

STATE OF NEW MEXICO
**MESA VISTA CONSOLIDATED
SCHOOL DISTRICT NO. 6**

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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TABLE OF CONTENTS

Year Ended June 30, 2017

INTRODUCTORY SECTION

	Title Page
iii	Table of Contents
1	Official Roster

FINANCIAL SECTION

5	Independent Auditors' Report
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BASIC FINANCIAL STATEMENTS:

Government-Wide Financial Statements:

8	Statement of Net Position
9	Statement of Activities

Fund Financial Statements:

10	Balance Sheet – Governmental Funds
13	Reconciliation of the Balance Sheet – All Governmental Funds to the Statement of Net Position
14	Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds
17	Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balance – All Governmental Funds to the Statement of Activities

Major Funds:

Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis):

18	General Fund	
	Special Revenue Funds:	
19	Title I	<u>Fund #</u>
		24101

20	Statement of Fiduciary Assets and Liabilities – Agency Funds
----	--

Notes to the Financial Statements

21	Contents	
22	Note I	Summary of Significant Accounting Policies
34	Note II	Stewardship, Compliance, and Accountability
36	Note III	Detailed Notes On All Funds
41	Note IV	Other Information

REQUIRED SUPPLEMENTARY INFORMATION:

48	Schedule of the District's Proportionate Share of Net Pension Liability
48	Schedule of District's Contributions
48	Notes to the Required Supplementary Information

OTHER SUPPLEMENTAL INFORMATION:

Combining and Individual Fund Financial Statements and Schedules:

General Fund:

50	Combining Balance Sheet	
51	Combining Statement of Revenues, Expenditures, and Changes in Fund Balance	
	Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis):	
	<u>Fund #</u>	
52	Operating Fund	11000
53	Teacherage Fund	12000
54	Transportation Fund	13000
55	Instructional Materials Fund	14000

TABLE OF CONTENTS

Year Ended June 30, 2017

OTHER SUPPLEMENTAL INFORMATION (cont'd):

Major Capital Projects Funds:

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis):

		<u>Fund #</u>
58	Bond Building	31100
59	Special Capital Outlay - State	31400
60	Capital Improvements SB-9	31701

Major Debt Service Funds:

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis):

		<u>Fund #</u>
61	Debt Service Funds	41000

Nonmajor Governmental Funds:

68	Combining Balance Sheet	
75	Combining Statement of Revenues, Expenditures, and Changes in Fund Balance	

State Required Disclosures:

Fiduciary Funds:

82	Schedule of Changes in Assets and Liabilities – All Agency Funds	
84	Schedule of Pledged Collateral	
85	Cash Reconciliation	

COMPLIANCE SECTION

87	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	
91	Schedule of Findings and Responses	
96	Summary Schedule of Prior Year Audit Findings	
97	Required Disclosure	

OFFICIAL ROSTER

June 30, 2017

BOARD OF EDUCATION

John Garcia	President
Marvyn Jaramillo	Vice-President
Jessica Manzanares	Secretary
Moies Pena	Member
Andy R. Lopez	Member

SCHOOL OFFICIALS

Ernesto Valdez	Superintendent
Brenda Halder	Business/Procurement

AUDIT COMMITTEE

Andy R. Lopez	Member
Jessica Manzanares	Member
Yvette Anaya	Member
Monique Garcia	Member
Victoria Garcia	Member

FINANCE COMMITTEE

Andy R. Lopez	Member
Jessica Manzanares	Member
Yvette Anaya	Member
Monique Garcia	Member
Victoria Garcia	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
Mesa Vista Consolidated School District No. 6

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 Mesa Vista Consolidated School District No. 6, as of and for the year ended June 30, 2017, and the related notes to the financial statements which collectively comprise Mesa Vista Consolidated School District No. 6 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 Mesa Vista Consolidated School District No. 6'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 Mesa Vista Consolidated School District No. 6, 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
Mesa Vista Consolidated School District No. 6

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 48 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 Mesa Vista Consolidated School District No. 6' basic financial statements. The other supplemental information such as the combining and individual general fund financial statements, budgetary comparisons for the major capital project funds, major debt service fund, the combining and individual nonmajor fund financial statements, and the other information, such as the 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 other supplemental information is the responsibility of management and was 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 other supplemental information is 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 12, 2017 on our consideration of the Mesa Vista Consolidated School District No. 6' 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 Mesa Vista Consolidated School District No. 6' internal control over financial reporting and compliance.

Accounting & Financial Solutions, LLC
Farmington, New Mexico
October 12, 2017

BASIC FINANCIAL STATEMENTS

STATE OF NEW MEXICO
MESA VISTA CONSOLIDATED SCHOOL DISTRICT NO. 6

STATEMENT OF NET POSITION
 June 30, 2017

	<u>Governmental Activities</u>
Assets	
Cash and cash equivalents	\$ 768,771
Receivables:	
Delinquent property taxes receivable	513,755
Grant	673,944
Due from other governments	15,731
Food inventory	2,089
Non-current:	
Non-depreciable assets	8,727,631
Depreciable capital assets, net	<u>10,243,206</u>
Total Assets	<u>20,945,127</u>
Deferred Outflows of Resources:	
Contributions to pension subsequent to the measurement date	343,998
Difference between expected and actual experience	30,297
Net difference between projected and actual investment earnings on plan investments	416,852
Net change in pension assumptions	<u>142,154</u>
Total Deferred Outflows of Resources	<u>933,301</u>
Liabilities	
Accounts payable	11,415
Accrued interest	15,103
Compensated absences	34,468
Long-term liabilities other than pensions:	
Due within one year	50,000
Due in more than one year	4,165,000
Aggregate net pension liability	<u>6,983,419</u>
Total Liabilities	<u>11,259,405</u>
Deferred Inflows of Resources	
Difference between expected and actual experience	66,421
Net change in proportionate share of pension liability	<u>139,414</u>
Total Deferred Inflows of Resources	<u>205,835</u>
Net Position	
Net investment in capital assets	15,240,586
Restricted for:	
Inventories	2,089
Special revenue funds	76,346
Capital projects	663,961
Debt service	161,428
Unrestricted	<u>(5,731,222)</u>
Total Net Position	<u>\$ 10,413,188</u>

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

STATE OF NEW MEXICO
MESA VISTA CONSOLIDATED SCHOOL DISTRICT NO. 6

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>Primary Government Governmental Activities</u>
Primary government:					
Governmental activities:					
Instruction	\$ 2,437,330	\$ 6,758	\$ 467,621	\$ 3,803,524	\$ 1,840,573
Support Services - Students	349,583	45,731	67,070	-	(236,782)
Support Services - Instruction	-	-	-	-	-
Support Services - General Administration	373,877	-	71,731	811	(301,335)
Support Services - School Administration	632,447	-	121,340	-	(511,107)
Central Services	336,649	-	64,589	-	(272,060)
Operations & Maintenance of Plant	898,994	-	172,479	83,935	(642,580)
Student Transportation	315,288	-	248,250	-	(67,038)
Food Services	205,331	4,152	129,186	-	(71,993)
Bond interest paid	91,089	-	-	-	(91,089)
Refunds	71,751	-	-	-	(71,751)
Total governmental activities	\$ 5,712,339	\$ 56,641	\$ 1,342,266	\$ 3,888,270	(425,162)
			General revenues:		
			Taxes:		
			Property Taxes:		
			General purposes	17,827	
			Capital projects	372,374	
			Debt service	325,388	
			State equalization	3,442,534	
			Grants and contributions not restricted	4,009	
			Miscellaneous income	28,628	
			Total general revenues	4,190,760	
			<i>Change in net position</i>	3,765,598	
			Net position - beginning	6,647,590	
			Net position - ending	\$ 10,413,188	

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

STATE OF NEW MEXICO
MESA VISTA CONSOLIDATED SCHOOL DISTRICT NO. 6

GOVERNMENTAL FUNDS

Balance Sheet
June 30, 2017

	General Fund	Pre-K Classrooms Fund #27177	Bond Building Fund #31100	Special Capital Outlay - State Fund #31400
Assets				
Cash and cash equivalents	\$ 28,599	\$ -	\$ 550,584	\$ -
Receivables:				
Property taxes	12,096	-	-	-
Grant	-	255,359	-	-
Due from other governments	411	-	-	-
Due from other funds	540,946	-	-	-
Food inventory	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 582,052</u>	<u>\$ 255,359</u>	<u>\$ 550,584</u>	<u>\$ -</u>
 Liabilities, deferred inflows, and fund balance				
Liabilities:				
Accounts payable	\$ 11,118	\$ -	\$ -	\$ -
Due to other funds	<u>-</u>	<u>255,359</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>11,118</u>	<u>255,359</u>	<u>-</u>	<u>-</u>
Deferred inflows of resources:				
Delinquent property taxes	<u>11,735</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance:				
Non-spendable:				
Inventories	-	-	-	-
Restricted for:				
Special revenue funds	-	-	-	-
Capital projects funds	-	-	550,584	-
Debt service	-	-	-	-
Unassigned	<u>559,199</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balance	<u>559,199</u>	<u>-</u>	<u>550,584</u>	<u>-</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 582,052</u>	<u>\$ 255,359</u>	<u>\$ 550,584</u>	<u>\$ -</u>

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STATE OF NEW MEXICO
MESA VISTA CONSOLIDATED SCHOOL DISTRICT NO. 6

GOVERNMENTAL FUNDS

Balance Sheet
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>
Assets				
Cash and cash equivalents	\$ 1,047	\$ 138,872	\$ 49,669	\$ 768,771
Receivables:				
Property taxes	161,692	339,967	-	513,755
Grant	-	-	418,585	673,944
Due from other governments	3,352	11,968	-	15,731
Due from other funds	106,321	-	26,677	673,944
Food inventory	<u>-</u>	<u>-</u>	<u>2,089</u>	<u>2,089</u>
Total assets	<u>\$ 272,412</u>	<u>\$ 490,807</u>	<u>\$ 497,020</u>	<u>\$ 2,648,234</u>
 Liabilities, deferred inflows, and fund balance				
Liabilities:				
Accounts payable	\$ 297	\$ -	\$ -	\$ 11,415
Due to other funds	<u>-</u>	<u>-</u>	<u>418,585</u>	<u>673,944</u>
Total liabilities	<u>297</u>	<u>-</u>	<u>418,585</u>	<u>685,359</u>
Deferred inflows of resources:				
Delinquent property taxes	<u>158,738</u>	<u>329,379</u>	<u>-</u>	<u>499,852</u>
Fund balance:				
Non-spendable:				
Inventories	-	-	2,089	2,089
Restricted for:				
Special revenue funds	-	-	76,346	76,346
Capital projects funds	113,377	-	-	663,961
Debt service	-	161,428	-	161,428
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>559,199</u>
Total fund balance	<u>113,377</u>	<u>161,428</u>	<u>78,435</u>	<u>1,463,023</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 272,412</u>	<u>\$ 490,807</u>	<u>\$ 497,020</u>	<u>\$ 2,648,234</u>

(2 of 2)

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STATE OF NEW MEXICO
MESA VISTA CONSOLIDATED SCHOOL DISTRICT NO. 6

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	\$	1,463,023
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Capital assets		29,310,356
Accumulated depreciation		(10,339,519)
Other assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Property taxes receivable		499,852
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		343,998
Difference between expected and actual experience		30,297
Net difference between projected and actual investment earnings on plan investments		416,852
Net change in pension assumptions		142,154
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		(4,215,000)
Accrued interest payable		(15,103)
Accrued vacation payable		(34,468)
Net pension liability		(6,983,419)
Deferred inflow of resources are not financial resources, and therefore are not reported in the funds and include:		
Difference between expected and actual experience		(66,421)
Net change in proportionate share of pension liability		(139,414)
Net position of governmental activities	\$	<u><u>10,413,188</u></u>

STATE OF NEW MEXICO
MESA VISTA CONSOLIDATED SCHOOL DISTRICT NO. 6

GOVERNMENTAL FUNDS

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

	General <u>Fund</u>	Pre-K Classrooms <u>Fund #27177</u>	Bond Building <u>Fund #31100</u>	Special Capital Outlay - State <u>Fund #31400</u>
Revenues:				
Taxes:				
Property	\$ 17,980	\$ -	\$ -	\$ -
Intergovernmental - federal grants	1,811	-	-	-
Intergovernmental - state grants	3,711,977	255,358	-	3,875,514
Contributions - private grants	4,009	-	-	-
Charges for services	6,758	-	-	-
Investment and interest income	-	-	12,708	-
Miscellaneous	<u>12,983</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>3,755,518</u>	<u>255,358</u>	<u>12,708</u>	<u>3,875,514</u>
Expenditures:				
Current:				
Instruction	1,546,344	-	-	-
Support services:				
Students	252,237	-	-	-
General Administration	265,657	-	-	-
School Administration	564,284	-	-	-
Central Services	304,725	-	-	-
Operation & Maintenance of Plant	666,743	-	-	-
Student transportation	275,390	-	-	-
Food services operations	32,318	-	-	-
Capital outlay	-	255,358	2,749,846	3,875,514
Debt service:				
Principal retirement	-	-	-	-
Bond interest paid	-	-	-	-
Bond issuance costs	-	-	36,038	-
Reserves	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>3,907,698</u>	<u>255,358</u>	<u>2,785,884</u>	<u>3,875,514</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(152,180)</u>	<u>-</u>	<u>(2,773,176)</u>	<u>-</u>
Other financing sources and financing uses:				
Sale of refunding bonds	-	-	805,000	-
Payment to refunding agent	-	-	(709,166)	-
Refunds of grants	-	-	-	-
Transfers In	5,760	-	-	-
Transfers out	<u>(5,760)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources and financing	<u>-</u>	<u>-</u>	<u>95,834</u>	<u>-</u>
<i>Net change in fund balance</i>	(152,180)	-	(2,677,342)	-
Fund balance at beginning of the year	<u>711,379</u>	<u>-</u>	<u>3,227,926</u>	<u>-</u>
Fund balance at end of the year	<u>\$ 559,199</u>	<u>\$ -</u>	<u>\$ 550,584</u>	<u>\$ -</u>

(cont'd; 1 of 2)

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

STATE OF NEW MEXICO
MESA VISTA CONSOLIDATED SCHOOL DISTRICT NO. 6

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	\$ 143,556	\$ 527,847	\$ -	\$ 689,383
Intergovernmental - federal grants	-	-	526,574	528,385
Intergovernmental - state grants	-	-	289,080	8,131,929
Contributions - private grants	-	-	-	4,009
Charges for services	-	-	49,883	56,641
Investment and interest income	-	48	-	12,756
Miscellaneous	<u>15,465</u>	<u>-</u>	<u>180</u>	<u>28,628</u>
Total revenues	<u>159,021</u>	<u>527,895</u>	<u>865,717</u>	<u>9,451,731</u>
Expenditures:				
Current:				
Instruction	-	-	467,003	2,013,347
Support services:				
Students	-	-	64,196	316,433
General Administration	1,421	5,226	29,437	301,741
School Administration	-	-	8,189	572,473
Central Services	-	-	-	304,725
Operation & Maintenance of Plant	147,001	-	-	813,744
Student transportation	-	-	10,000	285,390
Food services operations	-	-	153,542	185,860
Capital outlay	-	-	116,867	6,997,585
Debt service:				
Principal retirement	-	715,000	-	715,000
Bond interest paid	-	106,659	-	106,659
Bond issuance costs	-	-	-	36,038
Reserves	<u>-</u>	<u>644</u>	<u>-</u>	<u>644</u>
Total expenditures	<u>148,422</u>	<u>827,529</u>	<u>849,234</u>	<u>12,649,639</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>10,599</u>	<u>(299,634)</u>	<u>16,483</u>	<u>(3,197,908)</u>
Other financing sources and financing uses:				
Bond premium	-	-	-	805,000
Payment to refunding agent	-	-	-	(709,166)
Refunds of grants	-	-	(71,751)	(71,751)
Transfers In	-	-	305	6,065
Transfers out	<u>-</u>	<u>-</u>	<u>(305)</u>	<u>(6,065)</u>
Total other financing sources and financing	<u>-</u>	<u>-</u>	<u>(71,751)</u>	<u>24,083</u>
<i>Net change in fund balance</i>	10,599	(299,634)	(55,268)	(3,173,825)
Fund balance at beginning of the year	<u>102,778</u>	<u>461,062</u>	<u>133,703</u>	<u>4,636,848</u>
Fund balance at end of the year	<u>\$ 113,377</u>	<u>\$ 161,428</u>	<u>\$ 78,435</u>	<u>\$ 1,463,023</u>

(2 of 2)

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STATE OF NEW MEXICO
MESA VISTA CONSOLIDATED SCHOOL DISTRICT NO. 6

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	\$ (3,173,825)
<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	6,997,585
<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	(473,646)
June 30, 2017	499,852
<p>The issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. These differences in the treatment of long-term debt and related items consist of:</p>	
Current year principal payments	1,415,000
Bonds issued	(805,000)
Bond premium amortization	3,386
<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	44,762
June 30, 2017	(34,468)
<p>Accrued interest at:</p>	
June 30, 2016	36,453
June 30, 2017	(15,103)
Deferred contributions to pension plan	343,998
Pension expense	<u>(547,146)</u>
Change in net position of governmental activities	<u>\$ 3,765,596</u>

STATE OF NEW MEXICO
MESA VISTA CONSOLIDATED SCHOOL DISTRICT NO. 6

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 Final Budget
	Original	Final	(Budgetary Basis)	Positive (Negative)
Revenues:				
Taxes:				
Property	\$ 18,946	\$ 18,946	\$ 17,803	\$ (1,143)
Intergovernmental - federal grants	17,000	17,000	1,811	(15,189)
Intergovernmental - state grants	3,876,234	3,704,875	3,711,977	7,102
Contributions - private grants	2,000	2,000	4,009	2,009
Charges for services	4,000	4,000	6,758	2,758
Investment and interest income	1,100	1,100	-	(1,100)
Miscellaneous	6,500	6,500	12,983	6,483
Total revenues	3,925,780	3,754,421	3,755,341	920
Expenditures:				
Current:				
Instruction	1,696,027	1,622,799	1,536,304	86,495
Support services:				
Students	343,143	369,143	255,065	114,078
General Administration	320,357	320,357	265,657	54,700
School Administration	463,365	575,445	565,255	10,190
Central Services	331,323	317,323	304,725	12,598
Operation & Maintenance of Plant	772,369	720,127	664,325	55,802
Student transportation	349,347	310,962	274,735	36,227
Other Support services	166,329	37,440	-	37,440
Food services operations	70,839	70,839	32,318	38,521
Community services	2,695	-	-	-
Capital outlay	26,653	26,653	-	26,653
Total expenditures	4,542,447	4,371,088	3,898,384	472,704
<i>Excess (deficiency) of revenues over expenditures</i>	<i>(616,667)</i>	<i>(616,667)</i>	<i>(143,043)</i>	<i>473,624</i>
Other financing uses:				
Transfers In	-	-	5,760	5,760
Transfers out	-	-	(15,878)	(15,878)
Total other financing uses	-	-	(10,118)	(10,118)
<i>Net change in fund balance</i>	<i>(616,667)</i>	<i>(616,667)</i>	<i>(153,161)</i>	<i>463,506</i>
<i>Beginning cash balance budgeted</i>	<i>616,667</i>	<i>616,667</i>	<i>-</i>	<i>(616,667)</i>
Fund balance at beginning of the year	-	-	711,379	711,379
Fund balance at end of the year	\$ -	\$ -	558,218	\$ 558,218
RECONCILIATION TO GAAP BASIS:				
Change in property tax receivable			(4)	
Change in due from other governments			27	
Change in payables			805	
Change in deferred property taxes			153	
Fund balance at end of the year (GAAP basis)			\$ 559,199	

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

STATE OF NEW MEXICO
MESA VISTA CONSOLIDATED SCHOOL DISTRICT NO. 6

PRE-K CLASSROOMS FUND - NO. 27177
**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	\$ 345,019	\$ 347,956	\$ 16,882	\$ (331,074)
Expenditures:				
Capital outlay	<u>345,019</u>	<u>347,956</u>	<u>255,358</u>	<u>92,598</u>
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	(238,476)	(238,476)
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>	(238,476)	<u>\$ (238,476)</u>
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			<u>238,476</u>	
Fund balance at end of the year (GAAP basis)			<u>\$ -</u>	

STATE OF NEW MEXICO
MESA VISTA CONSOLIDATED SCHOOL DISTRICT NO. 6

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

ASSETS

Pooled cash and investments	\$ <u>116,590</u>
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LIABILITIES

Deposits held for others	\$ <u>116,590</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

NOTE	PAGE
I. SUMMARY OF ALL SIGNIFICANT ACCOUNTING POLICIES	
A. Reporting Entity	22
1. Blended Component Units	
2. Discretely Presented Component Units	
B. Implementation of New Accounting Principles	22
C. Government-Wide and Fund Financial Statements	28
D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation	28
1. Major Funds	28
E. Assets, Liabilities, and Net Position or Equity	29
II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY	
A. Budgetary Information	34
B. Budgetary Violations	35
C. Deficit Fund Equity	36
III. DETAILED NOTES ON ALL FUNDS	
A. Cash and Temporary Investments	36
B. Receivables	37
C. Inter-Fund Receivables and Payables	37
D. Inter-Fund Transfers	38
E. Capital Assets	38
F. Long-Term Debt	39
IV. OTHER INFORMATION	41

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

I. SUMMARY OF ALL SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Mesa Vista Consolidated 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 Towns of El Rito and Ojo Caliente, 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 Mesa Vista Consolidated School District No. 6 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.

➤ SPECIAL REVENUE FUNDS

Pre-K Classrooms (Fund No. 27177)

Minimum Balance: None

The pre-k program shall address the total development needs of preschool children, including physical, cognitive, social and emotional needs, and shall include health care, nutrition, safety and multicultural sensitivity.

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)

➤ CAPITAL PROJECTS 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.

Special Capital Outlay – State (Fund No. 31400) Minimum Balance: None
This fund provides financing for special appropriation monies received from the State of New Mexico under Chapter 367, Laws of 1993.

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

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.

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)

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.

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
Vehides	5-7
Office equipment	5
Computer equipment	3-5

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)

5. *Compensated absences*

The District policy to permit employees to accumulate earned but unused vacation. 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.

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.

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)

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.

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.

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)

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.

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.

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)

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 \$3,442,534 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 \$248,250 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 \$21,193 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

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

A. Budgetary Information (cont'd)

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.

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	\$ 4,542,447	\$ 4,371,088
<i>Special Revenue Funds:</i>		
Pre-K Classrooms	345,019	347,956
<i>Capital Projects Funds:</i>		
Bond Building	1,570,917	2,865,880
Special Capital Outlay - State	-	-
Capital Improvements SB-9	244,831	244,831
<i>Debt Service Funds:</i>		
Debt Service	1,956,314	1,956,314
Nonmajor Funds:		
Special Revenue Funds	766,785	1,078,673
Capital Projects Funds	-	20,523
Total Budget	\$ 9,426,313	\$ 10,885,265

B. Budgetary Violations

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

Title I	Support Services	\$ 654
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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 had one deficit fund balance of \$1,536 in the Transportation Fund as of June 30, 2017. These deficits will be funded by future grants or by the Operational Fund.

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 \$885,361 and the bank balance was \$1,290,807 with the difference consisting of outstanding checks.

	BALANCE
Financial institution:	
NM Bank & Trust	\$ 748,839
Century Bank	122,027
State agencies:	
New Mexico Finance Authority	419,941
Less net reconciling items	(405,446)
Total cash and equivalents	\$ 885,361
Less agency cash	(116,590)
	\$ 768,771

Of the total cash and cash equivalents balance, \$372,027 was covered by federal depository insurance and \$918,780 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, none of the District's bank deposits was exposed to custodial risk as follows:

	INSURED	UNDER INSURED	TOTAL
Bank deposits:			
Uninsured and uncollateralized	\$ -	\$ -	\$ -
Uninsured and collateral held by pledging bank's trust dept not in the District's name	918,780	-	918,780
Total uninsured	918,780	-	918,780
Insured (FDIC)	372,027	-	372,027
Total deposits	\$ 1,290,807	\$ -	\$ 1,290,807
 State of New Mexico collateral requirement:			
50% of uninsured public fund bank deposits	\$ 459,391	\$ -	\$ 459,391
Pledged security	1,849,219	-	1,849,219
Over collateralization	\$ 1,389,828	\$ -	\$ 1,389,828

The collateral pledged is listed on Page 84 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	\$ 12,096	\$ -	\$ 411	\$ 540,946
Pre-K Classrooms	-	255,359	-	-
Bond Building	-	-	-	-
Capital Improvements SB-9	161,692	-	3,352	106,321
Debt Service	339,967	-	11,968	-
Other Governmental Funds	-	418,585	-	26,677
Total	<u>\$ 513,755</u>	<u>\$ 673,944</u>	<u>\$ 15,731</u>	<u>\$ 673,944</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	\$ 11,735	\$ -
Capital Improvements SB-9	158,738	-
Debt Service	329,379	-
Other Governmental Funds	-	-
Total deferred/unearned revenue for governmental funds	<u>\$ 499,852</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	\$ 540,946	\$ -
Pre-K Classrooms	-	255,359
Capital Improvements SB-9	106,321	-
Other Governmental Funds	26,677	418,585
Total	<u>\$ 673,944</u>	<u>\$ 673,944</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. Inter-Fund Transfers

The inter-fund transfers during the year ended June 30, 2017 were:

	TRANSFER IN	TRANSFER OUT
Major Funds:		
General Funds	\$ 5,760	\$ 5,760
Other Governmental Funds	<u>305</u>	<u>305</u>
Total	\$ 6,065	\$ 6,065

The transfers were to clear funds that are no longer being used and were approved by the New Mexico Department of Education.

E. Capital Assets

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

	BEGINNING	INCREASES	DECREASES	ENDING
Governmental activities:				
<u>Capital assets not being depreciated:</u>				
Land	\$ 292,443	\$ -	\$ -	\$ 292,443
Construction in progress	<u>1,554,469</u>	<u>6,880,719</u>	<u>-</u>	<u>8,435,188</u>
Total capital assets not being depreciated	<u>1,846,912</u>	<u>6,880,719</u>	<u>-</u>	<u>8,727,631</u>
 <u>Capital assets being depreciated:</u>				
Land improvements	959,330	-	-	959,330
Buildings and improvements	17,688,735	-	-	17,688,735
Furniture, fixtures, and equipment	<u>1,932,882</u>	<u>116,867</u>	<u>(115,089)</u>	<u>1,934,660</u>
<i>Total capital assets being depreciated</i>	<u>20,580,947</u>	<u>116,867</u>	<u>(115,089)</u>	<u>20,582,725</u>
 Less accumulated depreciation for:				
Land improvements	(443,312)	(52,323)	-	(495,635)
Buildings and improvements	(7,882,158)	(412,652)	-	(8,294,810)
Furniture, fixtures, and equipment	<u>(1,602,887)</u>	<u>(61,276)</u>	<u>115,089</u>	<u>(1,549,074)</u>
<i>Total accumulated depreciation</i>	<u>(9,928,357)</u>	<u>(526,251)</u>	<u>115,089</u>	<u>(10,339,519)</u>
Total capital assets being depreciated, net	<u>10,652,590</u>	<u>(409,384)</u>	<u>-</u>	<u>10,243,206</u>
Total capital assets, net	\$ 12,499,502	\$ 6,471,335	\$ -	\$ 18,970,837

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

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

E. Capital Assets (cont'd)

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

DEPRECIATION ALLOCATION TO FUNCTIONS	
Instruction	\$ 231,130
Support Services - Students	33,150
Support Services - Instruction	-
Support Services - General Administration	35,454
Support Services - School Administration	59,974
Central Services	31,924
Operations & Maintenance of Plant	85,250
Student Transportation	29,898
Other Support Services	-
Food Services	19,471
Total Depreciation Expense	\$ 526,251

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.

F. 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 2007	\$ 1,700,000	4.00% to 4.25%	\$ -	\$ -
Series 2008	500,000	2.75% to 4.45%	-	-
Series 2013	865,000	0.22% to 1.81%	865,000	50,000
Series 2014	865,000	2.08% to 2.52%	865,000	-
Series 2015	1,785,000	0.60% to 3.74%	1,680,000	-
Series 2016	700,000	1.32% to 1.32%	-	-
Series 2017	805,000	0.10% to 3.45%	805,000	-
Total	\$ 7,220,000		\$ 4,215,000	\$ 50,000

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

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

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

F. Long-Term Debt (cont'd)

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

YEAR ENDING JUNE 30,	PRINCIPAL	INTEREST	TOTAL REQUIREMENTS
2018	\$ 50,000	\$ 44,494	\$ 94,494
2019	270,000	91,351	361,351
2020	270,000	87,598	357,598
2021	275,000	83,044	358,044
2022	280,000	77,640	357,640
2023 - 2027	1,390,000	276,957	1,666,957
2028 - 2032	1,060,000	73,922	1,133,922
2033 - 2037	520,000	4,505	524,505
2038	100,000	50	100,050
Total	\$ 4,215,000	\$ 739,561	\$ 4,954,561

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:

		BEGINNING BALANCE	ADDITIONS	RETIREMENTS	ENDING BALANCE	DUE WITHIN ONE YEAR
Compensated absences:						
Compensated vacation		\$ 44,762	\$ 40,426	\$ 50,720	\$ 34,468	\$ 34,468
Bonds payable:						
<u>Original Amount</u>	<u>Series</u>					
\$ 1,700,000	2007	340,000	-	340,000	-	-
500,000	2008	270,000	-	270,000	-	-
865,000	2013	865,000	-	-	865,000	50,000
865,000	2014	865,000	-	-	865,000	-
1,785,000	2015	1,785,000	-	105,000	1,680,000	-
700,000	2016	700,000	-	700,000	-	-
805,000	2017	-	805,000	-	805,000	-
Total bonds payable		4,825,000	805,000	1,415,000	4,215,000	50,000
		\$ 4,869,762	\$ 845,426	\$ 1,465,720	\$ 4,249,468	\$ 84,468

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

New Debt

The District issued Series 2017 General Obligation Bonds in the amount of \$805,000 on January 27, 2017. The District will make the first interest payment on September 1, 2017 and will make the first principal payment on September 1, 2030. The bond series will mature on August 1, 2026 with interest rate of 0.10% to 3.45%. The District was at 94% bonding capacity after the issuance of GO Series 2017. The proceeds of the issue were used to refund Series 2016 GO Bonds in the amount of \$700,000. The payoff of Series 2016 occurred on the scheduled maturity date of February 1, 2017 and did not result in an economic gain.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

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.

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 or 75 or more; the member is at least sixty-five years of age and has five or more years of earned service credit; or the member has service credit totaling 25 years or more.

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

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

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

IV. OTHER INFORMATION (cont'd)

B. Employee Retirement Plan (cont'd)

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.

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 \$343,998, which equal the amount of the required contributions for each fiscal year.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

IV. OTHER INFORMATION (cont'd)

B. Employee Retirement Plan (cont'd)

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 \$6,345,130 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 0.09704 percent, which was a decrease of 0.00920 percent from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the District recognized pension expense of \$547,146.

PENSION EXPENSE CALCULATION	
Net pension liability - end of the year	\$ 6,983,419
Net pension liability - beginning of the year	(6,345,130)
Deferred outflows of resources during the year	(371,060)
Deferred inflows of resources during the year	(105,312)
Reductions to ending net pension liability due contributions paid	385,229
Total Pension Expense	\$ 547,146

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	\$ 30,297	\$ 66,421
Change of assumptions	142,154	-
Net difference between projected and actual earnings on pension plan investments	416,852	-
Changes in proportion and differences between District contributions and proportionate share of contributions	-	139,414
District contributions subsequent to the measurement date	343,998	-
Total	\$ 933,301	\$ 205,835

Deferred outflows of resources related to pensions in the amount of \$343,998 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	\$ 22,841
2019	73,631
2020	185,342
2021	101,654
2022	-
Thereafter	-
Total	\$ 383,468

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

IV. OTHER INFORMATION (cont'd)

B. Employee Retirement Plan (cont'd)

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.

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	2015
	<u>Long-Term Expected Real Rate of Return</u>	<u>Long-Term Expected 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 6.75%	Assumption 7.75%	1% Increase 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
2014	\$	7,763,304,829	\$ 5,705,730,813	\$ 3,987,098,791
Mesa Vista Schools				
2016	\$	9,249,376	\$ 6,983,419	\$ 5,103,315
2015	\$	8,537,796	\$ 6,345,130	\$ 4,503,062
2014	\$	7,778,821	\$ 5,717,133	\$ 3,995,196

C. Post-Retirement Health Care Benefits

Plan Description

Mesa Vista Consolidated School District No. 6 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

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

IV. OTHER INFORMATION (cont'd)

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

Funding Policy

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

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

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. For employees that were members of an enhanced retirement plan (state police and adult correctional officer member coverage plan 1; municipal police member coverage plans 3, 4 or 5; municipal fire member coverage plan 3, 4 or 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act) during the fiscal year ended June 30, 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 \$50,458, which equal the required contributions for the fiscal 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 12, 2017 which is the date the financial statements were available to be issued.

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	0.097040%	0.097960%	0.100200%
District's proportionate share of the net pension liability	\$ 6,983,419	\$ 6,345,130	\$ 5,717,133
District's covered-employee payroll	\$ 2,771,432	\$ 2,784,611	\$ 2,761,967
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	251.98%	227.86%	206.99%
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	\$ 385,229	\$ 387,061	\$ 363,173
Contributions in relation to the contractually required	<u>(385,229)</u>	<u>(387,076)</u>	<u>(363,173)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ (15)</u>	<u>\$ -</u>
District's Covered-employee Payroll	\$ 2,771,432	\$ 2,784,611	\$ 2,761,967
Contribution as a percentage of covered-employee payroll	13.90%	13.90%	13.15%

* 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.

TEACHERAGE FUND (Fund No. 12000)

Accounts for all financial resources used in the housing of teachers.

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
MESA VISTA CONSOLIDATED SCHOOL DISTRICT NO. 6

GENERAL FUNDS
Combining Balance Sheet
June 30, 2017

	Operational <u>Fund #11000</u>	Teacherage <u>Fund #12000</u>	Transportation <u>Fund #13000</u>	Instructional Materials <u>Fund #14000</u>	Total General <u>Funds</u>
Assets					
Cash and cash equivalents	\$ -	\$ 26,453	\$ -	\$ 2,146	\$ 28,599
Receivables:					
Property taxes	12,096	-	-	-	12,096
Due from other governments	411	-	-	-	411
Due from other funds	<u>540,946</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>540,946</u>
Total assets	<u>\$ 553,453</u>	<u>\$ 26,453</u>	<u>\$ -</u>	<u>\$ 2,146</u>	<u>\$ 582,052</u>
 Liabilities, deferred inflows and fund balance					
Liabilities:					
Accounts payable	\$ 9,582	\$ -	\$ 1,536	\$ -	\$ 11,118
Deferred inflows of resources:					
Delinquent property taxes	11,735	-	-	-	11,735
Fund balance:					
Unassigned	<u>532,136</u>	<u>26,453</u>	<u>(1,536)</u>	<u>2,146</u>	<u>559,199</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 553,453</u>	<u>\$ 26,453</u>	<u>\$ -</u>	<u>\$ 2,146</u>	<u>\$ 582,052</u>

STATE OF NEW MEXICO
MESA VISTA CONSOLIDATED SCHOOL DISTRICT NO. 6

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

	<u>Operational</u> <u>Fund #11000</u>	<u>Teacherage</u> <u>Fund #12000</u>	<u>Transportation</u> <u>Fund #13000</u>	<u>Instructional</u> <u>Materials</u> <u>Fund #14000</u>	<u>Total General</u> <u>Fund</u>
Revenues:					
Taxes:					
Property	\$ 17,980	\$ -	\$ -	\$ -	\$ 17,980
Intergovernmental - federal grants	1,811	-	-	-	1,811
Intergovernmental - state grants	3,442,534	-	248,250	21,193	3,711,977
Contributions - private grants	4,009	-	-	-	4,009
Charges for services	4,458	2,300	-	-	6,758
Miscellaneous	<u>12,983</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,983</u>
Total revenue	<u>3,483,775</u>	<u>2,300</u>	<u>248,250</u>	<u>21,193</u>	<u>3,755,518</u>
Expenditures:					
Current:					
Instruction	1,533,057	-	-	13,287	1,546,344
Support services:					
Students	252,237	-	-	-	252,237
General Administration	265,657	-	-	-	265,657
School Administration	564,284	-	-	-	564,284
Central Services	304,725	-	-	-	304,725
Operation & Maintenance of Plant	666,743	-	-	-	666,743
Student transportation	26,485	-	248,905	-	275,390
Food services operations	<u>32,318</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>32,318</u>
Total expenditures	<u>3,645,506</u>	<u>-</u>	<u>248,905</u>	<u>13,287</u>	<u>3,907,698</u>
<i>Excess (deficiency) of revenues</i>					
<i>over expenditures</i>	<u>(161,731)</u>	<u>2,300</u>	<u>(655)</u>	<u>7,906</u>	<u>(152,180)</u>
Other financing uses:					
Transfers In	5,760	-	-	-	5,760
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,760)</u>	<u>(5,760)</u>
Total other financing uses	<u>5,760</u>	<u>-</u>	<u>-</u>	<u>(5,760)</u>	<u>-</u>
<i>Net change in fund balance</i>	(155,971)	2,300	(655)	2,146	(152,180)
Fund balance at beginning of the year	<u>688,107</u>	<u>24,153</u>	<u>(881)</u>	<u>-</u>	<u>711,379</u>
Fund balance at end of the year	<u>\$ 532,136</u>	<u>\$ 26,453</u>	<u>\$ (1,536)</u>	<u>\$ 2,146</u>	<u>\$ 559,199</u>

STATE OF NEW MEXICO
MESA VISTA CONSOLIDATED SCHOOL DISTRICT NO. 6

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 Final Budget
	Original	Final	(Budgetary Basis)	Positive (Negative)
Revenues:				
Taxes:				
Property	\$ 18,946	\$ 18,946	\$ 17,803	\$ (1,143)
Intergovernmental - federal grants	17,000	17,000	1,811	(15,189)
Intergovernmental - state grants	3,572,227	3,443,338	3,442,534	(804)
Contributions - private grants	2,000	2,000	4,009	2,009
Charges for services	1,400	1,400	4,458	3,058
Investment and interest income	1,100	1,100	-	(1,100)
Miscellaneous	6,500	6,500	12,983	6,483
Total revenues	<u>3,619,173</u>	<u>3,490,284</u>	<u>3,483,598</u>	<u>(6,686)</u>
Expenditures:				
Current:				
Instruction	1,678,655	1,609,512	1,523,017	86,495
Support services:				
Students	343,143	369,143	255,065	114,078
General Administration	320,357	320,357	265,657	54,700
School Administration	463,365	575,445	565,255	10,190
Central Services	331,323	317,323	304,725	12,598
Operation & Maintenance of Plant	772,369	720,127	664,325	55,802
Student transportation	62,712	62,712	26,485	36,227
Other Support services	166,329	37,440	-	37,440
Food services operations	70,839	70,839	32,318	38,521
Community services	2,695	-	-	-
Total expenditures	<u>4,211,787</u>	<u>4,082,898</u>	<u>3,636,847</u>	<u>446,051</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(592,614)</u>	<u>(592,614)</u>	<u>(153,249)</u>	<u>439,365</u>
Other financing uses:				
Transfers In	-	-	5,760	5,760
Transfers out	-	-	(10,118)	(10,118)
Total other financing uses	<u>-</u>	<u>-</u>	<u>(4,358)</u>	<u>(4,358)</u>
<i>Net change in fund balance</i>	(592,614)	(592,614)	(157,607)	435,007
<i>Beginning cash balance budgeted</i>	592,614	592,614	-	(592,614)
Fund balance at beginning of the year	-	-	688,107	688,107
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	<u>530,500</u>	<u>\$ 530,500</u>
RECONCILIATION TO GAAP BASIS:				
Change in property tax receivable			(4)	
Change in due from other governments			27	
Change in payables			1,460	
Change in deferred property taxes			153	
Fund balance at end of the year (GAAP basis)			<u>\$ 532,136</u>	

STATE OF NEW MEXICO
MESA VISTA CONSOLIDATED SCHOOL DISTRICT NO. 6

TEACHERAGE FUND - NO. 12000
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:				
Charges for services	\$ 2,600	\$ 2,600	\$ 2,300	\$ (300)
Expenditures:				
Capital outlay	<u>26,653</u>	<u>26,653</u>	-	<u>26,653</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(24,053)	(24,053)	2,300	26,353
<i>Beginning cash balance budgeted</i>	24,053	24,053	-	(24,053)
Fund balance at beginning of the year	<u>-</u>	<u>-</u>	<u>24,153</u>	<u>24,153</u>
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	<u>26,453</u>	<u>\$ 26,453</u>
RECONCILIATION TO GAAP BASIS:				
Change in payables			<u>-</u>	
Fund balance at end of the year (GAAP basis)			<u>\$ 26,453</u>	

STATE OF NEW MEXICO
MESA VISTA CONSOLIDATED SCHOOL DISTRICT NO. 6

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	\$ 286,635	\$ 248,250	\$ 248,250	\$ -
Expenditures:				
Current:				
Support services:				
Student transportation	286,635	248,250	248,250	-
<i>Excess of revenues over expenditures</i>	-	-	-	-
Fund balance (deficit) at beginning of the year	-	-	(881)	(881)
Fund balance at end of the year	\$ -	\$ -	(881)	\$ (881)
RECONCILIATION TO GAAP BASIS:				
Change in payables			(655)	
Fund balance (deficit) at end of the year (GAAP basis)			\$ (1,536)	

STATE OF NEW MEXICO
MESA VISTA CONSOLIDATED SCHOOL DISTRICT NO. 6

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
	Original	Final		Positive (Negative)
Revenues:				
Intergovernmental - state grants	\$ 17,372	\$ 13,287	\$ 21,193	\$ 7,906
Expenditures:				
Current:				
Instruction	17,372	13,287	13,287	-
<i>Excess of revenues over expenditures</i>	-	-	7,906	7,906
Other financing uses:				
Transfers out	-	-	(5,760)	(5,760)
<i>Net change in fund balance</i>	-	-	2,146	2,146
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	\$ -	\$ -	2,146	\$ 2,146
RECONCILIATION TO GAAP BASIS:				
Change in payables			-	
Fund balance at end of the year (GAAP basis)			\$ 2,146	

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MAJOR CAPITAL PROJECTS FUNDS
&
MAJOR DEBT SERVICE FUND

STATE OF NEW MEXICO
MESA VISTA CONSOLIDATED SCHOOL DISTRICT NO. 6

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:				
Current:				
Support services:				
Operation & Maintenance of Plant	100,000	100,000	-	100,000
Capital outlay	<u>1,470,917</u>	<u>2,765,880</u>	<u>2,749,846</u>	<u>16,034</u>
Total expenditures	<u>1,570,917</u>	<u>2,865,880</u>	<u>2,749,846</u>	<u>116,034</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(1,570,917)	(2,865,880)	(2,749,846)	116,034
Other financing sources:				
Sale of bonds	-	<u>1,294,963</u>	<u>2,078,530</u>	<u>783,567</u>
<i>Net change in fund balance</i>	(1,570,917)	(1,570,917)	(671,316)	899,601
<i>Beginning cash balance budgeted</i>	1,570,917	1,570,917	-	(1,570,917)
Fund balance at beginning of the year	<u>-</u>	<u>-</u>	<u>3,227,926</u>	<u>3,227,926</u>
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	<u>2,556,610</u>	<u>\$ 2,556,610</u>
RECONCILIATION TO GAAP BASIS:				
Change in bond sales			(1,296,860)	
Change in bond refunding			<u>(709,166)</u>	
Fund balance at end of the year (GAAP basis)			<u>\$ 550,584</u>	

STATE OF NEW MEXICO
MESA VISTA CONSOLIDATED SCHOOL DISTRICT NO. 6

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	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Current:				
Instruction	-	-	-	-
Debt service:				
<i>Excess of revenues over expenditures</i>	-	-	-	-
Other financing uses:				
Transfers In	-	-	284	284
<i>Net change in fund balance</i>	-	-	284	284
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	284	<u>\$ 284</u>
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			(284)	
Change in state contributions			3,875,514	
Change in capital outlays			<u>(3,875,514)</u>	
Fund balance at end of the year (GAAP basis)			<u>\$ -</u>	

STATE OF NEW MEXICO
MESA VISTA CONSOLIDATED SCHOOL DISTRICT NO. 6

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	\$ 149,752	\$ 149,752	\$ 142,130	\$ (7,622)
Miscellaneous	-	-	15,465	15,465
Total revenues	149,752	149,752	157,595	7,843
Expenditures:				
Current:				
Support services:				
General Administration	1,498	1,498	1,421	77
Operation & Maintenance of Plant	188,079	188,079	147,093	40,986
Capital outlay	55,254	55,254	-	55,254
Total expenditures	244,831	244,831	148,514	96,317
<i>Excess (deficiency) of revenues over expenditures</i>	(95,079)	(95,079)	9,081	104,160
<i>Beginning cash balance budgeted</i>	95,079	95,079	-	(95,079)
Fund balance at beginning of the year	-	-	102,778	102,778
Fund balance at end of the year	\$ -	\$ -	111,859	\$ 111,859
RECONCILIATION TO GAAP BASIS:				
Change in property tax receivable			57,440	
Change in due from other governments			163	
Change in state contributions			92	
Change in deferred property taxes			(56,177)	
Fund balance at end of the year (GAAP basis)			\$ 113,377	

STATE OF NEW MEXICO
MESA VISTA CONSOLIDATED SCHOOL DISTRICT NO. 6

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	\$ 1,530,583	\$ 1,530,583	\$ 522,636	\$ (1,007,947)
Expenditures:				
Current:				
Support services:				
General Administration	15,306	15,306	5,226	10,080
Debt service:				
Principal retirement	1,415,000	1,415,000	715,000	700,000
Bond interest paid	115,584	115,584	106,659	8,925
Debt service reserves	410,424	410,424	644	409,780
Total expenditures	<u>1,956,314</u>	<u>1,956,314</u>	<u>827,529</u>	<u>1,128,785</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(425,731)	(425,731)	(304,893)	120,838
<i>Beginning cash balance budgeted</i>	425,731	425,731	-	(425,731)
Fund balance at beginning of the year	-	-	461,062	461,062
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	<u>156,169</u>	<u>\$ 156,169</u>
RECONCILIATION TO GAAP BASIS:				
Change in property tax receivable			(25,303)	
Change in due from other governments			697	
Change in bond sales			47	
Change in deferred property taxes			29,818	
Fund balance at end of the year (GAAP basis)			<u>\$ 161,428</u>	

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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.

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.

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.

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. 24118) 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.

IDEA-B "Risk Pool" (Fund No. 24120) Minimum Balance: None
The IDEA-B "Risk Pool" program is to provide 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.

IDEA-B Student Success (Fund No. 24132) Minimum Balance: None
The purpose of this grant award is to support activities included in the school's Educational Plan for Student Success, or areas in need of improvement, identified through the instructional audit. The program is funded by the United States government, under the Individuals with Disabilities Act, Public Law 108-446 Part B.

Title III English Language (Fund No. 24153) Minimum Balance: None
To ensure that limited English proficient children (LEP) and youth, including immigrant children and youth, attain English proficiency and meet the same standards as all children and youth are expected to meet; to provide assistance to Native American, Native Hawaiian, Native American Pacific Islander, and Alaskan native children with certain modifications relative to the unique status of native American language under Federal Law; to develop to the extent possible, the native language skills of such children. The fund is authorized through the Elementary and Secondary Education Act (ESEA), as amended, Title III, Part A, Sections 3101,3129.

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.

NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2017

Nonmajor Special Revenue Funds (cont'd)

Title I School Improvement (Fund No. 24162)	Minimum Balance: None
To develop parental involvement in the school curriculum. The program is funded by the United States government under P.L. 100-297.	
USDA Equipment (Fund No. 24183)	Minimum Balance: None
For providing equipment to improve school food services. Authorization (040): Richard B. Russell National School Lunch Act, as amended, 42 U.S.C. 1751, 1758, 1759a, 1761, 1765, 1766, 1769, 1772, 1773, 1779; School Breakfast Program (SBP); Child Nutrition Act of 1966, as amended, Public Laws 108-265, 104-193, 100-435, 99-661, 97-35; Special Milk Program (SMP); Child Nutrition Act of 1966, as amended; Child and Adult Care Food Program (CACFP); 89 Stat. 522-525, Summer Food Service Program (SFSP); Public Law 111-5. The 2010 Agriculture Appropriations Act (Public Law 111-80).	
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.	
Elementary School Counseling (Fund No. 25215)	Minimum Balance: None
To conduct nationally significant programs to improve the quality of education, assist all students to meet challenging State content standards, and contribute to the achievement of elementary and secondary students. Authorized through Elementary and Secondary Education Act of 1965 (ESEA), as amended, Title V, Part D, Subpart 1.	
Rural Education Achievement (Fund No. 25233)	Minimum Balance: None
To provide financial assistance to rural districts to carry out activities to help improve the quality of teaching and learning in their schools. Authorization: Elementary and Secondary Education Act, as amended, Title VI, Part B.	
LANL Foundation (Fund No. 26113)	Minimum Balance: None
Local grant sponsored by Los Alamos National Laboratory that was used to provide a scholarship to a senior high student that was to be used in a four-year program for educational efforts in pursuing an engineering degree at a New Mexico college or university.	
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.	
Libraries GO Bond 2010 (Fund No. 27106)	
To be used to fund each library facility for improvement or acquisition and to acquire library books and library resources to support the library program. Funds generated by GO Bonds may not be used to supplant existing or prior library material funding within school districts receiving these monies. This funding will supplement and be in addition to current and existing funding. Authorized through Senate Bill 2010 SB333	
Library Go Bonds 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.	
Pre-K Initiative (Fund No. 27149)	Minimum Balance: None
The pre-k program shall address the total development needs of preschool children, including physical, cognitive, social and emotional needs, and shall include health care, nutrition, safety and multicultural sensitivity.	
Breakfast for Elementary Students (Fund No. 27155)	Minimum Balance: None
To provide elementary students with the nutrition necessary to facilitate learning.	
School Bus Replacement (Fund No. 27178)	Minimum Balance: None
To provide for the purchase of school buses.	

NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2017

Nonmajor Special Revenue Funds (cont'd)

STEM/HARD to Staff (Fund No. 27195)

Minimum Balance: None

The purpose of these funds is to provide a \$5,000 stipend per year to 125 highly effective STEM teachers to teach Science, Technology, Engineering, or Mathematics (grades 7-12) for two years to serve in hard to staff (low performing CD/F), rural, urban) schools. These funds can be used as a stipend to recruit these hard-to-staff experts to teach in hard to staff schools or to attract and retain these teachers in low-performing schools. The New Mexico Public Education Department's (PED's) Math and Science and Licensure Bureaus are issuing this RFI to all New Mexico public school districts, state chartered schools and state-supported schools that have been determined as "hard to staff".

State Directed Activities (Fund No. 27200)

Minimum Balance: None

To account for funds received from the New Mexico Public Education Department for the support and direct services, including technical assistance, preparation and professional development and training. To support capacity building activities and improve the delivery of services by local agencies to improve results for children with disabilities.

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.

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

STATE OF NEW MEXICO
MESA VISTA CONSOLIDATED SCHOOL DISTRICT NO. 6

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

Special Revenue Funds

	<u>Food Service Fund #21000</u>	<u>Athletics Fund #22000</u>	<u>Title I Fund #24101</u>	<u>Entitlement IDEA-B Fund #24106</u>	<u>Preschool IDEA-B Fund #24109</u>
Assets					
Cash and cash equivalents	\$ 104	\$ 7,947	\$ -	\$ -	\$ -
Receivables:					
Grant	-	-	22,540	37,253	4,486
Due from other funds	-	-	-	-	-
Food inventory	<u>2,089</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 2,193</u>	<u>\$ 7,947</u>	<u>\$ 22,540</u>	<u>\$ 37,253</u>	<u>\$ 4,486</u>
 Liabilities, deferred inflows and fund balance					
Liabilities:					
Due to other funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,540</u>	<u>\$ 37,253</u>	<u>\$ 4,486</u>
Fund balance:					
Non-spendable:					
Inventories	2,089	-	-	-	-
Restricted for:					
Special revenue funds	<u>104</u>	<u>7,947</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balance	<u>2,193</u>	<u>7,947</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 2,193</u>	<u>\$ 7,947</u>	<u>\$ 22,540</u>	<u>\$ 37,253</u>	<u>\$ 4,486</u>

(cont'd; 1 of 7)

STATE OF NEW MEXICO
MESA VISTA CONSOLIDATED SCHOOL DISTRICT NO. 6

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

	Special Revenue Funds			
	Fresh Fruits and Vegetables Fund #24118	IDEA-B "Risk Pool" Fund #24120	IDEA-B Student Success Fund #24132	Title III English Language Fund #24153
Assets				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Receivables:				
Grant	399	11,959	46,116	-
Due from other funds	-	-	-	-
Food inventory	-	-	-	-
Total assets	\$ 399	\$ 11,959	\$ 46,116	\$ -
 Liabilities, deferred inflows and fund balance				
Liabilities:				
Due to other funds	\$ 399	\$ 11,959	\$ 46,116	\$ -
Fund balance:				
Non-spendable:				
Inventories	-	-	-	-
Restricted for:				
Special revenue funds	-	-	-	-
Total fund balance	-	-	-	-
Total liabilities and fund balance	\$ 399	\$ 11,959	\$ 46,116	\$ -

(cont'd; 2 of 7)

STATE OF NEW MEXICO
MESA VISTA CONSOLIDATED SCHOOL DISTRICT NO. 6

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

	Special Revenue Funds			
	Title II Teacher Quality Fund #24154	Title I School Improvement Fund #24162	USDA Equipment Fund #24183	Title XIX Medicaid Fund #25153
Assets				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 41,618
Receivables:				
Grant	7,016	20,797	22,156	-
Due from other funds	-	-	-	-
Food inventory	-	-	-	-
Total assets	<u>\$ 7,016</u>	<u>\$ 20,797</u>	<u>\$ 22,156</u>	<u>\$ 41,618</u>
 Liabilities, deferred inflows and fund balance				
Liabilities:				
Due to other funds	<u>\$ 7,016</u>	<u>\$ 20,797</u>	<u>\$ 22,156</u>	<u>\$ -</u>
Fund balance:				
Non-spendable:				
Inventories	-	-	-	-
Restricted for:				
Special revenue funds	-	-	-	41,618
Total fund balance	-	-	-	41,618
Total liabilities and fund balance	<u>\$ 7,016</u>	<u>\$ 20,797</u>	<u>\$ 22,156</u>	<u>\$ 41,618</u>

(cont'd; 3 of 7)

STATE OF NEW MEXICO
MESA VISTA CONSOLIDATED SCHOOL DISTRICT NO. 6

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

	Special Revenue Funds			
	Elementary School Counseling Fund #25215	Rural Education Achievement Fund #25233	LANL Foundation Fund #26113	Dual Credit Instructional Materials Fund #27103
Assets				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Receivables:				
Grant	-	24,361	-	722
Due from other funds	-	-	26,677	-
Food inventory	-	-	-	-
Total assets	<u>\$ -</u>	<u>\$ 24,361</u>	<u>\$ 26,677</u>	<u>\$ 722</u>
 Liabilities, deferred inflows and fund balance				
Liabilities:				
Due to other funds	<u>\$ -</u>	<u>\$ 24,361</u>	<u>\$ -</u>	<u>\$ 722</u>
Fund balance:				
Non-spendable:				
Inventories	-	-	-	-
Restricted for:				
Special revenue funds	-	-	26,677	-
Total fund balance	-	-	26,677	-
Total liabilities and fund balance	<u>\$ -</u>	<u>\$ 24,361</u>	<u>\$ 26,677</u>	<u>\$ 722</u>

(cont'd; 4 of 7)

STATE OF NEW MEXICO
MESA VISTA CONSOLIDATED SCHOOL DISTRICT NO. 6

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

	Special Revenue Funds			
	<u>Libraries GO Bond 2010 Fund #27106</u>	<u>Libraries GO Bond 2012 Fund #27107</u>	<u>Reads to Lead Fund #27114</u>	<u>Pre-K Initiative Fund #27149</u>
Assets				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Receivables:				
Grant	-	-	49,020	67,284
Due from other funds	-	-	-	-
Food inventory	-	-	-	-
Total assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 49,020</u>	<u>\$ 67,284</u>
 Liabilities, deferred inflows and fund balance				
Liabilities:				
Due to other funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 49,020</u>	<u>\$ 67,284</u>
Fund balance:				
Non-spendable:				
Inventories	-	-	-	-
Restricted for:				
Special revenue funds	-	-	-	-
Total fund balance	-	-	-	-
Total liabilities and fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 49,020</u>	<u>\$ 67,284</u>

(cont'd; 5 of 7)

STATE OF NEW MEXICO
MESA VISTA CONSOLIDATED SCHOOL DISTRICT NO. 6

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

	Special Revenue Funds			
	Breakfast for Elementary Students <u>Fund #27155</u>	School Bus Replacement <u>Fund #27178</u>	STEM/HARD to Staff <u>Fund #27195</u>	State Directed Activities <u>Fund #27200</u>
Assets				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Receivables:				
Grant	340	85,911	18,225	-
Due from other funds	-	-	-	-
Food inventory	-	-	-	-
Total assets	\$ 340	\$ 85,911	\$ 18,225	\$ -
 Liabilities, deferred inflows and fund balance				
Liabilities:				
Due to other funds	\$ 340	\$ 85,911	\$ 18,225	\$ -
Fund balance:				
Non-spendable:				
Inventories	-	-	-	-
Restricted for:				
Special revenue funds	-	-	-	-
Total fund balance	-	-	-	-
Total liabilities and fund balance	\$ 340	\$ 85,911	\$ 18,225	\$ -

(cont'd; 6 of 7)

STATE OF NEW MEXICO
MESA VISTA CONSOLIDATED SCHOOL DISTRICT NO. 6

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

	Total Non-Major Special Revenue <u>Funds</u>	State SB-9 Match <u>Fund #31700</u>	Total Nonmajor Governmental <u>Funds</u>
Assets			
Cash and cash equivalents	\$ 49,669	\$ -	\$ 49,669
Receivables:			
Grant	418,585	-	418,585
Due from other funds	26,677	-	26,677
Food inventory	<u>2,089</u>	<u>-</u>	<u>2,089</u>
Total assets	<u>\$ 497,020</u>	<u>\$ -</u>	<u>\$ 497,020</u>
 Liabilities, deferred inflows and fund balance			
Liabilities:			
Due to other funds	<u>\$ 418,585</u>	<u>\$ -</u>	<u>\$ 418,585</u>
Fund balance:			
Non-spendable:			
Inventories	2,089	-	2,089
Restricted for:			
Special revenue funds	<u>76,346</u>	<u>-</u>	<u>76,346</u>
Total fund balance	<u>78,435</u>	<u>-</u>	<u>78,435</u>
Total liabilities and fund balance	<u>\$ 497,020</u>	<u>\$ -</u>	<u>\$ 497,020</u>

(7 of 7)

STATE OF NEW MEXICO
MESA VISTA CONSOLIDATED SCHOOL DISTRICT NO. 6

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

	Special Revenue Funds				
	Food Service Fund #21000	Athletics Fund #22000	Title I Fund #24101	Entitlement IDEA-B Fund #24106	Preschool IDEA-B Fund #24109
Revenues:					
Intergovernmental - federal grants	\$ 129,186	\$ -	\$ 50,775	\$ 95,681	\$ 3,681
Intergovernmental - state grants	-	-	-	-	-
Charges for services	4,152	45,731	-	-	-
Miscellaneous	<u>180</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>133,518</u>	<u>45,731</u>	<u>50,775</u>	<u>95,681</u>	<u>3,681</u>
Expenditures:					
Current:					
Instruction	-	42,595	38,677	94,954	3,654
Support services:					
Students	-	-	-	-	-
General Administration	-	-	3,909	422	332
School Administration	-	-	8,189	-	-
Student transportation	-	-	-	-	-
Food services operations	149,580	-	-	-	-
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>149,580</u>	<u>42,595</u>	<u>50,775</u>	<u>95,376</u>	<u>3,986</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(16,062)</u>	<u>3,136</u>	<u>-</u>	<u>305</u>	<u>(305)</u>
Other financing uses:					
Refunds of grants	-	-	-	-	-
Transfers In	-	-	-	-	305
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>(305)</u>	<u>-</u>
Total other financing uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>(305)</u>	<u>305</u>
<i>Net change in fund balance</i>	(16,062)	3,136	-	-	-
Fund balance at beginning of the year	<u>18,255</u>	<u>4,811</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of the year	<u>\$ 2,193</u>	<u>\$ 7,947</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(cont'd; 1 of 6)

STATE OF NEW MEXICO
MESA VISTA CONSOLIDATED SCHOOL DISTRICT NO. 6

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 Fund #24118	IDEA-B "Risk Pool" Fund #24120	IDEA-B Student Success Fund #24132	Title III English Language Fund #24153	Title II Teacher Quality Fund #24154
Revenues:					
Intergovernmental - federal grants	\$ 399	\$ 11,959	\$ 56,627	\$ -	\$ 14,812
Intergovernmental - state grants	-	-	-	-	-
Charges for services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total revenues	<u>399</u>	<u>11,959</u>	<u>56,627</u>	<u>-</u>	<u>14,812</u>
Expenditures:					
Current:					
Instruction	-	-	51,869	-	13,998
Support services:					
Students	-	3,159	-	-	-
General Administration	-	-	4,758	-	814
School Administration	-	-	-	-	-
Student transportation	-	-	-	-	-
Food services operations	399	-	-	-	-
Capital outlay	-	8,800	-	-	-
Total expenditures	<u>399</u>	<u>11,959</u>	<u>56,627</u>	<u>-</u>	<u>14,812</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing uses:					
Refunds of grants	-	-	-	-	-
Transfers In	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	-	-	-
Fund balance at beginning of the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(cont'd; 2 of 6)

STATE OF NEW MEXICO
MESA VISTA CONSOLIDATED SCHOOL DISTRICT NO. 6

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

	Special Revenue Funds				
	Title I School Improvement Fund #24162	USDA Equipment Fund #24183	Title XIX Medicaid Fund #25153	Elementary School Counseling Fund #25215	Rural Education Achievement Fund #25233
Revenues:					
Intergovernmental - federal grants	\$ 19,651	\$ 22,156	\$ 35,822	\$ 65,560	\$ 20,265
Intergovernmental - state grants	-	-	-	-	-
Charges for services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total revenues	<u>19,651</u>	<u>22,156</u>	<u>35,822</u>	<u>65,560</u>	<u>20,265</u>
Expenditures:					
Current:					
Instruction	19,651	-	-	-	20,265
Support services:					
Students	-	-	6,085	54,952	-
General Administration	-	-	-	10,608	-
School Administration	-	-	-	-	-
Student transportation	-	-	-	-	-
Food services operations	-	-	-	-	-
Capital outlay	-	22,156	-	-	-
Total expenditures	<u>19,651</u>	<u>22,156</u>	<u>6,085</u>	<u>65,560</u>	<u>20,265</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>29,737</u>	<u>-</u>	<u>-</u>
Other financing uses:					
Refunds of grants	-	-	-	-	-
Transfers In	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	29,737	-	-
Fund balance at beginning of the year	-	-	11,881	-	-
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 41,618</u>	<u>\$ -</u>	<u>\$ -</u>

(cont'd; 3 of 6)

STATE OF NEW MEXICO
MESA VISTA CONSOLIDATED SCHOOL DISTRICT NO. 6

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

	Special Revenue Funds				
	LANL Foundation Fund #26113	Dual Credit Instructional Materials Fund #27103	Libraries GO Bond 2010 Fund #27106	Libraries GO Bond 2012 Fund #27107	Reads to Lead Fund #27114
Revenues:					
Intergovernmental - federal grants	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental - state grants	-	2,526	-	-	77,616
Charges for services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total revenues	<u>-</u>	<u>2,526</u>	<u>-</u>	<u>-</u>	<u>77,616</u>
Expenditures:					
Current:					
Instruction	328	2,526	-	-	70,083
Support services:					
Students	-	-	-	-	-
General Administration	-	-	-	-	7,533
School Administration	-	-	-	-	-
Student transportation	-	-	-	-	-
Food services operations	-	-	-	-	-
Capital outlay	-	-	-	-	-
Total expenditures	<u>328</u>	<u>2,526</u>	<u>-</u>	<u>-</u>	<u>77,616</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(328)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing uses:					
Refunds of grants	-	-	-	-	-
Transfers In	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	(328)	-	-	-	-
Fund balance at beginning of the year	<u>27,005</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of the year	<u>\$ 26,677</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(cont'd; 4 of 6)

STATE OF NEW MEXICO
MESA VISTA CONSOLIDATED SCHOOL DISTRICT NO. 6

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

	Special Revenue Funds				
	Pre-K Initiative Fund #27149	Breakfast for Elementary Students Fund #27155	School Bus Replacement Fund #27178	STEM/HARD to Staff Fund #27195	State Directed Activities Fund #27200
Revenues:					
Intergovernmental - federal grants	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental - state grants	101,239	3,563	85,911	18,225	-
Charges for services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total revenues	<u>101,239</u>	<u>3,563</u>	<u>85,911</u>	<u>18,225</u>	<u>-</u>
Expenditures:					
Current:					
Instruction	90,178	-	-	18,225	-
Support services:					
Students	-	-	-	-	-
General Administration	1,061	-	-	-	-
School Administration	-	-	-	-	-
Student transportation	10,000	-	-	-	-
Food services operations	-	3,563	-	-	-
Capital outlay	-	-	85,911	-	-
Total expenditures	<u>101,239</u>	<u>3,563</u>	<u>85,911</u>	<u>18,225</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing uses:					
Refunds of grants	-	-	-	-	(71,751)
Transfers In	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(71,751)</u>
<i>Net change in fund balance</i>	-	-	-	-	(71,751)
Fund balance at beginning of the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>71,751</u>
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(cont'd; 5 of 6)

STATE OF NEW MEXICO
MESA VISTA CONSOLIDATED SCHOOL DISTRICT NO. 6

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

	Total Nonmajor Special Revenue Funds	State SB-9 Match Fund #31700	Total Nonmajor Governmental Funds
Revenues:			
Intergovernmental - federal grants	\$ 526,574	\$ -	\$ 526,574
Intergovernmental - state grants	289,080	-	289,080
Charges for services	49,883	-	49,883
Miscellaneous	<u>180</u>	<u>-</u>	<u>180</u>
Total revenues	<u>865,717</u>	<u>-</u>	<u>865,717</u>
Expenditures:			
Current:			
Instruction	467,003	-	467,003
Support services:			
Students	64,196	-	64,196
General Administration	29,437	-	29,437
School Administration	8,189	-	8,189
Student transportation	10,000	-	10,000
Food services operations	153,542	-	153,542
Capital outlay	<u>116,867</u>	<u>-</u>	<u>116,867</u>
Total expenditures	<u>849,234</u>	<u>-</u>	<u>849,234</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>16,483</u>	<u>-</u>	<u>16,483</u>
Other financing uses:			
Refunds of grants	(71,751)	-	(71,751)
Transfers In	305	-	305
Transfers out	<u>(305)</u>	<u>-</u>	<u>(305)</u>
Total other financing uses	<u>(71,751)</u>	<u>-</u>	<u>(71,751)</u>
<i>Net change in fund balance</i>	(55,268)	-	(55,268)
Fund balance at beginning of the year	<u>133,703</u>	<u>-</u>	<u>133,703</u>
Fund balance at end of the year	<u>\$ 78,435</u>	<u>\$ -</u>	<u>\$ 78,435</u>

(6 of 6)

STATE REQUIRED DISCLOSURES

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

STATE OF NEW MEXICO
MESA VISTA CONSOLIDATED SCHOOL DISTRICT NO. 6

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

Activity		Balance				Balance
<u>Fund</u>	<u>ASSETS</u>	<u>June 30, 2016</u>	<u>Receipts</u>	<u>Disbursements</u>		<u>June 30, 2017</u>
23130	Central Office	\$ 755	\$ 1,488	\$ 1,272		\$ 971
23131	Flower Acct. (Bereavement)	20	-	-		20
23199	Interest Clearing	1,715	428	3		2,140
23211	Class Of 2011	1,891	-	-		1,891
23212	Class Of 2012	308	-	-		308
23213	Class Of 2013	2,110	-	-		2,110
23214	Class Of 2014	5,979	-	-		5,979
23215	Class Of 2015	1,424	-	-		1,424
23216	Class Of 2016	37	-	-		37
23217	Class Of 2017	3,617	3,570	6,239		948
23218	Class Of 2018	2,299	4,125	4,702		1,722
23219	Class Of 2019	2,254	915	-		3,169
23220	Class Of 2020	1,950	1,640	1,400		2,190
23221	Class Of 2021	353	93	-		446
23222	Class Of 2022	-	368	-		368
23223	Class Of 2023	-	60	-		60
23230	MS/HS- Admin. Acct.	366	-	-		366
23231	HS Lockers	-	97	-		97
23233	Annual Account	1,647	-	-		1,647
23235	Scholarship Account	15,973	5,000	-		20,973
23236	Driving Permits	614	-	-		614
23238	HS Accelerated Lost Book	437	167	-		604
23239	Ski Club	170	-	-		170
23241	MS/HS Student Activity	3,586	2,296	2,297		3,585
23242	7/8th Boys Basketball	7,086	-	6,836		250
23244	7th/8th Girls Basketball	609	-	-		609
23245	Custodian's	44	-	-		44
23250	HS Cheerleaders	336	505	841		-
23251	HS Drill Team	105	1,782	1,531		356
23253	Letterman (HS Boys B.B)	595	11,026	5,962		5,659
23254	Letterwomen (HS Girls B.B.)	-	2,195	2,181		14
23255	HS Baseball	392	2,311	509		2,194
23256	HS Cross-Country	262	1,783	1,308		737
23257	HS Track	495	27	387		135
23258	HS Volleyball	-	2,149	2,141		8
23259	MS/HS Honor Society	83	-	-		83
23261	HS Girls Softball	287	-	-		287
23263	Science Fund	6	-	-		6
23272	HS Biology Club	20	-	-		20
23276	FFA	3,913	26,444	28,167		2,190
23278	Journalism Club	358	-	-		358
23279	Incentive Program Carry-Over	83	-	-		83
23280	Industrial Arts	\$ 1,432	\$ -	\$ -		\$ 1,432

(cont'd; 1 of 2)

STATE OF NEW MEXICO
MESA VISTA CONSOLIDATED SCHOOL DISTRICT NO. 6

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

Activity		Balance			Balance
<u>Fund</u>	<u>ASSETS</u>	<u>June 30, 2016</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>June 30, 2017</u>
23281	Mariachi Band	\$ 320	\$ -	\$ -	\$ 320
23282	Mesa Club	2,563	161	-	2,724
23283	HS Student Council	2,290	-	-	2,290
23284	MS Student Council	180	-	-	180
23290	MVHS Library	236	-	-	236
23421	Ojo Elem- Class Of 2021	33	-	33	-
23422	Ojo Elem- Class Of 2022	368	-	368	-
23423	Ojo Elem- Class Of 2023	60	-	60	-
23424	Ojo Elem- Class Of 2024	59	-	-	59
23425	Ojo Elem- Class Of 2025	54	-	-	54
23432	Ojo Elem Book Fair	1	-	-	1
23433	Ojo Golden Apple	1,728	-	-	1,728
23435	Ojo Elem. Student Council	250	-	-	250
23437	Ojo Elem. 5/6th Basketball	5,167	4,283	1,876	7,574
23439	Ojo Elem. Library	165	248	-	413
23441	Ojo Elem. Incentive	7,403	7,155	4,632	9,926
23443	Ojo Elem. PTO	585	-	-	585
23530	El Rito- Admin. Acct.	484	-	-	484
23531	El Rito Elmer Glue	318	-	-	318
23532	El Rito Golden Apple	3,000	-	-	3,000
23537	El Rito Boys/Girls B.B. (4/6th)	3,431	-	-	3,431
23539	El Rito Book Fair	170	-	-	170
23583	El Rito Student Council	442	34	-	476
23585	El Rito Library	168	-	-	168
23597	El Rito Elem.Student Activity	13,315	11,053	8,475	15,893
23598	El Rito--PTO	<u>6</u>	<u>-</u>	<u>-</u>	<u>6</u>
	Pooled cash and investments	<u>\$ 106,407</u>	<u>\$ 91,403</u>	<u>\$ 81,220</u>	<u>\$ 116,590</u>
 <u>LIABILITIES</u>					
	Deposits held for others	<u>\$ 106,407</u>	<u>\$ 91,403</u>	<u>\$ 81,220</u>	<u>\$ 116,590</u>

(2 of 2)

STATE OF NEW MEXICO
MESA VISTA CONSOLIDATED SCHOOL DISTRICT NO. 6

SCHEDULE OF PLEDGED COLLATERAL
June 30, 2017

	<u>New Mexico Bank & Trust</u>	<u>Century Bank</u>	<u>New Mexico Finance Authority</u>	<u>Total</u>
Cash on deposit at June 30, 2017:				
Checking and savings	\$ 748,839	\$ 122,027	\$ 419,941	\$ 1,290,807
Less: FDIC coverage	<u>(250,000)</u>	<u>(122,027)</u>	<u>-</u>	<u>(372,027)</u>
Uninsured funds	<u>\$ 498,839</u>	<u>\$ -</u>	<u>\$ 419,941</u>	<u>\$ 918,780</u>
Amount requiring pledged collateral:				
50% collateral requirement	\$ 249,420	\$ -	\$ 209,971	\$ 459,391
Pledged collateral	<u>1,429,278</u>	<u>-</u>	<u>419,941</u>	<u>1,849,219</u>
Excess (deficiency) of pledged collateral	<u>\$ 1,179,858</u>	<u>\$ -</u>	<u>\$ 209,970</u>	<u>\$ 1,389,828</u>

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

<u>New Mexico Bank & Trust:</u>	<u>Maturity</u>	<u>CUSIP #</u>	<u>Market Value</u>
Metro Transportation NY	11/15/2034	59261AJU2	<u>\$ 1,429,278</u>

The above securities are held at Federal Reserve, Kansas City, KS.

State of New Mexico:

Detail of the pledged collateral to the District is unavailable because the bank commingles pledged collateral for all state funds it holds. However, the State Treasurer's Office Collateral Bureau monitors the pledged collateral for all state funds.

STATE OF NEW MEXICO
MESA VISTA CONSOLIDATED SCHOOL DISTRICT NO. 6

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	\$ 698,552	\$ 3,483,600	\$ 3,636,848	\$ (4,358)	\$ 540,946	\$ (540,946) ⁽¹⁾	\$ -
Teacherage	24,153	2,300	-	-	26,453	-	26,453
Transportation	-	248,250	248,250	-	-	-	-
Instructional Materials	-	21,193	13,288	(5,759)	2,146	-	2,146
Food Services	16,957	118,406	135,259	-	104	-	104
Athletics	4,811	45,731	42,595	-	7,947	-	7,947
Federal Flowthrough Funds	(178,773)	271,959	275,741	9,833	(172,722)	172,722 ⁽²⁾	-
Federal Direct Funds	(112,492)	221,659	91,910	-	17,257	24,361 ⁽²⁾	41,618
Local Grants	27,005	-	328	-	26,677	(26,677) ⁽¹⁾	-
State Flowthrough Funds	(59,322)	198,650	544,438	(71,751)	(476,861)	476,861 ⁽²⁾	-
Bond Building	802,006	-	2,749,846	2,078,530	130,690	419,894	550,584
Special Capital Outlay - State	(284)	-	-	284	-	-	-
Capital Improvements SB-9	98,288	157,594	148,514	-	107,368	(106,321) ⁽¹⁾	1,047
Debt Service	443,718	522,636	827,529	-	138,825	47	138,872
Agency Funds	106,407	91,400	81,217	-	116,590	-	116,590
Total	\$ 1,871,026	\$ 5,383,378	\$ 8,795,763	\$ 2,006,779	\$ 465,420	\$ 419,941	\$ 885,361

Account Name	Account Type	Bank Name	Bank Amount	Adjustments to report:
Operational	Checking - Interest	Community Bank	\$ 748,839	Interfund loans receivable ⁽¹⁾
Activities	Checking - Interest	Century Bank	122,027	Interfund loans payable ⁽²⁾
Bond Building	Escrow	NMFA	419,941	Bond issue
			\$ 1,290,807	Bond costs
				Bond payments
				Interest income
				Total adjustment to the report
				\$ 419,941
				\$ 885,361

Adjustments to cash:

Bank Balance	\$ 1,290,807
Cash on hand	-
Outstanding deposits	-
Outstanding checks	(405,446)
Errors	-
Total adjusted cash	\$ 885,361

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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

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Schedule of Findings and Responses:
Summary of Auditor's Results
Financial Statement Findings

§

Summary Schedule of Prior Year Audit Findings

§

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
Mesa Vista Consolidated School District No. 6

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 Mesa Vista Consolidated School District No. 6 as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise Mesa Vista Consolidated School District No. 6's basic financial statements, and the combining and individual funds and related budgetary comparisons of Mesa Vista Consolidated School District No. 6, presented as supplemental information, and have issued our report thereon dated October 12, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit, of the financial statements, we considered Mesa Vista Consolidated School District No. 6'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 Mesa Vista Consolidated School District No. 6's internal control. Accordingly, we do not express an opinion on the effectiveness of Mesa Vista Consolidated School District No. 6's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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 have not been identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses to be material weaknesses. Finding 2017-003.

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. We consider the deficiencies described in the accompanying schedule of findings and responses to be significant deficiencies. Finding 2017-004.

Compliance and other matters

As part of obtaining reasonable assurance about whether Mesa Vista Consolidated School District No. 6's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items findings 2017-003 and 2017-004. 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 responses as finding 2017-001 and 2017-002.

Tim Keller, State Auditor
The Board of Education and Audit Committee of
Mesa Vista Consolidated School District No. 6

Mesa Vista Consolidated School District No. 6's Response to Findings

Mesa Vista Consolidated School District No. 6 responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. Mesa Vista Consolidated School District No. 6'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 Mesa Vista Consolidated School District No. 6'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 12, 2017



SCHEDULE OF FINDINGS AND RESPONSES

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?	<u>✓</u>	<u>—</u>	<u>1</u>
Significant Deficiency(ies) identified?	<u>✓</u>	<u>—</u>	<u>1</u>
Noncompliance material to financial statements noted?	<u>—</u>	<u>✓</u>	<u>-</u>

SCHEDULE OF FINDINGS AND RESPONSES

YEAR ENDED JUNE 30, 2017

II. FINDINGS RELATED TO FINANCIAL STATEMENTS

2017 – 001 LACK OF TIMELY MONITORING OF BUDGET (Original No. 2016-003)
Other matters (Does not rise to the level of significant deficiency)
(Repeat of prior year finding; updated and revised)

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:

Title I	Support Services	\$ 654
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Progress from the prior year: There was an improvement from the prior year which had two instances over budget line item violations.

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: Mesa Vista School District's Business Manager will implement steps to allow for proper and timely monitoring of line item expenditures. Monthly budget adjustments requests will be submitted to the Board of Education and State Department of Education for approval to make necessary changes. Business Manager has started in 17/18 School Year to carry on with monitoring of line item expenditures and will continue throughout the School Year and will make necessary changes to records prior to being presented for audit. Progress to correction plan will be thoroughly completed by June 30, 2018.

SCHEDULE OF FINDINGS AND RESPONSES

YEAR ENDED JUNE 30, 2017

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

2017 – 002 UNAUTHORIZED INTERFUND LOANS

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

Condition: The District does not have sufficient cash available in the general fund to loan the special revenue funds money in-order to keep the school district operating without borrowing from \$26,677 from LANL Foundation Special Revenue Fund and \$106,321 from Capital Improvements SB-9 Capital Projects Fund.

Criteria: Special revenue funds and capital projects funds are restricted in their use as per the terms of the grant agreements and are not intended to supplement other programs.

Cause: The delay in processing request for reimbursements for special revenue expenditures and the decline in the cash balance of the General Fund.

Effect of condition: Management is out of compliance with the restrictions of LANL Foundation Special Revenue Fund and Capital Improvements SB-9 Capital Projects Fund.

Recommendation: Management should develop a plan to manage cash balances to ensure there are balances necessary to cover the expenditures in the special revenue funds until reimbursements are received from the state. The District may need to look at the timing of reimbursement requests that are made for the special revenue funds.

Management's response: Mesa Vista School District's Business Manager will implement steps to allow for proper plan to review cash balances to ensure there are balances necessary to cover expenditures. Currently Business office has 2.5 FTE's. 1 FTE Business Manager-CPO, 1 FTE administrative assistant (Payroll, Accounts Payable and Human Resources) and .5 FTE (assists in purchase orders) Business Manager has requested to the Board of Education and Superintendent for an additional 1 FTE in the Business office. Refer to audit finding 2017-004. Business Manager will then be able to perform on a regularly basis to monitor cash balances and proceed with timely reimbursement requests. In the meantime Business Manager has started in 17/18 School Year to carry on with monitoring cash balances. Timeline and progress to correct finding will continue through June 30, 2018.

SCHEDULE OF FINDINGS AND RESPONSES

YEAR ENDED JUNE 30, 2017

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

2017 – 003 CONTROLS OVER GENERAL LEDGER

Material Weakness

Condition: The District had issued a general obligation bond in the amount of \$805,000 (Series 2017). The funds from the issue and the subsequent payments were done through the custody of New Mexico Finance Authority. The bond issue and the payments to the refunding agent were not recorded in the District's general ledger. The District was recording bond revenue as amounts from the bond issue funds were remitted to the District from NMFA. The District also had not been reconciling to the remaining bond funds available at NMFA along with other cash balances associated the accounts held at NMFA. The total funds that were not recorded in the District's general ledger amounted to \$419,941.

Criteria: Per NMAC 6.20.2.11 Internal Control Structure Standards, every school district shall establish and maintain an internal control structure to provide management with reasonable assurance that assets are safe-guarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with GAAP.

Cause: The bond issue was done under the supervision and custody of another entity and management did not acquire the information necessary to record transactions.

Effect of condition: The District did not record all transactions that effect the District and was at risk of understating revenues and expenditures. The District is not following the state law and is not following good accounting practices related to cash reporting.

Recommendation: Management needs to ensure that all transactions that pertain to the District are recorded and reconciled, even when those transactions are controlled and overseen by another entity. We also recommend that the District adjust the internal control policies to ensure that bank reconciliations are completed, reviewed, and approved on a timely basis and thoroughly enough to ensure accurate reporting.

Management's response: Mesa Vista School District's Business Manager will ensure that all transactions that pertain to the District are recorded and reconciled in our accounting financial software, even when those transactions are controlled and overseen by another bank. Business Manager has started in 17/18 School Year to carry on with making sure District is recording and reconciling transactions that are being overseen by another entity. Timeline and progress to correct finding will continue through June 30, 2018.

SCHEDULE OF FINDINGS AND RESPONSES

YEAR ENDED JUNE 30, 2017

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

2017 – 004 SEGREGATION OF DUTIES

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 and has not adequately distributed duties to segregate critical duties and responsibilities.

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: Mesa Vista School District Superintendent, Board of Education and Business Manager will evaluate 17/18 School Year the assignments of positions and duties within the Business Office and make adjustments as necessary to work towards compliance with COSO. Refer to audit finding 2017-002. Business Office staff needs to have time to perform their duties uninterrupted to allow efficiency and reduce errors. Timeline and progress to correct finding will continue through June 30, 2018.

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

YEAR ENDED JUNE 30, 2017

I. NOT RESOLVED

2016-003 – BUDGET LINE ITEMS(S) OVER EXPENDED

Current Status: Not resolved. Repeated in the current year.

II. RESOLVED

2016-001 – LACK OF CASH CONTROL

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

2016-002 – DORMANT FUNDS

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:

MESA VISTA CONSOLIDATED SCHOOL DISTRICT NO. 6

Kisha Maestas	Member, Board of Education / Audit Committee
Moises Pena	Member, Board of Education / Audit Committee
Ernesto Valdez	Superintendent; Member, Audit Committee
Brenda Halder	Business Manager; Member, Audit Committee

ACCOUNTING & FINANCIAL SOLUTIONS, LLC

Terry Ogle, CPA	Partner
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