergarten 3-Plus.

Criteria: According to SAO Rule 2.2.2.12C(4)(b), NMAC 6.20.2.11(B)(6), and Regulation SBE-6, the reports sent to the New Mexico Public Education Department (PED) must agree to the general ledger to ensure the validity and reliability of the financial data.

Effect of condition: The District’s yearend reporting as submitted to the New Mexico Public Education Department gave an inaccurate depiction of the District’s balances in the general ledger.

Cause: Errors occurred during the processing of the general ledger data to a format that is accepted by the system used by the State.

Recommendation: The District should implement procedures that provide for a review of the data to be uploaded to the State to ensure the information matches the general ledger and accurately depicts the District’s finances.

Management’s response: Report has been correct to the State and investigation in to the software management system could not be determined as to why the actuals report was not the same as the general ledger expenditure report. The Business Manager will review the State Report for accuracy before submission.

Responsible party(ies) for corrective action(s): Business Manager.

Corrective action(s) timeline: Has been corrected

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2017

II. FINDINGS RELATED TO FINANCIAL STATEMENTS (cont'd)

2017 – 002 NEPOTISM WITH A BOARD MEMBER AND AN EMPLOYEE

Significant Deficiency

Condition: A board member is making decisions for his spouse who is a teacher and extra duties. The extra duties performed by the teacher seems to be performed by a contractor.

Criteria: According to NMAC 22.5.6, A local superintendent shall not initially employ or approve the initial employment in any capacity of a person who is the spouse, father, father-in-law, mother, mother-in-law, son, son-in-law, daughter, daughter-in-law, brother, brother-in-law, sister or sister-in-law of a member of the local school board or the local superintendent. The local school board may waive the nepotism rule for family members of a local superintendent.

Effect of condition: The District may not be using the District assets for the best results for the students.

Cause: The board member is making decisions which allow for personal benefits.

Recommendation: The District should implement procedures that provide for board members to recuse themselves from decisions in which they have a personal interest, or by having the board member step down if there are family members employed.

Management's response: The District will continue to encourage the Board to attend the NM Schools Boards Association trainings and remind them of the roles and functions of the Board.

Responsible party(ies) for corrective action(s): Board of Education and Superintendent.

Corrective action(s) timeline: Action will begin when the full Board receives the findings.

Updated: Management will discuss and notify the Board of Education commencing with the January 2018 regular meeting.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2017

II. FINDINGS RELATED TO FINANCIAL STATEMENTS (cont'd)

2017 – 003 RECORDS RETENTION AND STORAGE (Original No. 2015-003)
Significant Deficiency
(Repeat of prior year finding; updated and revised)

Condition: During our fieldwork it was observed that were many personnel files that were not complete. Of the 23 files reviewed the following items were not in the files:

Eight did not have the employees W-4 filed.

Three did not have the employment contract

Nine did not have the authorizations for the voluntary deductions

Prior year findings

16 files were personnel sampled, and 1 of the 15 employees sampled a w-4 could not be located. Employees who fall into the non-exempt employee status did not have time cards, had incomplete time cards, no supervisor signature, or another method to prove hours worked. We were unable to determine if overtime should have been paid. 2 of 5 teachers sampled did not have their contract in alignment with the District's salary schedule. The two were under \$51.00 each.

Criteria: Organizations are required to have systematic control of all records from creation or receipt through processing, distribution, maintenance and retrieval, to their ultimate disposition, as per NMAC 1.15.4.

Effect of condition: The District may not be able to complete an audit of its finances due unavailability of records because they have been misplaced or inappropriately filed. Documents may be lost or destroyed in the event of fire, flood, or other catastrophe.

Cause: District records are not being stored in an orderly filing system. The records are being left out after use instead of re-filed at the end of the day.

Recommendation: All employees should be made aware of the records retention requirements applicable to the District. All files should be place in the locking filing system at the end of each day to ensure that the records are in safe storage and readily available when needed.

Management's response: Filing will be conducted in a timely manner with the appropriate documentation for maintenance retrieval. All required documents/authorizations will be filed in the personnel file.

Responsible party(ies) for corrective action(s):. Custodian of Records and Human Resource Specialist

Corrective action(s) timeline: Implementation will commence immediately.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2017

II. FINDINGS RELATED TO FINANCIAL STATEMENTS (cont'd)

2017 – 004 MISSING OR INCOMPLETE FORM I-9 (Original No. 2015-003)
Other matters (Does not rise to the level of significant deficiency)
(Repeat of prior year finding; updated and revised)

Condition: Three of twenty-three employee files selected for testing had missing/incomplete I-9 forms.

Criteria: In accordance with the federal Immigration and Nationality Act Section 274A, employees are required to prove their citizenship or legal immigrant status prior to employment.

Cause: The District did not complete the I-9's form correctly.

Effect of condition: The District is out of compliance with requirements for the Immigration and Nationality Act.

Recommendation: The District should not employ any individual without prior completion and verification of the Form I-9. Application packages should be reviewed/approved by second person prior to applicant beginning employment.

Management's response: The District has begun implementation of an employee checklist for required documentation for the potential employee and the district.

Responsible party(ies) for corrective action(s): Human Resource Specialist

Corrective action(s) timeline: Implementation has begun.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2017

II. FINDINGS RELATED TO FINANCIAL STATEMENTS (cont'd)

2017 – 005 BACKGROUND CHECKS

Other matters (Does not rise to the level of significant deficiency)

Condition: One of 23 employee files selected for testing did not have a current background check conducted. The employee had transferred from another school district and the background check from the previous school district was accepted even though it was more than two years old.

Criteria: In accordance 1978 NMSA 22-10A-5, all employees who have access to children are required to have a background check completed and approved.

Cause: The District is not maintaining adequate controls over employee hiring.

Effect of condition: The District is out of compliance with requirements for 1978 NMSA 22-10A-5.

Recommendation: The District should not employ any individual without prior receipt of the current cleared background check.

Management's response: Management will ensure that all backgrounds checks are current within the allowable timeframe.

Responsible party(ies) for corrective action(s): Human Resource Specialist

Corrective action(s) timeline: Implementation and review will begin immediately.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2017

II. FINDINGS RELATED TO FINANCIAL STATEMENTS (cont'd)

2017 – 006 ERB CONTRIBUTIONS INCORRECTLY WITHHELD FROM EMPLOYEE CHECKS (Original No. 2016-002)
Other matters (Does not rise to the level of significant deficiency)
(Repeat of prior year finding; updated and revised)

Condition: The ERB contributions required to be withheld from employee paychecks was not withheld accurately from three employees. Employees that earn more than \$20,000 are required to contribute 10.9% of gross income. The three employees had only 7.9%. The error was discovered on two of the employees with one being in the 2017 fiscal year and the other being after the end of the 2017 fiscal year. The third employee had not been previously discovered. The amount of the underpayments of the three employees was \$1,802.

Criteria: NMAC 2.82.3.8 states “If a member’s total annual salary is \$20,000 or less the member shall be subject to the lower contribution rate set forth in Subsection B of Section 22-11-21 NMSA 1978. When a member whose salary is \$20,000 or less earns in excess of the \$20,000 limit during the fiscal year, the member shall be subject to the higher contribution rate in Subsection A of Section 22-11-21 NMSA 1978 effective the first day of the month in which the member earns in excess of the \$20,000 limit.” The higher rate in effect for fiscal year 2017 was 10.9% and the lower rate was 7.9%.

Cause: The District is not maintaining adequate controls over employee master file.

Effect of condition: In accordance with the Educational Retirement Act and ERB rules, penalties will be assessed to the administrative unit when contributions and/or reports are not remitted by the due date.

Recommendation: The District should implement controls and allocate time that allows for the review payroll master file determine that employees are setup correctly at the beginning of the year and each pay period to check for employees exceeding the \$20,000 threshold that were not previously expected to earn that amount due to changes in contracts or additional time worked.

Management’s response: Management is reviewing options to strengthen controls and segregate duties amongst current personnel/potentially new position.

Responsible party(ies) for corrective action(s): Superintendent and Business Manager.

Corrective action(s) timeline: Review has begun.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2017

II. FINDINGS RELATED TO FINANCIAL STATEMENTS (cont'd)

2017 – 007 CONTROLS OVER CAPITAL ASSETS

Significant Deficiency

Condition: The District did not capitalize assets of \$5,000 or more during the fiscal year ending June 30, 2014 amounting to \$208,149. Management does not have written policies and procedures for controlling the capital assets master file. There is not an approval process for making changes to the file. Additionally, there is not second person designated to monitor and maintain the master file in the event of illness or termination.

Criteria: NMAC 2.20.1.8A states “Agencies should implement systematic and well-documented methods for accounting for their fixed assets. A computerized system is recommended, with appropriate controls on access and authorization of transactions.” A system of internal controls should be in place to provide reasonable assurance that the objectives to external reporting and compliance with laws and regulations as recommended by COSO.

Effect of condition: The capital asset master file is susceptible to unauthorized alterations, either intentional or accidental. The District is also at risk of not complying with laws and regulations in the event of an extended illness or other event that results in the position of maintaining the master file being vacated.

Cause: Management has not approved and implemented an official system of controls for maintaining and reviewing the capital assets master file.

Recommendation: An official system of controls over the capital assets master file should be developed, approved by the governing board, and implemented. The system should dictate the documenting and approval of changes to the master file. The system should also establish a regular monitoring of the master file to ensure it has not been altered and allows for consistent tracking and reporting.

Management’s response: Management is reviewing options to strengthen controls and segregate duties amongst current personnel/potentially new position.

Responsible party(ies) for corrective action(s): Superintendent and Business Manager

Corrective action(s) timeline Review has begun.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2017

II. FINDINGS RELATED TO FINANCIAL STATEMENTS (cont'd)

2017 – 008 LACK OF TIMELY MONITORING OF BUDGET

Other matters (Does not rise to the level of significant deficiency)

Condition: There were unfavorable variances between actual and budgeted line item expenditures. The District had one over expenditure of line items at the end of June 30, 2017, which is the same as the prior year due to the 1% administration fee charged to the collection of delinquent property taxes. The following fund had the unfavorable variance between budgeted amounts at fiscal yearend:

Gear Up New Mexico State Initiatives Instruction	\$ 1,182
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Criteria: According to NMSA 1978 Section 22-8-11 B all fiscal agents of public monies have a responsibility to monitor spending to comply with established budget guidelines.

Cause: Improper monitoring of line item expenditures by comparing budgeted amounts and actual amounts spent allowed unfavorable (negative) variances, overspending of line item budgets, to occur.

Effect of condition: Violation of NMSA 1978 Section 22-8-11 B, over spending of public monies. The condition could lead to expenditures being paid in excess of total budgeted amounts.

Recommendation: Management should implement immediate steps to provide adequate financial reports to allow for proper and timely monitoring of line item expenditures. Budget adjustment requests should be approved by the Board of Education and State Public Education Department (when required) to receive approval to make necessary changes to the records prior to being presented for audit.

Management's response: Management will ensure budget is monitored more closely

Responsible party(ies) for corrective action(s): Business Manager

Corrective action(s) timeline: Implementation has begun.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2017

II. FINDINGS RELATED TO FINANCIAL STATEMENTS (cont'd)

2017 – 009 EMPLOYEE TIME DOCUMENTATION AND AUTHORIZATION
Significant Deficiency

Condition: An employee is holding two contracts, which total a daily 15 hour day, without timesheets to back up that the employee is working the hours contracted. The District is also paying some employees for extra duties, where the extra duties pay overruns the contract amount of the contract for the extra duties. The authorizing supervisor who signs off on the time worked has no ability to know if the time was actually worked.

Criteria: According to NMAC 1978 Section 6.20.2.11 B Each school district shall develop, establish and maintain a structure of internal accounting controls and written procedures to provide for segregation of duties, a system of authorization and recording procedures, and sound accounting practices in performance of duties and functions. The duties to be segregated are the authorization to execute a transaction, recording the transaction, and custody of assets involved in the transaction. (1) School district management must ensure that protection of the public trust is a major focus when granting the authorization to execute business of the school district. (2) Employees handling significant amounts of cash must be adequately bonded. Access to assets is permitted only in accordance with school district authorization. (3) Receipts, checks or warrants, purchase orders, and vouchers shall be sequentially pre-numbered. (4) School districts shall have proper safeguards to protect unused checks and other pre-numbered forms, undeposited cash and other receipts, and facsimile signature plates. (5) Transactions are to be recorded as necessary to permit preparation of financial statements in conformity with GAAP. In addition, school districts shall establish any other criteria applicable to such statements to maintain accountability for assets. (6) School districts shall conduct independent checks on performance and proper valuation of recorded amounts, such as clerical checks, reconciliations, comparison of assets with recorded accountability, computer-programmed controls, management review of reports that summarize the detail of account balances, and user review of computer generated reports. C. An internal control structure is required to demonstrate the school district's ability to record, process, summarize and report financial data consistent with the following financial statement assertions: (1) rights and ownership; (2) existence and occurrence; (3) valuation and allocations; (4) completeness; and, (5) presentation and disclosure.

Cause: Improper monitoring of an employee's time.

Effect of condition: Violation of NMSA 1978 Section 6.20.2.11 B, for the Districts obligations to pay for services, completeness, existence and occurrence of employee's time.

Recommendation: Management should implement procedures to document and approve extra duties time that happens beyond the time the supervisors are present.

Management's response: Timesheets/logs will be provided to support extra duty hours beyond the regular contract.

Responsible party(ies) for corrective action(s): Superintendent

Corrective action(s) timeline: Implementation has begun.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2017

II. FINDINGS RELATED TO FINANCIAL STATEMENTS (cont'd)

2017 – 010 IMPROPER REVENUE RECOGNITION

Other matters (Does not rise to the level of significant deficiency)

Condition: Revenue in the amount of \$4,891 was posted in 0000.44205 Indirect costs (Federal Flow-through grants instead of 0000.44204 Forest Reserve income.

Criteria: A system of controls is required to ensure that the correct recording of revenues and expenditures.

Cause: The District does not have adequate controls in place to detect and correct recording errors relating to fund revenues.

Effect of condition: The lack of controls over recording and reporting of fund revenues that could result in revenues being recorded in the wrong line item

Recommendation: We recommend that a system of controls be put in place that will enable the reviewing of revenues on a periodic basis. As part of that system an approval process would be instrumental in catching errors.

Management's response: Management will have a second employee review deposit listing before the deposits are enter and posted to the general ledger.

Responsible party(ies) for corrective action(s):. Business Manager

Corrective action(s) timeline: Implementation has begun.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2017

II. FINDINGS RELATED TO FINANCIAL STATEMENTS (cont'd)

2017 – 011 UNAUTHORIZED RECEIPT BOOK (Original finding no 2014-008)
Other matters (Does not rise to the level of significant deficiency)
(Repeat of prior year finding; updated and revised)

Condition: One out of the thirty receipts tested, the receipts were issued from an unauthorized receipt book having one original receipt and one copy, instead of one original receipt and two copies. The transaction from the unauthorized receipt book was \$60.

Criteria: NMAC 6.20.2.14 (b) says that the school district shall issue a factory pre-numbered receipt for all money received. Pre-numbered receipts are to be controlled and secured. NMAC 6.20.2.14 (d) says that a cash receipts journal is to be used for each fiscal year beginning July 1 and ending June 30, and is to be presented to the school district's auditor during the annual audit.

Cause: Unauthorized receipt book was used to receive cash.

Effect of condition: The District is not in compliance with 1978 NMAC 6.20.2.14 (b) and (d) and is lacking a significant control over cash which is also a violation of 1978 NMSA 6-10-2 and 6-MNAC – 2.2.1.14.11.

Recommendation: An official system of controls over cash receipts and reporting to the business office, which includes establishing cash receipts journal, shall be implemented. All receipts shall be reviewed on timely manner to identify whether authorized receipt books are in use. School officials shall be prohibited from using any unauthorized receipt books.

Management's response: The unauthorized receipt was not returned to the site, all sites have been issued the 3 part receipt books the district is using.

Responsible party(ies) for corrective action(s): Business Manager

Corrective action(s) timeline: Has been corrected with the site.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2017

II. FINDINGS RELATED TO FINANCIAL STATEMENTS (cont'd)

2017 – 012 INTERNAL CONTROLS

Other matters (Does not rise to the level of significant deficiency)

Condition: Management currently has the same individual performing accounts payable procedures, maintenance of the vendor master file, and reconciling the bank statements. Also, the responsibilities of payroll, human resources, and control over the payroll master file are being performed by the same person.

Criteria: Section 6.20.2.11.B NMAC requires that schools shall develop, establish, and maintain a structure of internal control accounting controls and written procedures to provide for segregation of duties, a system of authorization and recording procedures, and sound accounting practices in performance of duties and functions. COSO encourages the separation of the responsibilities of authorization, recording, reconciliation, and custody.

Cause: The District has a limited number of personnel in the administration office that does not facilitate adequate segregation of duties.

Effect of condition: The District is susceptible to errors occurring that would not be caught and corrected in a timely manner to ensure accurate reporting. The District has weakened its ability to safeguard assets and ensure accurate and timely reporting.

Recommendation: Management needs to evaluate the assignment of positions and duties within the administration office and make adjustments as necessary to work towards compliance with COSO. The vendor master file should not be maintained by the person performing accounts payable and the employee master file should not be maintained by the person performing payroll or human resources. The function of cash reconciliation should not be performed by anyone that has access to check writing.

Management's response: Management is reviewing options to strengthen controls and segregate duties amongst current personnel/potentially new position.

Responsible party(ies) for corrective action(s): Superintendent and Business Manager

Corrective action(s) timeline: Review has begun.

III. AUDIT FINDINGS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

There were no findings required to be reported relating to federal awards.

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2017

I. NOT RESOLVED

2013 – 004 EXPENDITURE ISSUES

Current Status: Unresolved. Repeated in the current year.

2014 – 003 PAYROLL

Current Status: Unresolved. Repeated in the current year.

2016 – 002 ERB – COMPLIANCE AND INTERNAL CONTROLS

Current Status: Resolved. Not repeated in the current year.

2014 – 008 RECEIPT BOOKS

Current Status: Resolved. Not repeated in the current year.

2016 – 003 NMPSIA

Current Status: Resolved. Not repeated in the current year.

II. RESOLVED

2015 – 005 CERTIFICATION OF INVENTORY

Current Status: Resolved. Not repeated in the current year.

2016 – 001 STATE UNEMPLOYMENT

Current Status: Resolved. Not repeated in the current year.

2016 – 004 DISTRICT POLICIES

Current Status: Resolved. Not repeated in the current year.

2016 – 005 WORKMEN'S COMP CLAIM AND COMPENSATED ABSENCES

Current Status: Resolved. Not repeated in the current year.

2016 – 006 CASH APPROPRIATIONS IN EXCESS OF AVAILABLE CASH BALANCES

Current Status: Resolved. Not repeated in the current year.

REQUIRED DISCLOSURE

YEAR ENDED JUNE 30, 2017

The independent public accountants assisted in the preparation of the financial statements.

An exit conference was held October 16, 2017 and was attended by the following individuals:

MORA INDEPENDENT SCHOOL DISTRICT NO. 44

Lillian Maestas	Member, Board of Education
Ella E. Arellano	Superintendent
Miguel Martinez	Business Manager
Debra Alcon	Business Office
Beverly Montoya	Gear-Up Coordinator
Wanda Martinez	Headstart Director
Jack Rains	Community Member

ACCOUNTING & FINANCIAL SOLUTIONS, LLC

Terry Ogle, CPA	Partner
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