



**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

JUNE 30, 2017

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SANTA FE PUBLIC SCHOOLS
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**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
OFFICIAL ROSTER
JUNE 30, 2017**

Name	Title
<u>Board of Education</u>	
Susan Duncan	President
Lorraine Price	Vice President
Maureen Cashmon	Secretary
Steven J. Carrillo	Member
Linda Trujillo	Member

School Officials

Veronica Garcia	Superintendent
Carl Gruenler	Chief Business Officer
Richard Halford	Executive Director of Finance & Administration



INDEPENDENT AUDITOR'S REPORT

The Board of Education
Santa Fe Public Schools and
Mr. Timothy Keller
New Mexico State Auditor
Santa Fe, New Mexico

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information, and the budgetary comparisons for the general fund of the Santa Fe Public Schools (the District), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements as listed in the Table of Contents. We also have audited the financial statements of the District's fiduciary fund.

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 the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

The Board of Education
Santa Fe Public Schools and
Mr. Timothy Keller
New Mexico State Auditor

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the District as of June 30, 2017, and the respective changes in financial position, and the respective budgetary comparisons for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the fiduciary fund of the District as of June 30, 2017 in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages vii through xvii and the Schedule of the District's Proportionate Share of the Net Pension Liability and the Schedule of the District's Contributions on pages 48 and 49, 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual nonmajor fund financial statements and other supplementary information as required by the New Mexico State Audit Rule (NMAC 2.2.2) are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

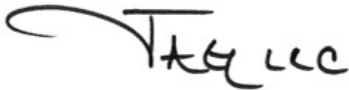
The combining and individual nonmajor fund financial statements, other supplementary information required by NMAC 2.2.2, and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with

The Board of Education
Santa Fe Public Schools and
Mr. Timothy Keller
New Mexico State Auditor

auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, other supplementary information required by NMAC 2.2.2, and the Schedule of Expenditures of Federal Awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2017 on our consideration of the Santa Fe Public School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Santa Fe Public School's internal control over financial reporting and compliance.

A handwritten signature in black ink, appearing to read "JAG LLC". The signature is stylized with a large, sweeping initial letter.

Jaramillo Accounting Group LLC (JAG)
Albuquerque, New Mexico
November 15, 2017

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2017**

This Management's Discussion and Analysis of the fiscal performance of the Santa Fe Public Schools (SFPS or District) for the period ending June 30, 2017 is an analysis of the District's financial reporting and is an objective and easily readable discussion of the District's financial activities. The discussion and analysis, as well as the final statements in the audit report, provide a review of the District's overall financial activities for the year ending June 30, 2017. The Fund Financial Statements are reported on a modified accrual basis of accounting.

This annual report consists of a series of detailed, audited financial statements and the notes to those statements. Also included is the Report of Independent Auditor's 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 and the Report of Independent Auditor's on Compliance for Each Major Federal Program and Report on Internal Control over Compliance Required by the Uniform Guidance, and a Schedule of Findings and Questioned Costs. These statements and information were included in past reporting by the District.

Santa Fe Public Schools Accounting and Finance

We believe this overview and the accompanying financial report from our auditors will indicate to the reader that we have managed District financial affairs to the highest professional standards and developed a budget focused on our instructional mission with flexibility to address an uncertain economy. The District continues to monitor the state and national economy in planning future year budgets and programs. Audit reports, bond ratings, stability of the fund balances, cash on hand and creative budget management all are signs of District financial health and solid fiscal management. To enable high levels of financial performance, the District maintains a financial and accounting staff with strong levels of education, technical experience, and school business licensure.

In order to define and support internal controls, the School Business Office utilizes a Comptrollership model organizational structure. This structure provides an independent reconciliation process and internal audits as time allows. The District has utilized the Visions Accounting System from Tyler Technologies (formerly Windsor Management System) since July 2008 for Human Capital Management and Business Services and provides a web-based program for schools and other departments to access their financial position on a real-time basis to support decisions. The system is utilized by over 87% (77 of 89) of the school districts in New Mexico and many states throughout the southwest. The District is a part of a user's group to ensure timely system enhancements are developed and implemented to meet state and federal reporting and to improve financial reports.

As an integral part of the District accountability process, the Board of Education monitors District expenditures through a formal monthly reporting process, and budgets are carefully reviewed on a quarterly basis. These reports are provided at a public meeting and become a part of the Board of Education's permanent public record. These reports are public documents and open to public inspection.

In May 2009, the Board of Education appointed an Audit Committee to provide greater public transparency in its accounting operations. The committee has five community and two Board members plus two ex-officio members, the Superintendent and Chief Financial Officer. The committee meets monthly during the audit season and on an as-needed basis the remainder of the year.

In 2011, and in response to Legislative law CS/HB 227 & 251, the District created a Finance sub-committee comprised of the five-member Board and two ex-officio members; the Superintendent and Chief Financial

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2017**

Officer. This committee meets quarterly in a public meeting in compliance with the Open Meetings Act, and more frequently from January through June of each year as the annual District Operating Budget is being prepared. The District has consistently reported its financial standing on a monthly and quarterly basis to the Board of Education as well as consistently met the New Mexico Public Education Department's guidelines on reporting and approval of financial activity to the Board.

About the Community

Santa Fe Public Schools is in north central New Mexico and is located within a 1,016 square mile area in Santa Fe County including the City of Santa Fe, New Mexico. According to the last general census, the population of the area is about 125,000, including all the City of Santa Fe and portions of Santa Fe County. The city is an arts, retail and tourism center. The area employment base is heavily weighted towards hospitality and state government, as Santa Fe is the state capital.

About the Santa Fe Public Schools

To better understand its financial performance, it is important to understand more about the District. The District's 2016-17 student membership at the preschool through 12th grade level, which is the basis for our funding, was 12,794 on the 40th day membership report. Including our lone district charter school, Academy for Technology and the Classics (ATC) this number rises to 13,169. SFPS operates 28 schools, which consist of two comprehensive high schools, two alternative high schools, two comprehensive middle schools, one International Baccalaureate (IB) school (7-10 in 2016-17), five community schools (K-8), fifteen elementary schools, and one early childhood center. Included in this number is the newest alternative school, Early College Opportunities (ECO), which opened in August 2016. As mentioned previously, SFPS has one charter school, ATC, which is considered a component unit in the financial statements. SFPS owns the land upon which all the school buildings are located including the land Turquoise Trail Charter School occupies. The District also owns administrative facilities including the District administration building; maintenance shop and custodial center; food services warehouse; and transportation, maintenance and storage facilities. The District manages its own fleet of buses and vehicles for maintenance staff and a few for administrative duties.

SFPS's instructional focus is on literacy and mathematics. To that end, the District invests in quality and sustained professional development for teachers. We focus on early intervention and as a result, invest in reducing class size in the primary grades. Leadership training is provided to school and District administrators for the purpose of developing instructional leadership skills. Funds for hiring and training additional teachers come primarily from federal grants.

Santa Fe's assessed valuation was \$6.23 billion for the 2016 tax year. Voter-approved property tax assessments are used to generate revenue, which in turn, is used as the basis to sell general obligation bonds that are authorized to total up to 6% of the assessed valuation. SFPS is currently 47.2% bonded to capacity. In February 2017, voters approved by a 4:1 margin the authority to issue up to \$100 million in bonds over four years.

The general obligation bond (GO Bond) proceeds are used to expand and improve District infrastructure through the construction of new schools plus the remodeling and expansion of existing school facilities to meet the needs of the student population. Although student enrollment continues to decline slightly each year due largely to declining kindergarten enrollments resulting from the Great Recession beginning in 2008, populations

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2017**

continue to move towards the western and southwestern parts of Santa Fe from central and eastern neighborhoods.

To set facility priorities, the District uses a detailed Facilities Master Plan. The District's Board-appointed Citizen's Review Committee (CRC) implements the Facilities Master Plan and attracts professional expertise from the community in its membership.

Property taxes approved by voters also support two additional mill levy revenue sources that are used for remodeling, furnishings, equipment, maintenance and technology. With HB33 and SB9 funding, the District funds the replacement of aging and deficient major systems and roofs; the repairs of facilities, systems and equipment; the purchase and repair of technology and communications equipment; the purchase of and license fees for software; and salary and benefits for school-based maintenance and technology staff.

In February 2014, the Santa Fe School Board approved a 5-year \$55.0M Digital Learning Plan funded by annual approval of \$11.0 million Education Technology Notes (ETN). The Digital Learning Plan charts a course for enabling differentiated instruction and blended learning, and is a key part of the overall District transformation strategy to improve student-learning outcomes. The ETN funds district and school technology infrastructure, classroom equipment leading to 1:1 where each student will be assigned an age-appropriate device, and ongoing professional development and embedded support for teachers. The ETN also supports the technology and digital learning needs of six local charter schools.

Significant Financial Highlights for the Year Ending June 30, 2017

The District completed the 2015-16 audit with twenty-two (22) audit findings overall with thirteen (13) attributed directly to the District and the remaining nine (9) to our charter school, ATC. For this 2016-17 audit, the District cleared all but three of the 2015-16 findings, and had seven (7) findings overall. ATC had thirteen (13) 2016-17 audit findings, continues to struggle with the complexity of charter school finances, and will need District intervention and support going forward.

The 2016-17 financial crisis for the State of New Mexico was unprecedented. With the \$1.5 million SEG claw back in the 2016 Special Session and the \$1.9 million cash reserves sweep in the 2017 Legislative 60-day Regular Session both due to mounting State financial insolvency, the District lost much of its own cash reserves. Prudent financial management and \$1.0 million infusion of cash from the second installment of a sale of property precluded the District from its own solvency crisis, yet impacted our Moody's bond rating for Aa1 to Aa2. The District is on track likely in 2017-18 to restore cash reserves to the minimal level in Board policy of 5% of Operational revenue.

The District did not have a General Obligation Bond sale in 2017 but did have the fourth \$11.0M sale of an Education Technology Note.

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2017**

DISTRICT WIDE FINANCIAL STATEMENTS

Statement of Net Position

This is the fourteenth year of the GASB 34 requirements; the overall Statement of Net Position of the Santa Fe Public Schools is prepared using the accrual method of accounting. Comparison of the last two years is below:

	<u>Primary Government</u>		<u>Component Units</u>	
	<u>June 30, 2016</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2017</u>
Assets				
Cash and Cash Equivalents	\$ 10,842,427	\$ 16,721,058	\$ 378,261	\$ 397,959
Investments	2,669	8,772,894	-	-
Receivables	14,092,131	-	-	96,711
Due from Comp Unit /Prim Govt	15,000	10,000	71,636	-
Prepays	-	-	643	647
Internal Balances	-	-	-	-
Inventories	343,112	343,112	-	-
Restricted Cash & Equiv	79,250,000	112,850,000	-	-
Bond Issuance Cost	-	-	-	-
Capital assets, net	<u>394,909,894</u>	<u>389,388,897</u>	<u>5,186,289</u>	<u>5,013,934</u>
Total assets	499,455,233	528,085,961	5,636,829	5,509,251
Deferred Outflows of Resources				
Related to Pensions	<u>22,996,660</u>	<u>33,540,952</u>	<u>464,878</u>	<u>659,848</u>
Liabilities				
Accounts Payable	6,849,170	1,642,731	8,709	22,353
Other Accrued Liabilities	6,733,968	6,294,344	115,127	290,772
Accrued Interest	2,540,032	2,770,688	-	961
Unearned Grant Revenue	20,000	-	-	-
Current portion Long-Term Debt	24,725,000	25,413,580	86,294	75,288
Due to Primary Govt / CompUnit	(151,852)	-	-	-
Accrued Comp Absences-Current	111,590	712,249	-	10,395
Bonds Due in More than One Year	176,375,000	204,920,767	3,883,794	3,821,408
Net Pension Liability	170,512,077	193,348,739	4,021,729	4,358,160
Unamortized Bond Premium	13,577,528	13,914,449	-	-
Accrued Comp Absences-Long Tern	-	<u>93,116</u>	-	-
Total liabilities	401,292,513	449,110,663	8,115,653	8,579,337
Deferred Inflows of Resources				
Related to Pensions	<u>4,272,334</u>	<u>1,999,861</u>	<u>92,663</u>	<u>113,439</u>
Invested in capital assets, net of related debt	193,809,894	145,140,101	1,216,201	1,117,238
Restricted for Debt Service	57,350,785	37,427,042	-	-
Restricted for Capital Projects	35,876,479	80,961,553	-	-
Other	3,379,021	3,563,478	349,656	117,518
Unrestricted (deficit)	<u>(175,483,538)</u>	<u>(156,575,785)</u>	<u>(3,672,466)</u>	<u>(3,758,433)</u>
Total Net Position (Deficit)	<u>\$ 114,932,641</u>	<u>\$ 110,516,389</u>	<u>\$ (2,106,609)</u>	<u>\$ (2,523,677)</u>

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2017**

GASB 34 rules require public entities to depreciate capital assets. The District utilizes a "straight-line" depreciation method in all cases and standardized lifetime tables in calculating this depreciation.

Statement of Activities

This is also the eleventh year for the Statement of (Governmental) Activities and is a statement required by GASB 34 and is prepared using the accrual method of accounting. This report compliments the Statement of Net Position by showing the overall change in the District's net assets for the fiscal year ending June 30, 2017. Comparison of the last two years is shown below:

	Primary Government		Component Units	
	June 30, 2016	June 30, 2017	June 30, 2016	June 30, 2017
Governmental Activities				
Total Government Activities	\$ 175,789,556	\$ 184,174,422	\$ 3,866,793	\$ 4,431,496
Less Charges For Services	(1,605,829)	(1,595,771)	(31,266)	(34,961)
Less Operating Grants and Contributions	(27,052,595)	(28,219,792)	(72,145)	(92,401)
Less Capital Grants and Contributions	<u>(2,097,599)</u>	<u>(838,435)</u>	<u>(566,763)</u>	<u>(421,628)</u>
Net (Expenses) Revenues and Changes in Net Position	145,033,533	153,520,424	3,196,619	3,882,506
General Revenues				
State Equalization Guarantee	96,721,999	93,911,186	2,559,413	2,577,943
Taxes - General, Debt Service, Cap Prjcts	49,281,038	51,868,870	472,949	341,167
Interest and Earnings on Investment	111,087	302,215	-	-
Gain of Sale of Fixed Assets	-	-	-	-
Miscellaneous	5,761,463	3,028,309	376,558	546,328
Transfers	<u>(82,951)</u>	<u>(5,796)</u>	<u>-</u>	<u>-</u>
Subtotal, General Revenues	<u>151,792,636</u>	<u>149,104,784</u>	<u>3,408,920</u>	<u>3,465,438</u>
Changes in Net Position	6,759,103	(4,415,640)	212,301	(417,068)
Net position - beginning (deficit)	108,190,397	114,932,029	(2,318,910)	(2,106,609)
GASB 68 implantation	-	-	-	-
Net position, beginning as restated	<u>(17,471)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net position - ending (deficit)	<u>\$ 114,932,029</u>	<u>\$ 110,516,389</u>	<u>\$ (2,106,609)</u>	<u>\$ (2,523,677)</u>

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2017**

Fund Accounting and District Operating Funds

The District uses funds and a standardized chart of accounts to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and support financial management by segregating transactions related to certain functions or activities. A fund is a separate account entity with a self-balancing set of accounts. Funds are grouped according to the Uniform Chart of Accounts (UCOA) as produced by our federal government and adopted by each state.

The District maintains over 40 funds that comprise our New Mexico Public Education Department (NMPED)-approved District Operating Budget as defined by the NMPED’s *Uniform Chart of Accounts: Manual of Operating Procedures*. This process is used to account for all federal, state, local and privately funded activities. The following fund classifications are used to group District activities:

General Fund – This fund type includes the Operational, Transportation, and Instructional Materials budgets.

This Operational fund is the major fund used to account for financial transactions and expenditures associated with the administration and daily operations of our schools. The State Equalization Guarantee (SEG) is the major revenue component of this fund. School districts in the State of New Mexico receive SEG, which is defined as “that amount of money distributed to each school district to ensure 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) training and experience of teachers, 6) school size, etc. Payment is made from the public school fund under the authority of the Director of Public School Finance. The SEG is a student enrollment-driven formula that uses the average of the 80th and 120th day membership to determine units upon which our district is funded. Each year NMPED establishes a “Unit Value”. The Unit Value is multiplied by the total district program units (membership units multiplied by a number of factors) to determine the total program cost. The total program cost is reduced by a series of non-categorical revenue credits to determine the SEG. SEG is set in April to support budgeting, and finalized the following January based on available State resources.

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. As a categorical fund, the allocation is to be used only for the purpose of making payments for the “to-and-from” school transportation costs of students in grades K through twelve attending public school within the school district.

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 instructional materials. Of each allocation, 50% is restricted to the requisition of materials listed in the State Board of Education “State Adopted Instructional Material” list, and 50% is available for purchases to vendors chosen by the District.

Special Revenue Funds – This fund type includes Food Service, Federal Flow-through and Direct grants, State Flow-through and Direct grants, plus City, Local and Private grants.

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2017**

The District receives reimbursement under the National School Lunch and Breakfast Programs for its food services operations, and the distributions of commodities through the New Mexico Human Services Department. The District manages a Food Service budget of approximately \$6.0 million to provide students lunch and breakfast. Roughly three-quarters of District students are qualified to receive meals at reduced prices under the federal free and reduced lunch program.

The District budgets its athletic activity fund in the Special Revenue category, accounting for game receipts and game-related expenditures.

The District receives federal Title program grants to support additional instruction for schools with high poverty, professional development for teachers, and bilingual programs; IDEA-B special education grants to fund new and growing requirements for students; and grants for safe drug free schools, Indian education, and ROTC programs.

The District also receives a variety of state, local and private grants. The largest of these are Pre-K, K-3+, and Medicaid.

Capital Projects Funds – The District maintains capital projects funds to account for all resources used for acquiring and improving schools, constructing and equipping new school facilities, and renovations. These funds include proceeds from general obligation bond sales (GO Bond) to the private bond market, SB9 and HB33 mill levy elections, the ETN introduced during 2013-2014 to fund the District Digital Learning Plan, and small allocations from legislative and state direct appropriations. The District receives mill levy and ad-valorem tax revenues primarily for debt service and capital outlay purposes. Tax revenues are recognized when they are in the hands of the collecting agency. The District records only the portion of the taxes considered to be ‘measurable’ and ‘available’. Beginning for the 2013 Calendar year, charter schools received SB-9 funds directly from the county based on a formula that considers the 40th day student count from the previous year. The amount re-directed to the six district and state local charter schools was approximately 12% in 2016-17.

Descriptions of the individual debt service and capital outlay funds contained in the financial statements include information regarding the authority for the collection and use of these taxes. Property taxes attach an enforceable lien on property as of January 1. Tax notices are sent to property owners by November 1st of each year to be paid in whole or in two installments by November 10th and April 10th of each year. Santa Fe County collects County, City and School taxes and distributes them to each fund once per month except in June when the taxes are distributed twice to close out the fiscal year.

Debt Service Funds - The District operates one debt service fund that is used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

2016-17 Budget to Actual Expenditures

The following table examines the summary budget performance of the major and combined non-major funds for the fiscal year ending June 30, 2017. Detail budget performance is examined through the Budgetary Comparison Statement for each major fund and the Schedule of Revenues and Expenditures Budget and Actual for the combined Special Revenue Funds and Capital Projects Funds.

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2017**

MAJOR FUNDS EXPENDITURE BUDGET PERFORMANCE

Fund Type	Final Budget	Actual	Variance
Operations	\$ 104,488,398	\$ 100,624,049	\$ 3,864,349
Transportation	\$ 3,117,177	\$ 3,117,177	\$ -
Instructional Materials	\$ 884,427	\$ 690,439	\$ 193,988
Student Nutrition	\$ 7,624,135	\$ 5,892,973	\$ 1,731,162
Bond Building	\$ 29,489,481	\$ 8,169,321	\$ 21,320,160
Capital Improvement - HB-33	\$ 12,092,004	\$ 5,300,838	\$ 6,791,166
Capital Improvement - SB-9	\$ 15,471,794	\$ 12,937,694	\$ 2,534,100
Education Technology	\$ 22,391,559	\$ 10,795,902	\$ 11,595,657
Debt Service	\$ 64,336,292	\$ 32,100,142	\$ 32,236,150

NOTE: Large variance in Operational due to PEDs requirement that the anticipated Cash Balance be budgeted and therefore is included in the "Final Budget" total but not in the Actual amount. Additionally, cash balances in Capital Funds carry over into future years.

COMBINED NONMAJOR FUNDS EXPENDITURE BUDGET PERFORMANCE

All funds fell within the regulatory criteria set by the State Department of Education and New Mexico Statute. Both the Manual of Procedures for Public School Accounting and NMSA 8-22-5, Annotated require that budget expenditures be within the authorization of the approved budget.

Fund Type	Final Budget	Actual	Variance
Federal & State Flowthrough	\$ 16,484,437	\$ 15,127,795	\$ 1,356,642
Direct - Fed / State & Other	\$ 7,331,202	\$ 5,617,943	\$ 1,713,259
Special Capital Outlay - State	\$ 1,014,779	\$ 370,001	\$ 644,778

The 2017-18 Operational Budget

The 2016-17 fiscal year saw a \$1.5 million reduction in SEG plus a \$1.9 million cash sweep due to State solvency legislation. Although Budget SEG for 2017-18 recovered to pre-solvency-reduction levels, the Operational cash balance was reduced to \$4.1 million to begin the year.

Revenue Highlights

For the 2017-18 school year, the State Equalization Guarantee (SEG) of \$97.15 million decreased from 2016-17 Budget SEG by less than \$.1 million, and increased from the 2016-17 Final SEG (reduced by State solvency legislation) by \$1.4 million. Unit Value for the 2017-18 school year recovered to \$4,053.55. The SEG comprises 96% of the revenue in the Operational budget. Other state and local sources accounted for \$4.0 million or 4% of the revenue total, and federal sources including e-Rate.

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2017**

Cash Balance

The District's actual June 30, 2017 cash balance, as reported to NMPED including the \$1.8 million loan to federal programs is \$5.9 million. The amount available for operating purposes is \$4.1 million (without the loan which is needed to fund the timing difference of reimbursed federal funds), reconciled as follows:

RECONCILIATION FROM AUDIT REPORT TO PED CASH REPORT OPERATIONAL (GENERAL) FUND 11000 FY 16-17	
TOTAL CASH AND INVESTMENTS (Financial Statements)	\$ 6,998,086
Interfund Receivable	4,595,260
Other Receivables	146,615
Accounts Payable	(269,971)
Accrued Expenses - Payroll	(5,650,403)
Deferred Inflows - Property Taxes	(97,328)
FY 16 Adjustments	268,086
FY 16 Adjustments	(29,372)
Due from Component Units (Charter)	(10,000)
Permanent Cash Transfers	(54,550)
FY 17 Other	(164,164)
TOTAL ADJUSTMENTS	<u>(1,265,827)</u>
TOTAL CASH AND INVESTMENTS (Bottom Line, PED Report)	<u>\$ 5,732,259</u>

Capital Program Elections and Sales in 2016-17

There was not a GO Bond sale in 2016. During the process of review for selling a \$40 million Series 2017 GO Bond and \$11 million Series 2017 ETN, the District determined with the support of its Bond Advisor, RBC Capital Markets, that only one rating agency report was necessary. For consistency statewide, the District retained the investment rating services of Moody's Investor Services. As a result of the solvency measures in significantly reducing the District's cash balance (SEG and cash sweep) and uncertainties in State finances, Moody's Investor Services reduced the District's bond rating from Aa1 to Aa2 even with the financial strength of the Santa Fe County tax base and the consistency and competency of District leadership.

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2017**

The table below reflects the schedule of Board, GO Bond mill levy and ETN public elections.

SFPS PUBLIC ELECTIONS					
Year	Board	GO Bond <i>4.3 mils</i>	SB9 <i>2.0 mils</i>	HB33 <i>1.5 mils</i>	ETN <i>1.5 mils</i>
2015	X			X	
2016					X
2017	X	X			
2018			X		
2019	X				X
2020					
2021	X	X		X	

Conclusion

The 2016-17 financial crisis for the State of New Mexico was unprecedented. With the \$1.5 million SEG claw back in the 2016 Special Session and the \$1.9 million cash reserves sweep in the 2017 Legislative 60-day Regular Session both due to mounting State financial insolvency, the District lost much of its own cash reserves. Prudent financial management and \$1.0 million infusion of cash from the second installment of a sale of property precluded the District from its own solvency crisis, yet impacted our Moody’s bond rating from Aa1 to Aa2. The District is on track likely in 2017-18 to restore cash reserves to the minimal level in Board policy of 5% of Operational revenue. Additionally, the sufficiency lawsuit filed against the State of New Mexico of which the District is a party, moved forward and was heard by the courts this summer and fall. As of this date, hearings and testimony have concluded, and the judge is expected to render her decision by calendar year end. Funding challenges were abundant in the last fiscal year. The near-term forecasts are improving.

The District is committed to continuous improvement, community transparency, and service to all those educating our children. The challenge for the District finance team, however, goes beyond meeting the professional standards for fiscal operations represented in this 2016-17 annual audit. The deeper challenge is to partner in strategies that enhance teaching and learning and improve student outcomes

Included in this broader challenge is a holistic, forward looking, creative, and mission-focused approach to the annual budget process. This includes ensuring all activities/agreements/plans/budgets tie to the best possible instruction and literacy advancements for our students; working towards the alignment of strategic, collective bargaining, and property plans to a common understanding of our educational mission; ensuring budgets are student centric and reflect NMPED guidance and Board goals; and encouraging the accountability of all stakeholders to our common purpose through the effective use of resources.

Further yet, the District finance team can be a positive force for “creative disruption” that fosters collaborative movement to modern best practice. One example of this contribution is the advocacy for the Digital Learning Plan supported by sustainable funding from the community via the Educational Technology Note. Having a solid foundation of fiscal operations with evidence available for public scrutiny builds and validates public trust, and supports a strong and expanding partnership with the community.

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2017**

Our SFPS community continues to experience the paradox between insufficient state and federal funding and the increasing resources needed to improve student outcomes. We see changing student needs and demographics; ongoing challenges with special education and English language learners; increasing numbers of families in poverty, mobility, uncertainty, and crisis; a growing need to increase student relevancy and instructional transformation through the emphasis of good teaching integrated with the tools and opportunities of this generation; expanding program options for students and parental choice; and the decreasing availability of highly-qualified teachers and support staff. In this ongoing socio-economic instability and funding insufficiency, our challenge remains with high energy and urgency to develop the character and innate intellectual capacity of every child. This means increasing student literacy and graduation rates by the ever-evolving alignment of strategy and professional initiatives, the deepening consciousness of shared responsibilities, and the thoughtful, collaborative and creative utilization of resources.

The educational way forward for our District, students and families, and Santa Fe community remains in collaboratively embracing a new era of change. Together, our challenge is to re-invent the effective delivery of instruction for a new generation of students, and do so with the resources provided from the State, federal government, and our generous supportive community. Our students deserve nothing less than our very best. Community of Santa Fe, we are grateful for your support.

Contacting the Santa Fe Public School District

This financial report is designed to provide our community, taxpayers, investors and creditors with an overview of the Santa Fe Public School District’s financial condition and to provide accountability for the funds the District receives. If you have questions about our report or about the operations of the District, please contact:

Dr. Veronica C. Garcia
Superintendent of Schools
Santa Fe Public School District or
610 Alta Vista
Santa Fe, NM 87505

Carl H. Gruenler
Chief Financial & Government Relations Officer
Santa Fe Public School District
610 Alta Vista
Santa Fe, NM 87505

BASIC FINANCIAL STATEMENTS

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
STATEMENT OF NET POSITION
JUNE 30, 2017**

	Governmental Activities	
	Primary Government	Component Unit
ASSETS		
Current assets		
Cash and cash equivalents	\$ 16,721,058	\$ 397,959
Investments	-	-
Receivables	8,782,894	96,711
Inventory	343,112	-
Prepaid expenses	-	647
Total current assets	25,847,064	495,317
Non-current assets		
Restricted investments	112,850,000	-
Capital assets, net of accumulated depreciation	389,388,897	5,013,934
Total non-current assets	502,238,897	5,013,934
Total assets	528,085,961	5,509,251
DEFERRED OUTFLOWS OF RESOURCES		
Related to pensions	33,540,952	659,848
LIABILITIES		
Current liabilities		
Accounts payable	1,642,731	22,353
Accrued liabilities	6,294,344	290,772
Current portion of compensated absences	712,249	10,395
Accrued interest	2,770,688	961
Current portion of long-term debt	25,413,580	75,288
Total current liabilities	36,833,592	399,769
Non-current liabilities		
Bond premiums, net of amortization	13,914,449	-
Net pension liability	193,348,739	4,358,160
Long-term portion of compensated absences	93,116	-
Long-term portion of debt	204,920,767	3,821,408
Total non-current liabilities	412,277,071	8,179,568
Total liabilities	449,110,663	8,579,337
DEFERRED INFLOWS OF RESOURCES		
Related to pensions	1,999,861	113,439
NET POSITION		
Net investment in capital assets	145,140,101	1,117,238
Restricted for		
Debt service	37,427,042	-
Capital projects	80,961,553	-
Other	3,563,478	117,518
Unrestricted (deficit)	(156,575,785)	(3,758,433)
TOTAL NET POSITION (DEFICIT)	\$ 110,516,389	\$ (2,523,677)

See notes to financial statements.

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017**

Functions/Programs	Expenses	Program Revenues			Net	Component Unit
		Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions	(Expenses) Revenues and Changes in Net Position	
Primary Government:						
Governmental activities						
Instruction	\$ 87,909,208	\$ 847,246	\$ 15,205,267	\$ -	\$ (71,856,695)	
Support Services						
Students	14,498,877	159,106	1,159,910	-	(13,179,861)	
Instruction	4,783,095	-	-	-	(4,783,095)	
General Administration	2,924,075	-	58,482	-	(2,865,594)	
School Administration	7,144,153	-	2,857,661	-	(4,286,492)	
Other	20,737	-	-	-	(20,737)	
Central Services	2,580,937	-	-	-	(2,580,937)	
Operation & Maintenance of Plant	8,766,154	-	-	838,435	(7,927,719)	
Student Transportation	4,538,815	-	3,117,177	-	(1,421,638)	
Food Services Operation	6,679,855	589,419	5,821,295	-	(269,141)	
Community Services Operations	29,002	-	-	-	(29,002)	
Facilities, Materials, Supplies, and Other	37,121,065	-	-	-	(37,121,065)	
Interest/amortization and bond cost on long-term debt	7,178,449	-	-	-	(7,178,449)	
Total governmental activities	\$ 184,174,422	\$ 1,595,771	\$ 28,219,792	\$ 838,435	\$ (153,520,424)	
Component Unit:	\$ 4,431,496	\$ 34,961	\$ 92,401	\$ 421,628		\$ (3,882,506)
General Revenues:						
Property taxes:						
Levied for general purposes				1,466,662	-	
Levied for debt service				31,530,536	-	
Levied for capital projects				18,871,672	341,167	
State Equalization Guarantee Revenue				93,911,186	2,577,943	
Unrestricted investment earnings				302,215	-	
Transfers				(5,796)	-	
Miscellaneous				3,028,309	546,328	
Total general revenues				149,104,784	3,465,438	
Changes in net position				(4,415,640)	(417,068)	
Net position - beginning (deficit)				114,932,029	(2,106,609)	
Net position - ending (deficit)				\$ 110,516,389	\$ (2,523,677)	

See notes to financial statements.

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2017**

	General Fund			
	General	Pupil	Instructional	Bond
	11000	Transportation 13000	Materials 14000	Building 31100
ASSETS				
Current assets				
Cash and cash equivalents	\$ 6,998,086	\$ 131,836	\$ 182,095	\$ -
Investments	-	-	-	62,500,000
Accounts receivable				
Taxes	131,409	-	-	-
Due from other governments	10,000	-	-	-
Interfund receivable	4,595,260	-	-	-
Other receivables	15,206	-	-	39,755
Inventory	-	343,112	-	-
Total assets	<u>\$ 11,749,961</u>	<u>\$ 474,948</u>	<u>\$ 182,095</u>	<u>\$ 62,539,755</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
Current liabilities				
Accounts payable	\$ 269,971	\$ -	\$ -	\$ 768,092
Cash overdraft	-	-	-	-
Due to government	-	-	-	-
Accrued expenses	5,650,403	131,836	-	-
Unspent grant revenue	-	-	-	-
Interfund payables	-	-	-	344,923
Total liabilities:	<u>5,920,374</u>	<u>131,836</u>	<u>-</u>	<u>1,113,015</u>
Deferred inflows				
Property taxes	97,328	-	-	-
Fund balances				
Nonspendable	-	343,112	-	-
Restricted for transportation	-	-	-	-
Restricted for instructional materials	-	-	182,095	-
Restricted for debt service	-	-	-	-
Restricted by grantor	-	-	-	-
Restricted for capital projects	-	-	-	61,426,740
Unassigned	5,732,259	-	-	-
Total fund balances	<u>5,732,259</u>	<u>343,112</u>	<u>182,095</u>	<u>61,426,740</u>
Total liabilities and fund balances	<u>\$ 11,749,961</u>	<u>\$ 474,948</u>	<u>\$ 182,095</u>	<u>\$ 62,539,755</u>

See notes to financial statements.

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2017**

	<u>Debt Service 41000</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS			
Current assets			
Cash and cash equivalents	\$ 3,901	\$ 9,405,140	\$ 16,721,058
Investments	27,200,000	23,150,000	112,850,000
Accounts receivable			
Taxes	1,617,521	1,886,681	3,635,611
Due from other governments	-	5,024,636	5,034,636
Interfund receivable	-	-	4,595,260
Other receivables	11,245	46,441	112,647
Inventory	-	-	343,112
	<u>-</u>	<u>-</u>	<u>343,112</u>
Total assets	<u>\$ 28,832,667</u>	<u>\$ 39,512,898</u>	<u>\$ 143,292,324</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES			
Current liabilities			
Accounts payable	\$ -	\$ 604,668	\$ 1,642,731
Cash overdraft	-	-	-
Due to government	-	-	-
Accrued expenses	-	512,105	6,294,344
Unspent grant revenue	-	-	-
Interfund payables	-	4,250,337	4,595,260
	<u>-</u>	<u>4,250,337</u>	<u>4,595,260</u>
Total liabilities:	<u>-</u>	<u>5,367,110</u>	<u>12,532,335</u>
Deferred inflows			
Property taxes	<u>1,133,854</u>	<u>1,319,268</u>	<u>2,550,450</u>
Fund balances			
Nonspendable	-	-	343,112
Restricted for transportation	-	-	-
Restricted for instructional materials	-	-	182,095
Restricted for debt service	27,698,813	9,728,229	37,427,042
Restricted by grantor	-	3,563,478	3,563,478
Restricted for capital projects	-	19,534,813	80,961,553
Unassigned	-	-	5,732,259
	<u>-</u>	<u>-</u>	<u>5,732,259</u>
Total fund balances	<u>27,698,813</u>	<u>32,826,520</u>	<u>128,209,539</u>
Total liabilities and fund balances	<u>\$ 28,832,667</u>	<u>\$ 39,512,898</u>	<u>\$ 143,292,324</u>

See notes to financial statements.

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
RECONCILIATION OF THE BALANCE SHEET - 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	\$	128,209,539
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds		389,388,897
Deferred outflow of resources related to pensions		33,540,952
Deferred inflow of resources related to pensions		(1,999,861)
Other assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds		
Property taxes		2,550,450
Original issue discounts and premiums are not financial resources and, therefore, are not reported in the funds		
Bond issuance premiums, net of accumulated amortization		(13,914,449)
Accrued interest		(2,770,688)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:		
Pension liability		(193,348,739)
Accrued compensated absences		(805,365)
Long-term debt		(230,334,347)
Net Position - Total Governmental Activities	\$	<u>110,516,389</u>

See notes to financial statements.

STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017

	General Fund			
	General	Pupil	Instructional	Bond
	11000	Transportation 13000	Materials 14000	Building 31100
Revenues				
Property taxes	\$ 1,468,273	\$ -	\$ -	\$ -
State grants	94,134,296	3,117,177	790,018	163,106
Federal grants	371,117	-	-	-
Charges for services	847,246	-	-	-
Miscellaneous	2,375,317	-	41	-
Interest	20,843	-	-	159,424
Total revenues	<u>99,217,092</u>	<u>3,117,177</u>	<u>790,059</u>	<u>322,530</u>
Expenditures				
Current				
Instruction	66,377,589	-	690,439	-
Support Services				
Students	10,786,148	-	-	-
Instruction	3,412,239	-	-	-
General Administration	1,914,255	-	-	-
School Administration	6,714,166	-	-	-
Central Services	2,168,401	-	-	-
Operation & Maintenance of Plant	8,682,620	-	-	-
Student Transportation	274,354	3,117,177	-	-
Other Support Services	20,737	-	-	-
Food Services Operations	274,063	-	-	-
Community Service	-	-	-	-
Capital outlay	-	-	-	8,385,271
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>100,624,572</u>	<u>3,117,177</u>	<u>690,439</u>	<u>8,385,271</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,407,480)</u>	<u>-</u>	<u>99,620</u>	<u>(8,062,741)</u>
Other financing sources (uses)				
Bond issuance premiums	-	-	-	-
Proceeds from loans and bonds	-	-	-	40,000,000
Operating transfers	(54,550)	-	-	-
Total other financing sources (uses)	<u>(54,550)</u>	<u>-</u>	<u>-</u>	<u>40,000,000</u>
Net changes in fund balances	(1,462,030)	-	99,620	31,937,259
Fund balances, beginning of year	7,194,289	343,112	82,475	29,489,481
Fund balances, end of year	<u>\$ 5,732,259</u>	<u>\$ 343,112</u>	<u>\$ 182,095</u>	<u>\$ 61,426,740</u>

See notes to financial statements.

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017**

	Debt Service 41000	Other Governmental Funds	Total Governmental Funds
Revenues			
Property taxes	\$ 23,317,362	\$ 27,072,817	\$ 51,858,452
State grants	107,635	7,840,132	106,152,364
Federal grants	-	16,445,932	16,817,049
Charges for services	-	748,525	1,595,771
Miscellaneous	-	652,951	3,028,309
Interest	<u>58,984</u>	<u>62,964</u>	<u>302,215</u>
Total revenues	<u>23,483,981</u>	<u>52,823,321</u>	<u>179,754,160</u>
Expenditures			
Current			
Instruction	-	10,766,005	77,834,033
Support Services			
Students	-	3,711,714	14,497,862
Instruction	-	1,370,856	4,783,095
General Administration	232,362	775,158	2,921,775
School Administration	-	429,987	7,144,153
Central Services	-	411,536	2,579,937
Operation & Maintenance of Plant	-	83,534	8,766,154
Student Transportation	-	648,060	4,039,591
Other Support Services	-	-	20,737
Food Services Operations	-	6,341,033	6,615,096
Community Service	-	29,002	29,002
Capital outlay	-	29,855,566	38,240,837
Debt service			
Principal	16,746,617	8,000,000	24,746,617
Interest	<u>6,600,699</u>	<u>546,390</u>	<u>7,147,089</u>
Total expenditures	<u>23,579,678</u>	<u>62,968,841</u>	<u>199,365,978</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(95,697)</u>	<u>(10,145,520)</u>	<u>(19,611,818)</u>
Other financing sources (uses)			
Bond issuance premiums	5,005,822	855,075	5,860,897
Proceeds from loans and bonds	-	11,605,633	51,605,633
Operating transfers	<u>-</u>	<u>48,754</u>	<u>(5,796)</u>
Total other financing sources (uses)	<u>5,005,822</u>	<u>12,509,462</u>	<u>57,460,734</u>
Net changes in fund balances	4,910,125	2,363,942	37,848,916
Fund balances, beginning of year	<u>22,788,688</u>	<u>30,462,578</u>	<u>90,360,623</u>
Fund balances, end of year	<u>\$ 27,698,813</u>	<u>\$ 32,826,520</u>	<u>\$ 128,209,539</u>

See notes to financial statements.

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

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

Net changes in fund balances - total governmental funds	\$ 37,848,916
District pension contribution	10,381,419
Pension expense per GASB 68	(20,460,763)
Increase in accrued compensated absences	(8,405)
Increase in unavailable revenue related to property tax receivable	10,418

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities. This is the amount by which capital outlays exceed depreciation for the period.

Depreciation expense	(21,107,105)
Capital expenditures recorded in capital outlays	15,532,630
Transfers/adjustments	53,478

The issuance of long-term debt (e.g., bonds, notes, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. In addition, 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.

Change in bond premiums	2,262,557
Decrease in accrued interest payable	305,562
Proceeds from loans and bonds	(53,980,964)
Principal payments on debt	24,746,617

Changes in Net Position - Total Governmental Activities	<u>\$ (4,415,640)</u>
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See notes to financial statements.

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND (11000)
FOR THE YEAR ENDED JUNE 30, 2017**

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
Revenues				
Property taxes	\$ 1,468,700	\$ 1,468,700	1,469,134	\$ 434
State grants	97,509,467	94,081,776	94,134,296	52,520
Federal grants	196,000	196,000	371,117	175,117
Charges for services	791,750	791,750	847,246	55,496
Miscellaneous	2,323,700	2,323,700	2,360,109	36,409
Interest	18,000	18,000	26,168	8,168
Total revenues	<u>102,307,617</u>	<u>98,879,926</u>	<u>99,208,070</u>	<u>328,144</u>
Expenditures				
Current				
Instruction	67,150,901	66,520,883	66,397,579	123,304
Support Services				
Students	12,181,944	12,181,944	10,752,086	1,429,858
Instruction	3,153,495	3,153,495	3,410,310	(256,815)
General Administration	2,460,447	2,460,447	1,909,466	550,981
School Administration	6,853,146	6,853,146	6,714,148	138,998
Central Services	2,668,152	2,668,152	2,162,144	506,008
Operation & Maintenance of Plant	8,752,165	8,752,165	8,709,308	42,857
Student Transportation	-	238,000	274,354	(36,354)
Other Support Services	4,787,857	1,360,166	20,591	1,339,575
Food Services Operations	-	300,000	274,063	25,937
Community Services	-	-	-	-
Capital outlay	-	-	-	-
Debt service	-	-	-	-
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>108,008,107</u>	<u>104,488,398</u>	<u>100,624,049</u>	<u>3,864,349</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(5,700,490)</u>	<u>(5,608,472)</u>	<u>(1,415,979)</u>	<u>4,192,493</u>
Other financing sources (uses)				
Designated cash	-	-	-	-
Operating transfers	-	-	(54,550)	(54,550)
Proceeds from bond issues	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(54,550)</u>	<u>(54,550)</u>
Net changes in fund balances	<u>(5,700,490)</u>	<u>(5,608,472)</u>	<u>(1,470,529)</u>	<u>4,137,943</u>
Fund balances - beginning of year	<u>-</u>	<u>-</u>	<u>15,195,823</u>	<u>15,195,823</u>
Fund balances - end of year	<u>\$ (5,700,490)</u>	<u>\$ (5,608,472)</u>	<u>\$ 13,725,294</u>	<u>\$ 19,333,766</u>
Reconciliation to GAAP Basis				
Adjustments to revenues			(2,386)	
Adjustments to expenditures			10,885	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ (1,462,030)</u>	

See Notes to Financial Statements.

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
PUPIL TRANSPORTATION FUND (13000)
FOR THE YEAR ENDED JUNE 30, 2017**

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
Revenues				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	3,599,160	3,117,177	3,117,177	-
Federal grants	-	-	-	-
Miscellaneous	-	-	-	-
Interest	-	-	-	-
Total revenues	<u>3,599,160</u>	<u>3,117,177</u>	<u>3,117,177</u>	<u>-</u>
Expenditures				
Current				
Instruction	-	-	-	-
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Student Transportation	3,599,160	3,117,177	3,117,177	-
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Community Services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>3,599,160</u>	<u>3,117,177</u>	<u>3,117,177</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources (uses)				
Designated cash	-	-	-	-
Operating transfers	-	-	-	-
Proceeds from bond issues	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances - beginning of year	-	-	-	-
Fund balances - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reconciliation to GAAP Basis				
Adjustments to revenues			-	
Adjustments to expenditures			-	
Excess (deficiency) of revenues and other sources over expenditures (GAAP Basis)			<u>\$ -</u>	

See Notes to Financial Statements.

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
INSTRUCTIONAL MATERIALS FUND (14000)
FOR THE YEAR ENDED JUNE 30, 2017**

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
Revenues				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	358,299	297,214	790,018	492,804
Federal grants	-	-	-	-
Miscellaneous	-	-	-	-
Interest	-	-	41	41
Total revenues	<u>358,299</u>	<u>297,214</u>	<u>790,059</u>	<u>492,845</u>
Expenditures				
Current				
Instruction	1,006,597	884,427	690,439	193,988
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Community Services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>1,006,597</u>	<u>884,427</u>	<u>690,439</u>	<u>193,988</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(648,298)</u>	<u>(587,213)</u>	<u>99,620</u>	<u>686,833</u>
Other financing sources (uses)				
Designated cash	-	-	-	-
Operating transfers	-	-	-	-
Proceeds from bond issues	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	<u>(648,298)</u>	<u>(587,213)</u>	<u>99,620</u>	<u>686,833</u>
Fund balances - beginning of year	-	-	125,139	125,139
Fund balances - end of year	<u>\$ (648,298)</u>	<u>\$ (587,213)</u>	<u>\$ 224,759</u>	<u>\$ 811,972</u>
Reconciliation to GAAP Basis				
Adjustments to revenues			-	
Adjustments to expenditures			-	
Excess (deficiency) of revenues and other sources over expenditures (GAAP Basis)			<u>\$ 99,620</u>	

See Notes to Financial Statements.

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES - AGENCY FUNDS
JUNE 30, 2017**

ASSETS	
Cash	<u>\$ 1,291,626</u>
Total assets	<u><u>\$ 1,291,626</u></u>
LIABILITIES	
Deposits held in trust for others	<u>\$ 1,291,626</u>
Total liabilities	<u><u>\$ 1,291,626</u></u>

See notes to financial statements.

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The School Board provides educational services to approximately 12,000 pupils. In conjunction with the regular educational programs, some of these schools offer special education. In addition, the School Board provides transportation and school food services for the students.

The financial statements of Santa Fe Public Schools (the "District") have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standard Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. The more significant of the District's accounting policies are described below.

A. Reporting Entity

In evaluating the District as a reporting entity, management has addressed all potential Component Unit for which the District may be financially accountable and, as such, should be included within the District's financial statements. The District (the primary government) is financially accountable if (1) it is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the District. Organizations for which the District is not financially accountable are also included when doing so is necessary in order to prevent the District's financial statements from being misleading. Discretely presented Component Unit are reported in separate columns in the government-wide financial statements. Based upon the application of these criteria, the following is a brief review of the potential Component Unit addressed in defining the government's reporting entity:

Academy for Technology and the Classics is a Component Unit of the District, as defined by GASB Statement No. 14 and/or GASB Statement No. 39, and have a separate governing board. The Charter Schools do not issue separate financial statements. Charter schools operate under the Senate Bill 192, Chapter 281, Laws of 1999 and are responsible for maintaining separate accounting records, and are Component Units of the school districts they operate within. Academy for Technology and the Classics operates foundations as a Component Unit of the Charter School as defined by GASB Statements No. 14 and 39. See Note 17 for certain information on Charter School assets and liabilities.

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities and changes in net position) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

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

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

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

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

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. 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, as is the fiduciary fund financial statement. 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 in the year for which they are billed. 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. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

Ad valorem 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. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met and the susceptible to accrual criteria have been met. All other revenue items are considered to be measurable and available only when cash is received by the government.

Proprietary fund operating revenue, such as charges for service, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenue, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

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

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

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

The District is required to present certain of its governmental funds as major funds based upon certain criteria. The major funds presented in the fund financial statements include the General Fund and the subgroup operating funds noted below, as well as the following funds:

Governmental funds include:

The General Fund (Fund 11000) is the primary operating fund of the District and accounts for all financial resources, except those required to be accounted for in other funds. In addition to Fund 11000, the following funds are subgroups of the operating fund:

The Pupil Transportation Fund (Fund 13000) is used to account for the State Equalization received from the State Department of Education which is used to pay for the costs associated with transporting school age children.

The Instructional Materials Fund (Fund 14000) is used to account for the monies received from the State Department of Education for the purposes of purchasing instructional materials (books, manuals, periodicals, etc.) used in the education of students.

The Special Revenue Funds account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. There are no major special revenue funds. Each nonmajor special revenue fund is presented following the notes to the financial statements.

The Debt Service Funds account for the services of long-term debt not being financed by proprietary or nonexpendable trust funds. The following fund is a major debt service fund:

The Debt Service (Fund 41000) is used to account for the accumulation of resources for, and the payment of, GO Bond principal and interest.

Each nonmajor debt service fund is presented following the notes to the financial statements.

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

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

The Bond Building Capital Projects Fund (Fund 31100) is used to account for bond proceeds and any income earned thereon. The proceeds are restricted for the purpose of making additions to and furnishing of school buildings, or purchasing or improving school grounds or any combination thereof, as approved by the voters of the District.

Each nonmajor capital project fund is presented following the notes to the financial statements.

The Debt Service Fund is used to account for the accumulation of resources for the payment of long-term debt principal and interest.

The Fiduciary Funds account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, or student organizations.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Program revenues included in the statement of activities derive directly from the program itself or from parties outside the District's taxpayer or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the District's general revenues.

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

Program revenues are categorized as (a) charges for services, which include revenues collected for cafeteria fees and lost books, etc., (b) program-specific operating grants, which includes revenues received from state and federal sources such as Title I, IDEA-B, Charter Schools, and other State and Federal funding to be used as specified within each program grant agreement, and (c) program-specific capital grants and contributions, which include revenues from state sources such as bond building, SB-9 and special capital outlay funding to be used for capital projects. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities and Net Position or Equity

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

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

Investments for the District are reported at fair value. The State Treasurer's Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

Receivables and Payables: Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. There is no allowance for doubtful account in the current year. The District receives monthly income from a tax levy in Santa Fe County. The funds are collected by the County Treasurer and are remitted to the School District the following month. Under the modified accrual method of accounting, the amount remitted by the Santa Fe County Treasurer in July 2017 and August 2017 is considered measurable and available and, accordingly, is recorded as revenue during the year ended June 30, 2017.

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

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

Instructional Materials: The New Mexico State Department of Education receives federal material leasing funds from which it makes annual allocations to the various school districts for the purchase of educational materials. Of each allocation, 70% is restricted to the requisition of material listed in the State Board of Education 'State Adopted Instructional Material' list, while 30% of each allocation is available for purchases directly from vendors, for which the school district receives cash draw-downs, or transfer to the 70% account for requisition of material from the adopted list.

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Inventory: Inventory is valued at lower of cost (first-in, first-out) or market. Inventory in the Special Revenue Funds consists of USDA commodities and other purchased food and non-food supplies. The cost of purchased food is recorded as an expenditure at the time individual inventory items are consumed. The U.S.D.A. commodities are recorded at year-end by audit adjusting entries. Commodities consumed during the year are reported as revenues and expenditures; unused commodities are reported as inventories and deferred revenue. Non-commodity inventories are equally offset by a fund balance reserve, which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets. No unearned revenue was recorded for unused commodity inventory as of June 30, 2017. Inventories in the Transportation Fund consisted of related supplies.

Capital Assets: Capital assets, which include property, plant, and equipment, are reported in the applicable governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000, per Section 12-6-10 NMSA 1978, and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Pursuant to the implementation of GASB Statement No. 34, the historical cost of infrastructure assets (retroactive to 1979) are to be included as part of the governmental capital assets reported in the government-wide financial statements. However, infrastructure assets have not been included in the June 30, 2017 financial statements of Santa Fe Public Schools since the District did not own any infrastructure assets as of June 30, 2017. Information technology equipment, including software, is being capitalized and included in furniture and equipment as the District did not maintain internally-developed software. The District expenses the cost of library books when purchased. 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.

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

Capital expenditures made on the District's building construction projects by the NM Public School Facilities Authority have been recorded as a revenue and expenditure in the fund financial statements and have been included as capital assets in the District's government-wide financial statements.

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

Land Improvements	20 years
Buildings	20-50 years
Building Improvements	7-30 years
Equipment	5-20 years
Furniture & Fixtures	20 years
Vehicles	5-12 years

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Compensated Absences: The District permits administrative employees to accumulate a limited amount of earned but not used vacation, which will be paid if not used, upon termination from the District. Accumulated sick leave benefits vest with each employee in accordance with the District policy. All vacation pay and applicable accumulated sick leave is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result from resignations and retirements. No liability is reported for unpaid accumulated sick leave, as no payment is required upon termination of service by employees.

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 are deferred and amortized over the life of the bonds using the effective interest method.

For fund financial reporting, bond premiums and discounts, as well as issuance costs, are recognized in the period the bonds are issued. Bond proceeds are reported as another financing source net of the applicable premium or discount. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

Pensions: For the purpose 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 New Mexico Educational 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 the ERB; on the economic resources measurement focus and accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Net Position or Fund Equity: Governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

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

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Restricted Net Position: Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulation of other governments; or (2) law through constitutional provisions or enabling legislation. Descriptions for the related restrictions for net position are restricted for “debt service or capital projects.”

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

The District’s policy is to apply restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

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

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

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

Committed – Consist of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority. Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action (for example, legislation, resolution, ordinance) it employed to previously commit those amounts.

Assigned – Consist of amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. Intent should be expressed by (a) the governing body itself or (b) a body (a budget or finance committee, for example) or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes.

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

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Reclassifications: Certain amounts presented in prior year data have been reclassified in order to be consistent with the current year's presentation.

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

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

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

E. 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 ensure that the school district's operating revenue, including its local and federal revenues as defined (in Chapter 22, Article 8, Section 22-8-25, 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, and 5) size, etc. Payment is made from the public school fund under the authority of the Director of Public School Finance.

Tax Revenues: The District receives mill levy and ad-valorem tax revenues primarily for debt service and capital outlay purposes. Tax revenues are recognized when they are in the hands of the collecting agency. The District records only the portion of the taxes considered to be 'measurable' and 'available'. Descriptions of the individual debt service and capital outlay funds contained in these financial statements include information regarding the authority for the collection and use of these taxes.

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Revenues (Continued)

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

Transportation Distribution: School districts in the State of New Mexico receive student transportation distributions. The transportation distribution is allocated to each school district in accordance with formulas developed by the State Transportation Director and the Director of Public School Finance. The funds shall be used only for the purpose of making payments to each school district for the to-and-from school transportation costs of students in grades K through 12 attending public school within the school district.

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, 70% is restricted to the requisition of materials listed in the State Board of Education "State Adopted Instructional Material" list, while 30% of each allocation is available for purchases directly from vendors.

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

Deferred outflows/inflows of resources

In addition to assets, the statement of net position will sometimes report separate sections for deferred outflows/inflows of resources. These separate financial statement elements, deferred outflows/inflows of resources, represents a decrease/increase of net position that applies to a future period(s) and so will not be recognized as an outflow/inflow of resources (expense/expenditure or revenue/income) until then. In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed as incurred.

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 debt service expenditures.

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017**

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

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

These budgets are prepared on the cash basis, excluding encumbrances, and secure appropriation of funds for only one year and reconciled to the modified accrual GAAP financial statements. Carryover funds must be re-appropriated in the budget of the subsequent fiscal year.

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

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

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

In April or May, the local school board submits to the District Budget Planning Unit (DBPU) of the New Mexico Public Education Department a proposed operating budget for the ensuing fiscal year commencing July 1. The operating budget includes proposed expenditures and the means of financing them. All budgets submitted to the State of New Mexico Public Education Department (PED) by the District shall contain headings and details as described by law and have been approved by the PED.

In May or June of each year, the proposed "operating" budget will be reviewed and approved by the DBPU and certified and approved by the local school board at a public hearing of which notice has been published by the local school board which fixes the estimated budget for the school district for the ensuing fiscal year.

The school board meeting, while not intended for the general public, is open for the general public unless a closed meeting has been called.

The "operating" budget will be used by the District until they have been notified that the budget has been approved by the DBPU and the local school board. The budget shall be integrated formally into the accounting system. Encumbrances shall be used as an element of control and shall be integrated into the budget system. The District shall make corrections, revisions and amendments to the estimated budgets fixed by the local school board to recognize actual cash balances and carryover funds, if any. These adjustments shall be reviewed and approved by the DBPU.

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017**

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

Budgetary Information (Continued)

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 PED.

Budget change requests are processed in accordance with Supplement 1 (Budget Preparation and Maintenance) of the Manual of Procedures Public School Accounting and Budgeting. Such changes are initiated by the school district and approved by the SBPU.

Legal budget control for expenditures is by major function.

Appropriations lapse at fiscal year-end. Funds unused during the fiscal year may be carried over into the next fiscal year by budgeting those in the subsequent fiscal year's budget. The budget of Santa Fe Public Schools has been amended during the current fiscal year in accordance with these procedures. The budget schedules included in the accompanying financial statements reflect the approved budget and amendments thereto.

Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Funds.

Budgets for the General, Special Revenue, Capital Projects, and Debt Service Funds are adopted on a cash basis and are reconciled on a GAAP basis. Encumbrances are treated the same way for GAAP purposes and for budget purposes.

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

The accompanying statements of revenues, expenditures and changes in fund balance – budget and actual present comparisons of the legally adopted budget with actual data on a budgetary basis and reconciled to the GAAP basis.

NOTE 3. CASH AND TEMPORARY INVESTMENTS

State statutes authorize the investment of District funds in a wide variety of instruments, including certificates of deposit and other similar obligations, state investment pool, money market accounts, and United States Government obligations. All invested funds of the District properly followed State investment requirements as of June 30, 2017.

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

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017**

NOTE 3. CASH AND TEMPORARY INVESTMENTS (CONTINUED)

The rate of interest in non-demand interest-bearing accounts shall be set by the State Board of Finance, but in no case shall the rate of interest be less than 100% of the asked price on United States treasury bills of the same maturity on the day of deposit.

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

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

According to the Federal Deposit Insurance Corporation, public unit deposits are funds owned by the public unit. Time deposits, savings deposits and interest bearing NOW accounts of a public unit in an institution in the same state will be insured up to \$250,000 in aggregate and separate from the \$250,000 coverage for public unit demand deposits at the same institution.

Deposits

NM 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 Schools for at least one half of the amount on deposit with the institution. The schedule presented below meets the requirements in reporting the insured portion of the deposits.

	First National Bank of Santa Fe	Wells Fargo	Morgan Stanley	Total
Total amounts of deposits	\$ 17,290,310	\$ 1,161,364	\$ 198,856	\$ 18,650,530
FDIC coverage	<u>(500,000)</u>	<u>(250,000)</u>	<u>-</u>	<u>(750,000)</u>
Total uninsured public funds	16,790,310	911,364	198,856	17,900,530
Collateral requirement (50% of uninsured Public funds)	8,395,155	455,682	99,428	8,950,265
Pledged collateral held by pledging bank trust department or agent but not in District's name	<u>24,570,063</u>	<u>418,302</u>	<u>-</u>	<u>24,988,365</u>
Total under (over) collateralized	<u>\$ (16,174,908)</u>	<u>\$ 37,380</u>	<u>\$ 99,428</u>	<u>\$ (16,038,100)</u>

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017**

NOTE 3. CASH AND TEMPORARY INVESTMENTS (CONTINUED)

Deposits (Continued)

Custodial Credit Risk – Deposits: Custodial credit risk is the risk that in the event of a bank failure, the government’s deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk, other than following state statutes as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978). At June 30, 2017, the District was not exposed to custodial credit risk.

Investments

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. There are no Level 2 or Level 3 inputs.

As of June 30, 2017, the District had the following investments and maturities:

Investment Type (Level 1 inputs)	Fair Value
New MexiGROW LGIP	\$ 112,850,000

The New MexiGROW LGIP is invested in the following at June 30, 2017: 13% in U.S. Treasuries, 42% in U.S. government agencies, 2% in collateralized demand deposit accounts with qualified banking institutions, 23% in floating rate securities, and 20% in overnight repurchase agreements.

Interest Rate Risk – Investments: The District does not have a formal policy limiting investment maturities that would help manage its exposure to fair value losses from increasing interest rates. The District’s investments were rated AAAM by Standard & Poors and have a weighted-average days to maturity (WAM) as follows: WAM(R) was 58 days and the WAM(F) was 108 days.

Concentration Credit Risk – Investments: For an investment, concentration credit risk is when any one issuer is 5% or more of the investment portfolio of the District. The investments in the State Pool LGIP Fund represent 100% of the investment portfolio. Since the District only purchases investment with the highest credit rating, the additional concentration is not viewed to be an additional risk by the District. The District’s policy related to concentration risk is to comply with the state statute as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978).

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017**

NOTE 4. RECEIVABLES

Receivables as of June 30, 2017 are as follows:

	Operational	Bond Building	Debt Service	Other Governmental	Total
Property taxes	\$ 131,409	\$ -	\$ 1,617,521	\$ 1,886,681	\$ 3,635,611
Intergovernmental - grants	10,000	-	-	5,024,636	5,034,636
Other	15,206	39,755	11,245	46,441	112,647
Total	<u>\$ 156,615</u>	<u>\$ 39,755</u>	<u>\$ 1,628,766</u>	<u>\$ 6,957,758</u>	<u>\$ 8,782,894</u>

The above receivables are deemed 100% collectible. Property tax revenue recognized on property tax receivables in the governmental fund financial statements are net of deferred inflows-property taxes of \$2,550,450.

NOTE 5. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

“Interfund balances” have primarily been recorded when funds overdraw their share of pooled cash when the District is waiting for reimbursements. The composition of interfund balances as of June 30, 2017 is as follows:

	Receivables	Payables
Major Funds		
General Fund	\$ 4,595,260	\$ -
Bond Building Fund	-	344,923
Nonmajor Funds		
Capital Project Funds	-	675,329
Special Revenue Funds	-	3,575,008
Total	<u>\$ 4,595,260</u>	<u>\$ 4,595,260</u>

Operating transfers have primarily been recorded when expenditures were not moved from one fund to another and reimbursement was received for those expenditures. Transfers for the year ended June 30, 2017 consist of the following:

	Transfer In	Transfer Out
Major Funds		
General Fund	\$ -	\$ 54,550
Nonmajor Funds		
Special Revenue Funds	50,061	1,307
Agency Funds	5,796	-
Total	<u>\$ 55,857</u>	<u>\$ 55,857</u>

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017**

NOTE 6. CAPITAL ASSETS

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

	Balance June 30, 2016	Additions	Deletions	Adjustments/ Transfers	Balance June 30, 2017
Governmental Activities					
Capital Assets not depreciated					
Construction in progress	\$ 28,382,794	\$ 4,816,151	\$ -	\$ (2,187,714)	\$ 31,011,231
Land	<u>2,969,852</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,969,852</u>
Total Capital Assets not being depreciated	<u>31,352,646</u>	<u>4,816,151</u>	<u>-</u>	<u>(2,187,714)</u>	<u>33,981,083</u>
Capital Assets subject to depreciation					
Land improvements	33,147,620	1,677,336	-	-	34,824,956
Buildings and building improvements	511,206,653	5,167,171	-	2,187,714	518,561,538
Furniture, fixtures and equipment	<u>29,370,831</u>	<u>3,871,972</u>	<u>-</u>	<u>67,553</u>	<u>33,310,356</u>
Total Capital Assets being depreciated	<u>573,725,104</u>	<u>10,716,479</u>	<u>-</u>	<u>2,255,267</u>	<u>586,696,850</u>
Accumulated Depreciation					
Land improvements	(15,190,030)	(1,443,994)	-	-	(16,634,024)
Buildings and building improvements	(177,633,099)	(16,303,374)	-	-	(193,936,473)
Furniture, fixtures and equipment	<u>(17,344,727)</u>	<u>(3,359,737)</u>	<u>-</u>	<u>(14,075)</u>	<u>(20,718,539)</u>
Total accumulation depreciation	<u>(210,167,856)</u>	<u>(21,107,105)</u>	<u>-</u>	<u>(14,075)</u>	<u>(231,289,036)</u>
Governmental activities capital assets, net	<u>\$394,909,894</u>	<u>\$ (5,574,475)</u>	<u>\$ -</u>	<u>\$ 53,478</u>	<u>\$389,388,897</u>

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

Instruction	\$ 46,873
Support Services - Students	1,015
Support Services - General Administration	2,300
Central Services	1,000
Transportation	499,224
Food Services	64,759
Capital Outlay	<u>20,491,934</u>
Total	<u>\$ 21,107,105</u>

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017**

NOTE 7. LONG-TERM DEBT

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

	Balance June 30, 2016	Additions	Deletions	Balance June 30, 2017	Due Within One Year
Bonds/notes payable	\$ 201,100,000	\$ 53,980,964	\$ (24,746,617)	\$ 230,334,347	\$ 25,413,580
Compensated absences	796,960	712,249	(703,844)	805,365	712,249
Total	\$ 201,896,960	\$ 54,693,213	\$ (25,450,461)	\$ 231,139,712	\$ 26,125,829

The District's general obligation bonds were issued for the purposes of creating, remodeling, making additions to and furnishing school buildings, and purchasing and improving school grounds; payable solely from general property taxes that are levied against all taxable property in the District.

The District's Education Technology notes were issued for the purposes of purchasing technology equipment for use in school classrooms and are payable solely from the proceeds of their sale to a third-party. The bonds are payable out of the Debt Service Fund (Fund 41000). Interest payments are due semi-annually on August 1. Interest rates on the bonds range from 2% to 5%. Principal payments in varying amounts are due annually on August 1 through 2028. The notes are payable out of the Debt Service Fund (Fund 43000). Interest payments are due semi-annually on August 1. Interest rates range from .35% to 5%. For the 2017 notes, principal payments of \$7,750,000, \$6,750,000, and \$6,500,000 are due August 1 of 2019, 2020, and 2021, respectively.

During 2016, Santa Fe Public School (SFPS) District Board of Education approved a unique financing agreement which provided \$2,962,734 to construct solar array fields at two (2) school sites. The funding was provided by the NM Finance Authority (NMFA) issuance of 2016A Series Energy Efficiency and Renewable Energy Bonds. The Bonds are special limited obligations of NMFA, and are payable with pledged revenue, which includes money transferred by the Public Education Department from deductions to the State Equalization Guarantee (SEG) distribution of the District. The amount of savings the District expects to gain from the project is designed to be approximately 11% more than the reduction, masking for a positive net impact on the finances.

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017**

NOTE 7. LONG-TERM DEBT (CONTINUED)

The annual requirements to amortize the General Obligation Bonds, Bond Anticipation Notes, and Solar Array Note Payable as of June 30, 2017, including interest payments are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2018	\$ 25,413,580	\$ 7,877,678	\$ 33,291,259
2019	30,642,014	7,677,010	38,319,024
2020	27,095,678	6,548,988	33,644,666
2021	23,731,479	5,523,745	29,255,224
2022	19,426,268	4,551,903	23,978,171
2023-2026	81,133,323	8,606,047	89,739,370
2027-2031	21,360,227	3,074,076	24,434,302
2032-2036	751,207	210,731	961,938
2037-2041	780,571	102,253	882,824
Total	\$ 230,334,347	\$ 44,172,431	\$ 274,506,778

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

NOTE 8. RISK MANAGEMENT

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

The NMPSIA provides coverage for up to a maximum of \$500,000,000 for each property damage claim with a \$750 deductible to each building. General liability coverage is afforded to all employees, volunteers, and school board members and the limit is subject to the NMSA Tort Claims Act on a per occurrence basis. The automobile and property liability limit is subject to the provisions of the Tort Claims Act. The crime limit is \$250,000 per occurrence for Faithful Performance. A limit of \$250,000 applies to Depositor's Forgery, Credit Card Forgery, and Money Orders. A limit of \$100,000 applies to Money and Security, which includes a \$750 deductible.

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

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017**

NOTE 9. OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES

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

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

None

- B. Excess of expenditures over appropriations. The following funds exceeded approved budgetary authority for the year ended June 30, 2017:

Fund 28203	Support Services	\$4,693
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NOTE 10. PENSION PLAN – EDUCATIONAL RETIREMENT BOARD

Plan description. The New Mexico Educational Retirement Act (ERA) was enacted in 1957. The act created the Educational Employees Retirement Plan (Plan) and, to administer it, the New Mexico Educational Retirement Board (NMERB). The Plan is included in NMERB’s comprehensive annual financial report. The report can be found on NMERB’s Web site at https://www.nmerb.org/Annual_reports.html.

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

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

All accumulated assets are held by the Plan in trust to pay benefits, including refunds of contributions as defined in the terms of the Plan. Eligibility for membership in the Plan is a condition of employment, as defined Section 22-112, NMSA 1978. Employees of public schools, universities, colleges, junior colleges, technical-vocational institutions, state special schools, charter schools, and state agencies providing an educational program, who are employed more than 25% of a full-time equivalency, are required to be members of the Plan, unless specifically excluded.

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017**

NOTE 10. PENSION PLAN – EDUCATIONAL RETIREMENT BOARD (CONTINUED)

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

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

- The member's age and earned service credit add up to the sum of 75 or more,
- The member is at least sixty-five years of age and has five or more 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 and before July 1, 2013. The eligibility for a member who either becomes a new member on or after July 1, 2010 and before July 1, 2013, or at any time prior to July 1, 2010 refunded all member contributions and then becomes re-employed after July 1, 2010 is as follows:

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

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

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

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017**

NOTE 10. PENSION PLAN – EDUCATIONAL RETIREMENT BOARD (CONTINUED)

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

Benefit Options. The Plan has three benefit options available:

- **Option A – Straight Life Benefit.** The single life annuity option has no reductions to the monthly benefit, and there is no continuing benefit due to a beneficiary or estate, except the balance, if any, of member contributions plus interest less benefits paid prior to the member's death.
- **Option B – Joint 100% Survivor Benefit.** The single life annuity monthly benefit is reduced to provide for a 100% survivor's benefit. The reduced benefit is payable during the life of the member, with the provision that, upon death, the same benefit is paid to the beneficiary for his or her lifetime. If the beneficiary predeceases the member, the member's monthly benefit is increased to the amount the member would have received under Option A Straight Life benefit. The member's increased monthly benefit commences in the month following the beneficiary's death.
- **Option C – Joint 50% Survivor Benefit.** The single life annuity monthly benefit is reduced to provide for a 50% survivor's benefit. The reduced benefit is payable during the life of the member, with the provision that, upon death, the reduced 50% benefit is paid to the beneficiary for his or her lifetime. If the beneficiary predeceases the member, the member's monthly benefit is increased to the amount the member would have received under Option A Straight Life benefit. The member's increased monthly benefit commences in the month following the beneficiary's death.

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

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

- Tier 1 membership is comprised of employees who became members prior to July 1, 2010
- Tier 2 membership is comprised of employees who became members after July 1, 2010, but prior to July 1, 2013
- Tier 3 membership is comprised of employees who became members on or after July 1, 2013

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017**

NOTE 10. PENSION PLAN – EDUCATIONAL RETIREMENT BOARD (CONTINUED)

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

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

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

Contributions. The contribution requirements of defined benefit plan members and the District and Charter are established in state statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. For the fiscal year ended June 30, 2017, Employees earning \$20,000 or less contributed 7.9% and employees earning more than \$20,000 contributed 10.7% of their gross annual salary. Contributions to the pension plan from the District were \$10,381,419 for the year ended June 30, 2017, which equals the required contribution. Contributions to the pension plan from the Charter for the year ended June 30, 2017 were \$245,203, which equals the required contribution.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2017, the District reported a liability of \$193,348,739 for its proportionate share of the net pension liability. At June 30, 2017, the Charter reported a liability of \$4,358,160 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 June 30, 2015. The total pension liability was rolled-forward from the valuation date to the plan year ending June 30, 2016 using generally accepted actuarial principles. Therefore, the District's and Charter's portion was established as of the measurement date of June 30, 2016. There were no significant events or changes in benefit provision that required an adjustment to the roll-forward liabilities as of June 30, 2016. The District's and Charter's proportion of the net pension liability was based on a projection of the District and Charter long-term share of contributions to the pension plan relative to the projected contributions of all participating educational institutions, actuarially determined. At June 30, 2016, the District's proportion was 2.68673%, which was an increase of 0.05426% from its proportion measured at June 30, 2015. At June 30, 2016, the Charter's proportion was 0.06056%, which was a decrease of 0.00153% from its proportion measured at June 30, 2015.

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017**

NOTE 10. PENSION PLAN – EDUCATIONAL RETIREMENT BOARD (CONTINUED)

For the year ended June 30, 2017, the District recognized pension expense of \$20,460,763. For the year ended June 30, 2017, the Charter recognized pension expense of \$408,892. At June 30, 2017, the District and Charter reported deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
District:		
Difference between expected and actual actuarial experience change of assumptions	\$ 838,819	\$ 1,838,991
Net difference between projected and actual earnings on pension plan investments	11,541,310	-
Changes in assumptions	3,935,805	-
Changes in proportion and differences between District contributions and proportionate share of contributions	6,843,599	160,870
District contributions subsequent to the measurement date	10,381,419	-
Total	\$ 33,540,952	\$ 1,999,861
	Deferred Outflows of Resources	Deferred Inflows of Resources
Charter:		
Difference between expected and actual actuarial experience change of assumptions	\$ 18,907	\$ 41,451
Net difference between projected and actual earnings on pension plan investments	260,146	-
Changes in assumptions	88,715	-
Changes in proportion and differences between Charter contributions and proportionate share of contributions	46,877	71,988
Charter contributions subsequent to the measurement date	245,203	-
Total	\$ 659,848	\$ 113,439

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017**

NOTE 10. PENSION PLAN – EDUCATIONAL RETIREMENT BOARD (CONTINUED)

The District reported \$10,381,419, and the Charter reported \$245,203, as deferred outflows of resources related to pensions resulting from the District’s and Charter’s contributions subsequent to the measurement date June 30, 2016 will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

District:

Year Ending June 30,	
2018	\$ 5,803,706
2019	6,367,127
2020	6,174,378
2021	2,814,462
2022	-
Total	<u>\$ 21,159,673</u>

Charter:

Year Ending June 30,	
2018	\$ 74,413
2019	60,189
2020	103,166
2021	63,439
2022	-
Total	<u>\$ 301,207</u>

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017**

NOTE 10. PENSION PLAN – EDUCATIONAL RETIREMENT BOARD (CONTINUED)

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

Inflation	3.00%
Salary increases	Composed of 3% inflation, plus a 0.75% productivity increase rate, plus a step-rate promotional increase for members with less than 10 years of service.
Investment rate of return	7.75% compounded annually, net of expenses. This is made up of a 3.00% inflation rate and a 4.75% real rate of return. The long-term expected rate of return on pension plan investments is determined annually using a building-block approach that includes the following: 1) rate of return projections are the sum of current yield plus projected changes in price (valuation, defaults, etc.), 2) application of key economic projections (inflation, real growth, dividends, etc.), and 3) structural themes (supply and imbalances , capital flows, etc..) developed for each major asset class.
Average of Expected Remaining Service Lives	3.77 years.
Mortality	<p>Healthy males: Based on the RP-2000 Combined Mortality Table with White Collar adjustments, generational mortality improvements with Scale BB.</p> <p>Healthy females: Based on GRS Southwest Region Teacher Mortality Table, set back one year, generational mortality improvements in accordance with Scale BB from the table’s base year of 2012.</p> <p>Disabled males: RP-2000 Disabled Mortality Table for males, set back three years, projected to 2016 with Scale BB.</p> <p>Disabled females: RP-2000 Disabled Mortality Table for females, no set back, projected to 2016 with Scale BB.</p> <p>Active members: RP-2000 Employee Mortality Tables, with males set back two years and scaled at 80%, and females set back five years and scaled at 70%. Static mortality improvement from the table’s base year of 2000 to the year 2016 in accordance with Scale BB. No future improvement was assumed for preretirement mortality.</p>
Retirement age	Experience-based table rates based on age and service, adopted by the Board on June 12, 2015 in conjunction with the six-year experience study for the period ending June 30, 2014.
Cost-of-living increases	2% per year, compounded annually.
Payroll growth	3.5% per year (with no allowance for membership growth).
Contribution accumulation	5.5% increase per year for all years prior to the valuation date. (Contributions are credited with 4% interest, compounded annually, applicable to the account balance in the past as well as the future).
Disability Incidence	Approved rates applied to eligible members with at least 10 years of service.

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017**

NOTE 10. PENSION PLAN – EDUCATIONAL RETIREMENT BOARD (CONTINUED)

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

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

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Equities	35%	
Fixed income	28%	
Alternatives	36%	
Cash	1%	
	100%	7.75%

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

The projections of cash flows used to determine this single discount rate assumed that plan member and employer contributions will be made at the current statutory levels.

Sensitivity of the District’s and Charter’s proportionate share of the net pension liability to changes in the discount rate. The following presents the District’s and Charter’s proportionate share of the net pension liability calculated using the discount rate of 7.75%, as well as what the employer name’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75%) or 1-percentage-point higher (8.75%) than the current rate.

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017**

NOTE 10. PENSION PLAN – EDUCATIONAL RETIREMENT BOARD (CONTINUED)

	1 % Decrease 6.75%	Current Discount Rate 7.75%	1 % Increase 8.75%
District's proportionate share of the net pension liability	<u>\$ 256,085,915</u>	<u>\$ 193,348,739</u>	<u>\$ 141,294,608</u>
Charter's proportionate share of the net pension liability	<u>\$ 5,772,282</u>	<u>\$ 4,358,160</u>	<u>\$ 3,184,839</u>

Pension Plan Fiduciary Net Position. Detailed information about the ERB's fiduciary net position is available in the separately issued audited financial statements as of and for the years ended June 30, 2017 and 2016, which are publicly available at www.nmerb.org.

Payables to the Pension Plan. The District remits the legally required employer and employee contributions on a monthly basis to ERB. The ERB requires that the contributions be remitted by the 15th day of the month following the month for which contributions are withheld. At June 30, 2017, there were no contributions due and payable for the District or the Charter.

NOTE 11. POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN

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

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

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

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017**

NOTE 11. POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN (CONTINUED)

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 changes by the New Mexico State Legislature. Employers that chose 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, 2017, the statutes required each participating employer to contribute 2.5% of each participating employee’s annual salary; and each participating employee was required to contribute 1.25% of their salary. For employees that were not members of an enhanced retirement plan during the fiscal year ended June 30, 2017, the statute required each participating employer to contribute 2.0% of each participating employee’s annual salary; each participating employee was required to contribute 1.0% of their salary. In addition, pursuant to Section 10-7C-15(G) NMSA 1978, at the first session of the Legislature following July 1, 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 RHCA.

The Santa Fe Public School’s contributions to the RHCA for the years ended June 30, 2017, 2016 and 2015 were \$1,495,549, \$1,527,991, and \$1,482,943, respectively, which equal the required contributions for each year.

NOTE 12. CONTINGENT LIABILITIES

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

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

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017**

NOTE 13. JOINT POWERS AGREEMENTS

Medicaid School – Based Services Program

Participants	Santa Fe Public Schools NM Health Services Department
Responsible party	Santa Fe Public Schools and NMHSD
Description	To improve the health and development outcomes of children and youth in New Mexico by providing quality health care and service through the program and assuring the appropriate use of public funds in accordance with applicable state and federal requirements.
Term of agreement	Indefinite term beginning May 9, 2003
Amount of Project	Not to exceed \$500,000 each fiscal year
District contributions	None
Audit responsibility	Santa Fe Public Schools

NOTE 14. DEFERRED COMPENSATION PLAN

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 403(b). The plan, available to all District employees, permits them to defer a portion of their salary until future years. Participation in the plan is optional. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. All assets and income of the plan are held in trust for the exclusive benefit of the participants and their beneficiaries.

NOTE 15. TAX ABATEMENTS

GASB Statement No. 77, Tax Abatement Disclosures has been implemented by governmental entities for the fiscal year ended June 30, 2017. The District does not abate taxes and has not been materially impacted by any tax abatement agreements entered into by other governmental entities.

NOTE 16. NEW ACCOUNTING PRONOUNCEMENT EFFECTIVE FOR THE YEAR ENDED JUNE 30, 2018

The Governmental Accounting Standards Board (GASB) has issued a new accounting pronouncement (*Statement No. 75 – Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*) effective for the year ended June 30, 2018. As a cost-share employer participating in the Retiree Health Care Authority (Plan or “RHCA”) (see Note 11), the District will be required to include in its June 30, 2018 financial statements, the pro rata share of the Plan’s collective “Net Retiree Healthcare Liability”. The Plan’s “Net Retiree Healthcare Liability” represents the difference between Plan’s Total Plan Liability and the Plan’s Net Plan Position, reported at the market value of the investment assets.

The amount of the District’s pro rata share of the Plan’s collective “Net Retiree Healthcare Liability” is currently unknown. However, the amount to be included in the District’s June 30, 2018 financial statements, is expected to be material.

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017**

NOTE 17. COMPONENT UNIT

The following charter school was formed under NMSA 22-8A and as such are presented here as discrete Component Unit of Santa Fe Public Schools:

Academy for Technology & the Classics (ATC)

District management has determined that the charter school is a Component Unit under GASB Statement No. 61 since their operating budget and charter are presented and approved by the District's board and a financial burden exists upon closure of a school or when the school is in need of financial assistance. The charter school is considered a legally separate entity and has a separate board from the District board. The District does not appoint members of the charter school board. The New Mexico State Auditor has determined that a charter school is a major Component Unit of their respective Districts. Refer to previous footnotes for significant policies of the charter schools, as they are subject to the same State and Federal regulations and follow the same policies as the District. The following are summarized details of the charter school balances and transactions as of June 30, 2017 and for the year then ended:

In defining the reporting entity of Academy for Technology (ATC), management considered all possible Component Unit and it was determined (due to the significance of the relationship between the ATC Foundation, a non-profit corporation under the IRC Sec. 501(c)(3) and ATC), the Foundation qualified for inclusion in the financial statements of ATC as a blended Component Unit. This Component Unit has a separate appointed board and provides the building that houses ATC under the terms of a 30-year cancelable lease. For tax purposes, the ATC foundation has a December 31 year-end.

A. Cash and Temporary Investments

Deposits:

NM 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 Schools for a least one half of the amount on deposit with the institution. The schedule presented below meets the requirements in reporting the insured portion of the deposits.

	Academy for Technology and the Classics
Total amounts of deposit	\$ 688,579
FDIC coverage	337,360
Total uninsured public funds	\$ 351,219
Collateral requirement (50% of uninsured public funds)	\$ 175,610
Pledged security	415,477
Total under (over) collateralized	\$ (239,868)

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017**

NOTE 17. COMPONENT UNIT (CONTINUED)

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the government’s deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk, other than following state statutes as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978). At June 30, 2017, none of the Charter School’s bank was exposed to custodial credit risk.

B. Accounts Receivable

As of June 30, 2017, accounts receivable consists of the following:

	Academy for Technology and the Classics
Due from other governments	\$ 96,711

C. Capital Assets

A summary of capital assets and changes occurring during the year ended June 30, 2017 follows:

	Balance June 30, 2016	Additions	Deletions	Balance June 30, 2017
Academy for Technology and the Classics				
Furniture, fixtures and equipment	\$ 176,955	\$ -	\$ -	\$ 176,955
Land and land improvements	537,007		-	537,007
Building and building improvements	5,818,482	-	-	5,818,482
Accumulated depreciation	(1,346,155)	(172,355)	-	(1,518,510)
Capital assets, net	\$ 5,186,289	\$ (172,355)	\$ -	\$ 5,013,934

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

Capital outlay	\$ 24,925
Foundation	147,430
Total	\$ 172,355

D. Commitment and Liabilities

Academy for Technology & the Classics – The school leases various equipment and facilities under short-term cancelable operating leases. Rental expense for the year ended June 30, 2017 was \$125,894. The school had a compensated absences balance of \$22,027 at the beginning of the fiscal year. Deletions to the balance were \$11,632 which resulted in an ending balance of \$10,395. Of this balance, \$10,395 is considered to be current.

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017**

NOTE 17. COMPONENT UNIT (CONTINUED)

D. Commitment and Liabilities (Continued)

<u>Five year Payout-For Footnote Disclosure for Rent Expense</u>					
	2018	2019	2020	2021	2022
	\$ 378,000	\$ 378,000	\$ 378,000	\$ 378,000	\$ 378,000

On September 29, 2014, ATC Foundation refinanced an outstanding principal balance amount of \$4,200,000 with Los Alamos National Bank; total amount of loan, including financed fees was \$4,300,000. In addition, as part of the agreement with Los Alamos National Bank, ATC agreed to the conditional guarantee of 80% of the loan amount with Unites States Department of Agriculture (Rural Development program). The loan guarantee is subject to an annual renewal fee of .50% of the guaranteed portion of the outstanding principal balance as of December 31 of each year. Annual renewal fee payments not received by April 1 of the following year are considered delinquent and may result in cancellation of the guarantee to the lender.

The long-term mortgage payable as of June 30, 2017 is as follows:

Los Alamos National Bank Mortgage; interest rate 4.25%; matures September 29, 2044, secured by building	<u>\$3,896,696</u>
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The Foundation had an accrued interest payable at year-end of \$961.

	2018	2019	2020	2021	2022	Thereafter
Mortgage payable, 4.25%; matures Septmeber 29, 2044, secured by building	\$ 75,288	\$ 78,038	\$ 81,623	\$ 85,373	\$ 89,295	\$ 3,487,079

E. Retiree Health Care (RHC) Contributions

During fiscal year 2017, RHC remitted by the School was \$35,296 in employer contributions as well as \$17,648 in employee contributions.

F. Other Required Individual Fund Disclosures

Generally accepted accounting principles require disclosures as part of the Combining Statements of certain information concerning individual funds, including:

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017**

NOTE 17. COMPONENT UNIT (CONTINUED)

F. Other Required Individual Fund Disclosures (Continued)

- A. Excess of expenditures over appropriations.
- B. Receivables and payables from interfund transactions as of June 30, 2017, with funds which interfund transactions.
- C. Deficit fund balance of individual funds.

Academy for Technology & the Classics:

- A. Excess of expenditures over appropriations:

General Fund		
Instruction	\$	103,575
Support Services		28,534
Food Services Fund		
Operation of Non-instructional Services		14,011
IDEA-B Fund		
Support Services		2,239
Teacher and School Leader Incentive Pay		
Instruction		30,548
School Leader Incentive Pay-Group		
Support Services		37
City/County Fund		
Instruction		3,018
Special Capital Outlay - State		
Capital Outlay		2,120
Capital Improvements - HB33		
Instruction		644
Support Services		3,303
Capital Outlay		31,847
Capital Improvements - SB-9		
Support Services		7,157
Capital Outlay		392,514

- B. Receivables and payables from interfund transactions as of June 30, 2017 are listed below. Funds which interfund transactions were affected or created due to cash overdrafts are represented.

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017**

NOTE 17. COMPONENT UNIT (CONTINUED)

F. Other Required Individual Fund Disclosures (Continued)

	Due To Other Funds	Due From Other Funds
General Activity	\$ 11,274	\$ -
Music and Audio Production	500	-
Education Technology	<u>-</u>	<u>11,774</u>
Total	<u>\$ 11,774</u>	<u>\$ 11,774</u>

C. The following funds reported a deficit fund balance at June 30, 2017:

Operational	\$ 45,497
Food Services	19,373
Athletics	2,167
Entitlement IDEA-B	1,930
Student Library GO Fund	537
Teacher and School Leader Incentive Pay	30,699
School Leader Incentive Pay-Group	3,267
Special Capital Outlay - State	2,120
Capital Improvements HB-33	<u>24,180</u>
Total	<u>\$ 129,770</u>

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
EDUCATIONAL RETIREMENT BOARD (ERB) PENSION PLAN
FOR THE YEARS ENDED JUNE 30, 2017, 2016, AND 2015
LAST 10 FISCAL YEARS* (UNAUDITED)

Fiscal Year Measurement Date	2017 2016	2016 2015	2015 2014
District's proportion of the net pension liability	2.68673%	2.63247%	2.49363%
District's proportionate share of the net pension liability	\$ 193,348,739	\$ 170,512,077	\$ 142,279,821
District's covered employee payroll	\$ 74,686,466	\$ 71,874,864	\$ 68,733,558
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	259%	237%	207%
Plan fiduciary net position as a percentage of total pension liability	61.58%	63.97%	66.54%

* The amounts presented were determined as of June 30. The schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the District will present information for those years which information is available.

See notes to required supplementary information.

STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
EDUCATIONAL RETIREMENT BOARD (ERB) PENSION PLAN
FOR THE YEARS ENDED JUNE 30, 2017, 2016, AND 2015
LAST 10 FISCAL YEARS* (UNAUDITED)

	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Contractually required contributions	\$ 10,381,419	\$ 10,655,553	\$ 10,401,683
Contributions in relation to contractually required contributions	<u>10,381,419</u>	<u>10,655,553</u>	<u>10,401,683</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered employee payroll	\$ 74,686,466	\$ 71,874,864	\$ 71,874,864
Contributions as a percentage of covered employee payroll	13.90%	14.83%	14.47%

* The amounts presented were determined as of June 30. The schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the District will present information for those years which information is available.

See notes to required supplementary information.

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
JUNE 30, 2017**

Changes of benefit terms and assumptions. For the overall NMERB Plan, there were no benefit or assumption changes adopted since the last actuarial valuation. However, the actual cost of living adjustment (COLA) was less than the expected 2%, which resulted in a net \$138 million decrease on the unfunded actuarial accrued liability.

SUPPLEMENTARY INFORMATION

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2017**

	<u>SPECIAL REVENUE</u>	<u>CAPITAL PROJECTS</u>	<u>DEBT SERVICE</u>	<u>TOTAL</u>
ASSETS				
<i>Current assets</i>				
Cash and cash equivalents	\$ 3,379,612	\$ 6,019,459	\$ 6,069	\$ 9,405,140
Investments	-	13,600,000	9,550,000	23,150,000
Receivables				
Taxes	-	1,441,087	445,594	1,886,681
Due from other governments	4,349,307	675,329	-	5,024,636
Interfund receivables	-	-	-	-
Other receivables	31,803	9,099	5,539	46,441
Prepaid expenditures	-	-	-	-
Inventory	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<i>Total assets</i>	<u>\$ 7,760,722</u>	<u>\$ 21,744,974</u>	<u>\$ 10,007,202</u>	<u>\$ 39,512,898</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
<i>Current liabilities</i>				
Accounts payable	\$ 130,383	\$ 474,285	\$ -	\$ 604,668
Cash overdraft	-	-	-	-
Due to government	-	-	-	-
Accrued payroll liabilities	491,853	20,252	-	512,105
Interfund payables	<u>3,575,008</u>	<u>675,329</u>	<u>-</u>	<u>4,250,337</u>
<i>Total liabilities</i>	<u>4,197,244</u>	<u>1,169,866</u>	<u>-</u>	<u>5,367,110</u>
<i>Deferred inflows</i>				
Property taxes	<u>-</u>	<u>1,040,295</u>	<u>278,973</u>	<u>1,319,268</u>
<i>Fund balances</i>				
Nonspendable	-	-	-	-
Restricted	3,563,478	19,534,813	9,728,229	32,826,520
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total fund balances</i>	<u>3,563,478</u>	<u>19,534,813</u>	<u>9,728,229</u>	<u>32,826,520</u>
<i>Total liabilities, deferred inflows and fund balances</i>	<u>\$ 7,760,722</u>	<u>\$ 21,744,974</u>	<u>\$ 10,007,202</u>	<u>\$ 39,512,898</u>

See Notes to Financial Statements.

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES -
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017**

	SPECIAL REVENUE	CAPITAL PROJECTS	DEBT SERVICE	TOTAL
Revenues				
Property taxes	\$ -	\$ 18,918,564	\$ 8,154,253	\$ 27,072,817
State grants	7,164,803	675,329	-	7,840,132
Federal grants	16,445,932	-	-	16,445,932
Charges for services	748,525	-	-	748,525
Miscellaneous	652,951	-	-	652,951
Interest	210	42,757	19,997	62,964
Total revenues	<u>25,012,421</u>	<u>19,636,650</u>	<u>8,174,250</u>	<u>52,823,321</u>
Expenditures				
Current				
Instruction	10,766,005	-	-	10,766,005
Support Services				
Students	3,711,714	-	-	3,711,714
Instruction	1,370,856	-	-	1,370,856
General Administration	504,212	189,237	81,709	775,158
School Administration	429,987	-	-	429,987
Central Services	411,536	-	-	411,536
Operation & Maintenance of Plant	83,534	-	-	83,534
Student Transportation	648,060	-	-	648,060
Other Support Services	-	-	-	-
Food Services Operations	6,341,033	-	-	6,341,033
Community Service	29,002	-	-	29,002
Capital outlay	760,153	29,095,413	-	29,855,566
Debt service				
Principal	-	-	8,000,000	8,000,000
Interest	-	-	546,390	546,390
Total expenditures	<u>25,056,092</u>	<u>29,284,650</u>	<u>8,628,099</u>	<u>62,968,841</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(43,671)</u>	<u>(9,648,000)</u>	<u>(453,849)</u>	<u>(10,145,520)</u>
Other financing sources				
Operating transfers	48,754	-	-	48,754
Proceeds from loans and bonds	605,633	11,000,000	-	11,605,633
Bond issuance premiums	-	-	855,075	855,075
Total other financing sources	<u>654,387</u>	<u>11,000,000</u>	<u>855,075</u>	<u>12,509,462</u>
Net changes in fund balances	610,716	1,352,000	401,226	2,363,942
Fund balances, beginning of year	2,952,762	18,182,813	9,327,003	30,462,578
Fund balances, end of year	<u>\$ 3,563,478</u>	<u>\$ 19,534,813</u>	<u>\$ 9,728,229</u>	<u>\$ 32,826,520</u>

See Notes to Financial Statements.

NONMAJOR SPECIAL REVENUE FUNDS

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2017**

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

Food Services (21000) – This fund is used to account for the cost of operating a student breakfast, lunch, snack bar and summer lunch program and is financed with federal grants and fees paid by program users.

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

Title I IASA (24101) – same as Title I School Imp (24162) - The major objectives of the Title I program are to provide supplemental educational opportunity for academically disadvantaged children in the area of residing. Campuses are identified for program participation by the percentage of students on free or reduced-price lunches. Any school with a free and reduced-price lunch percentage that is equal to or greater than the total district percentage becomes eligible for program participation. Any student whose test scores fall below District established criteria and who is attending a Title I campus is eligible to receive Title I services. Poverty is the criteria that identifies a campus; educational need determines the students to be served. Federal revenues accounted for in this fund are allocated to the District through the New Mexico Department of Education. Authority for creation of this fund is Part A of Chapter I of Title I of Elementary and Secondary Education Act (ESEA) of 1965, as amended, Public Law 103-383.

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

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

Education of Homeless (24113) – To ensure that homeless children and youth have equal access to the same free, appropriate public education as other children; to provide activities for and services to ensure that these children enroll in, attend, and achieve success in school; to establish or designate an office in each State educational agency (SEA) for the coordination of education for homeless children and youth; to develop and implement programs for school personnel to heighten awareness of specific problems of homeless children and youth; and to provide grants to local educational agencies (LEAs). Authorized by McKinney-Vento Homeless Assistance Act, Title VII, Subtitle B.

IDEA-B Private School Share (24115) - A proportionate allocation subtracted from the total IDEA-B Entitlement (24106) award to the Private school students with disabilities.

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
JUNE 30, 2017**

21st Century Community Learning Centers 2008-2014 (24119) – To provide assistance for graduates in achieving jobs in their field of education. Authority: Carl D. Perkins Vocational and Technical Education Act of 1998, Title I; Workforce Investment Act, Section 503.

English Language Acquisition (24153) – To provide funds to improve the educational performance of limited English proficient students by assisting the children to learn English and meet State academic content standards.

Teacher/Principal Training & Recruiting (24154) – To improve the skills of teachers and the quality of instruction in mathematics and science, and also to increase the accessibility of such instruction to all students.

Safe & Drug Free Schools & Community (24157) – To establish a local program of alcohol and drug abuse education and prevention coordinated with related community efforts and resources.

Title I School Improvement (24162) – (same as 24101) - To provide supplemental educational opportunity for academically disadvantaged children in the area residing. Campuses are identified for program participation by the percentage of students on free or reduced-price lunches. Any school with a free and reduced-price lunch percentage that is equal to or greater than the total district percentage becomes eligible for program participation. Any student whose test scores fall below District established criteria and who is attending a Title I campus is eligible to receive Title I services. Poverty is the criteria that identifies a campus; educational need determines the students to be served. Federal revenues accounted for in this fund are allocated to the District through the New Mexico Department of Education. Authority for creation of this fund is Part A of Chapter I of Title I of Elementary and Secondary Education Act (ESEA) of 1965, as amended, Public Law 103-383.

(24174 – Secondary Current) (24176 – Secondary Redistribution) – The objective of this grant is to provide secondary and post-secondary educational institutions the opportunity to develop, implement, and operate programs using different models of curricula that integrate vocational and academic learning. Funds are acquired from federal sources through the New Mexico Department of Education. Authority for creation of this fund is Carl D. Perkins Vocational and Applied Technology Education Act of 1990, as amended, Public Law 105-332.

USHHS/CDC School Health (24186) – New Mexico Public Education Department Intergovernmental Agreement Amendment #IGA#16-924-00266-A1 funding to carry out the Youth Resiliency Project in Santa Fe Schools.

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

XIX Medicaid (25153) – To account for a program providing school-based screening, diagnostic services, and other related health services and administrative activities in conformance with the approved Medicaid State Plan in order to improve health and developmental outcomes for children. Authority for creation of this fund is the Public Education Department.

Santa Fe Underage Drinking Alliance (25181) – The Drug-Free Communities Support Program is a collaborative effort between the Office of Nation Drug Control Policy and the Substance Abuse and Mental Health Services

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
JUNE 30, 2017**

Administration. Grant awards are issued to community coalitions through an interagency agreement with SAMHSA. The purpose of DFC funding is to address two major goals: 1) establish and strengthen collaboration among communities, public and private non-profit agencies, and Federal, State, Local and Tribal governments to support the efforts of community coalitions, and 2) reduce substance abuse among youth and over time young adults.

Indian Education Formula Grant (25184) – To make grants to State, Territories, Tribes and tribal organizations serving federally-recognized tribes (public institutions of higher education and hospitals are not eligible applicants) for child care assistance for low-income families and to: 1) allow each State maximum flexibility in developing child care programs and policies that best suit the needs of children and parents within such State; 2) promote parental choice to empower working parents to make their own decisions on the child care that best suits their families’ needs; 3) encourage States to provide consumer education information to help parents make informed choices about child care; 4) assist States to provide child care to parents trying to achieve independence from public assistance; and 5) assist States in implementing the health, safety, licensing and registration standards established in State regulations.

ROTC (25200) – To provide financial assistance to school districts to reimburse a portion of the salaries paid to R.O.T.C. instructors. The funding is provided by the U.S. Marine Corps.

GEAR UP (25205) – Gear Up New Mexico funds will support successful high school graduation and post-secondary attendance.

Safe Drug Free School/Community (25243) - PL 107-110 Safe & Drug Free Schools & Communities Act of ESEA, as amended by NCLB Program Title: Safe and Drug-Free Schools and Communities- National Programs.

LANL Foundation (26113) – Educational enrichment grant received from Los Alamos National Laboratory.

Dual Credit Instructional Materials (27103) – A one-time appropriation for school year 2009-2011 for dual credit materials for fall and spring semesters.

2012 G.O. Bond Student Library Fund (SB 66) (27107) – Funds used to purchase books, supplies and other media for school libraries. Laws of 2012. This fund replaced 27106.

New Mexico Reads to Lead (27114) – K-3 Reading Initiative legislative funded.

Truancy Initiative PED (27141) – To hire Truancy and Dropout Prevention Coaches with appropriate state licensure. The coaches will monitor and report on the performance of each school assigned a coach. The reporting will include information about truancy and dropout statistics, as well as documentation about various events and programming provided by the school as related to truancy and dropout prevention.

Pre-K Initiative (27149) – To provide high quality Pre-K services that align to NM Pre-K standards to underserved 4-year-olds in the District. To expand early childhood educational capacity so that all families of 4-year-olds in the district who want to enroll their child in a high-quality Pre-K program can do regardless of income or ethnicity.

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
JUNE 30, 2017**

Indian Education Act (27150) – To account for funds to help support the educational reform initiatives outlined in the District’s Educational Plan for Student Success (EPSS). The grant expenditures must support how the identified EPSS focus areas/ activities/ strategies will be deployed for addressing the needs of American Indian students to ensure improved academic performance and closing of the achievement gap.

Breakfast for Elementary Students (27155) – The 2005 Legislative General Appropriations Act allocated \$475,000 to implement Breakfast in the Classroom for elementary schools in need of improvement based on 2004-2005 AYP designation.

School Improvement Framework (27164) – The grant was awarded as a result of meeting adequate yearly progress for two consecutive years. These funds are to be used for library materials.

Legislative Appr. of 2007 (27165) – To provide funds for college readiness and high school redesign initiative.

Kindergarten – Three Plus (27166) – The funding is part of a pilot project for Kindergarten through third grade students at both Ann Parish Elementary and Desert View Elementary. Funds are used for teachers, educational assistants, nurses, an academic coach, and PE coach at both schools. HB 198 Laws 2007 Parkinson/Paolillo.

Libraries SB301 GO BONDS (27170) – In the November 2004 election, New Mexico voters approved GO bond C for \$6,156,000 to fund public school and juvenile detention libraries statewide. Statute specifies that the funds are available to acquire library books, equipment and library resources for public schools and juvenile detention libraries.

2013 School Bus (27178) – Appropriation to purchase school buses statewide. Laws of 2013 SB60 Section 53.

Early College High School Start Up (27180) - New Mexico State Legislation appropriation information specific to this award: Early College High School Initiative, Funding Agency: New Mexico Public Education Department, Special Appropriation Fund.

NM Grown FFV (27183) – Funds under this award are to be used to purchase locally grown New Mexico fresh fruits and vegetables, to be made available at no charge to students. 2013 HB2 Special Appropriation, Section 5, Page 217.

Teacher and Leader Incentive Pay Program – Group (27190) – The New Mexico Pay for Performance Pilot (PPP) establishes group and individual-based incentive programs designed to recognize and reward New Mexico’s high performing teachers and principals. By using local expertise and negotiating with local partners, PPP grantees will create innovative systems primarily to reward teachers and principals for their excellence. Authority for creating this fund are the Laws of 2014.

Early Intervention CYFD (28108) – The purpose of this program is to provide nursery services for babies of teen students. Funds were provided through a discretionary grant from CYFD. Authority for creation of this fund is authorization of the New Mexico Public Education Department.

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
JUNE 30, 2017**

ASSIST Tobacco DOH (28122) – To account for monies received from the State of New Mexico to be used for the implementation of prevention and intervention programs for student use of tobacco, including professional development for teachers.

Sub Abuse Ed/ Prev DOH (28142) – To account for revenues received for the implementation of innovative and accessible school-based programs which effectively address the mental health and substance abuse needs of high-risk children, youth and their families. Authority: NMSA Section 29-17-2.

NM Grads Childcare (28189) – Program to provide licensed child care services for parenting teens, as described in the GRADS “Scope of Work” with the NM Public Education Department for the well-being of children born to Parenting Teen Families. Authority for creating this fund are the Laws of 2014.

NM Grads Instructional (28190) – Program to provide summer case management for parenting teens, as described in the GRADS “Scope of Work” with the NM Public Education Department for the well-being of children born to Parenting Teen Families. Authority for creating this fund are the Laws of 2014.

State Underage Drinking Prevention – Department of Transportation (28196) – State of New Mexico, New Mexico Department of Transportation, Programs Division, Traffic Safety Division. Purpose: to fund activities to reduce DWI, which are of permanent direct benefit to traffic safety in New Mexico. Funding for this underage drinking prevention program are from state funds authorized by NMSA 66-5-35 “limited driving privilege upon suspension or revocation” which includes a \$45 interlock fee collected and transferred to the Department to be used for DWI prevention and education programs for elementary and secondary school students.

Energy Minerals and Natural Resources Grant (28197) – New Mexico Finance Authority Energy Efficiency and Renewable Energy Bonds (Santa Fe Public School District), Series 2016A for the purpose of providing funds for the construction of PV Solar Array Systems at Santa Fe High School and Ramirez Thomas Elementary School.

Grads Plus (28203) – Program to provide GRADS PLUS: Making Connections for Success model services at Capital and Santa Fe High School. Authority for creation of this fund are the Laws of 2014.

Private Dir Grants (Categorical) (29102) – To account for local grants awarded to provide additional funding for specific projects. AEL was awarded to provide training for the LLHS Administration. Milken was used for beautification purposes at a school site.

City/County Grant (29107) – To provide support for a health education program within the school and to provide workbooks, materials for educational demonstrations and funds to support nutrition-focused event for the school.

McCune Charitable Foundation (29114) – Santa Fe Public School E-STEM Program - Preparing Today's Students for Tomorrow's Challenges. Energy and Water Conservation Program.

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
COMBINING BALANCE SHEET -
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2017**

	Food Services 21000	Athletics 22000	Title I IASA 24101	IDEA-B Entitlement 24106
ASSETS				
<i>Current Assets</i>				
Cash and cash equivalents	\$ 1,201,191	\$ 14,278	\$ 189,565	\$ 38,027
Receivables				
Taxes	-	-	-	-
Due from other governments	612,175	-	1,063,188	360,672
Interfund receivables	-	-	-	-
Other receivables	-	-	-	-
Prepaid expenditures	-	-	-	-
Inventory	-	-	-	-
<i>Total assets</i>	<u>\$ 1,813,366</u>	<u>\$ 14,278</u>	<u>\$ 1,252,753</u>	<u>\$ 398,699</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
<i>Current liabilities</i>				
Accounts payable	\$ 123,310	\$ -	\$ -	\$ -
Due to government	-	-	-	-
Accrued payroll liabilities	59,998	-	189,565	38,027
Interfund payables	-	-	1,063,188	360,672
<i>Total liabilities</i>	<u>183,308</u>	<u>-</u>	<u>1,252,753</u>	<u>398,699</u>
<i>Deferred inflows</i>				
Property taxes	-	-	-	-
<i>Fund balances</i>				
Nonspendable	-	-	-	-
Restricted	1,630,058	14,278	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
<i>Total fund balances</i>	<u>1,630,058</u>	<u>14,278</u>	<u>-</u>	<u>-</u>
<i>Total liabilities, deferred inflows and fund balances</i>	<u>\$ 1,813,366</u>	<u>\$ 14,278</u>	<u>\$ 1,252,753</u>	<u>\$ 398,699</u>

See Notes to Financial Statements.

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
COMBINING BALANCE SHEET -
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
JUNE 30, 2017**

	IDEA-B Preschool 24109	Education of Homeless 24113	IDEA-B Private School 24115	21st Century Community Learning Centers 24119
ASSETS				
<i>Current Assets</i>				
Cash and cash equivalents	\$ -	\$ 1,830	\$ -	\$ -
Receivables				
Taxes	-	-	-	-
Due from other governments	6,586	2,048	22,597	111,768
Interfund receivables	-	-	-	-
Other receivables	-	-	-	-
Prepaid expenditures	-	-	-	-
Inventory	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total assets</i>	<u>\$ 6,586</u>	<u>\$ 3,878</u>	<u>\$ 22,597</u>	<u>\$ 111,768</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
<i>Current liabilities</i>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to government	-	-	-	-
Accrued payroll liabilities	-	1,829	-	-
Interfund payables	<u>6,586</u>	<u>2,049</u>	<u>22,597</u>	<u>111,768</u>
<i>Total liabilities</i>	<u>6,586</u>	<u>3,878</u>	<u>22,597</u>	<u>111,768</u>
<i>Deferred inflows</i>				
Property taxes	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances</i>				
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total fund balances</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total liabilities, deferred inflows and fund balances</i>	<u>\$ 6,586</u>	<u>\$ 3,878</u>	<u>\$ 22,597</u>	<u>\$ 111,768</u>

See Notes to Financial Statements.

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
COMBINING BALANCE SHEET -
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
JUNE 30, 2017**

	IDEA-B Results Plan 24132	English Language Acquisition 24153	Teacher/Principal Training & Recruiting 24154	Safe & Drug Free School & Community 24157
ASSETS				
<i>Current Assets</i>				
Cash and cash equivalents	\$ -	\$ 4,054	\$ 4,225	\$ -
Receivables				
Taxes	-	-	-	-
Due from other governments	37,165	137,400	222,697	-
Interfund receivables	-	-	-	-
Other receivables	-	-	-	-
Prepaid expenditures	-	-	-	-
Inventory	-	-	-	-
	<u>37,165</u>	<u>141,454</u>	<u>226,922</u>	<u>-</u>
<i>Total assets</i>	<u>\$ 37,165</u>	<u>\$ 141,454</u>	<u>\$ 226,922</u>	<u>\$ -</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
<i>Current liabilities</i>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to government	-	-	-	-
Accrued payroll liabilities	-	4,054	4,225	-
Interfund payables	<u>37,165</u>	<u>137,400</u>	<u>222,697</u>	<u>-</u>
<i>Total liabilities</i>	<u>37,165</u>	<u>141,454</u>	<u>226,922</u>	<u>-</u>
<i>Deferred inflows</i>				
Property taxes	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances</i>				
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total fund balances</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total liabilities, deferred inflows and fund balances</i>	<u>\$ 37,165</u>	<u>\$ 141,454</u>	<u>\$ 226,922</u>	<u>\$ -</u>

See Notes to Financial Statements.

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
COMBINING BALANCE SHEET -
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
JUNE 30, 2017**

	Title I School Improvement 24162	Carl D. Perkins Secondary Current 24174	Carl D. Perkins Secondary Redistribution 24176	USHHS/CDC School Health 24186
ASSETS				
<i>Current Assets</i>				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Receivables				
Taxes	-	-	-	-
Due from other governments	-	60,343	4,916	-
Interfund receivables	-	-	-	-
Other receivables	-	-	-	-
Prepaid expenditures	-	-	-	-
Inventory	-	-	-	-
<i>Total assets</i>	<u>\$ -</u>	<u>\$ 60,343</u>	<u>\$ 4,916</u>	<u>\$ -</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
<i>Current liabilities</i>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to government	-	-	-	-
Accrued payroll liabilities	-	-	-	-
Interfund payables	-	60,343	4,916	-
<i>Total liabilities</i>	<u>-</u>	<u>60,343</u>	<u>4,916</u>	<u>-</u>
<i>Deferred inflows</i>				
Property taxes	-	-	-	-
<i>Fund balances</i>				
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
<i>Total fund balances</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total liabilities, deferred inflows and fund balances</i>	<u>\$ -</u>	<u>\$ 60,343</u>	<u>\$ 4,916</u>	<u>\$ -</u>

See Notes to Financial Statements.

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
COMBINING BALANCE SHEET -
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
JUNE 30, 2017**

	Johnson O'Malley 25131	Title XIX Medicaid 3/21 Years 25153	Santa Fe Underage Drinking Alliance 25181	Indian Education Formula Grant 25184
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
ASSETS				
<i>Current Assets</i>				
Cash and cash equivalents	\$ -	\$ 875,567	\$ 446	\$ 2,072
Receivables				
Taxes	-	-	-	-
Due from other governments	11,153	98,582	33,505	19,039
Interfund receivables	-	-	-	-
Other receivables	-	-	-	-
Prepaid expenditures	-	-	-	-
Inventory	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<i>Total assets</i>	<u>\$ 11,153</u>	<u>\$ 974,149</u>	<u>\$ 33,951</u>	<u>\$ 21,111</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
<i>Current liabilities</i>				
Accounts payable	\$ -	\$ 5,144	\$ -	\$ -
Due to government	-	-	-	-
Accrued payroll liabilities	-	30,682	445	2,072
Interfund payables	<u>11,153</u>	<u>-</u>	<u>33,506</u>	<u>19,039</u>
<i>Total liabilities</i>	<u>11,153</u>	<u>35,826</u>	<u>33,951</u>	<u>21,111</u>
<i>Deferred inflows</i>				
Property taxes	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances</i>				
Nonspendable	-	-	-	-
Restricted	-	938,323	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total fund balances</i>	<u>-</u>	<u>938,323</u>	<u>-</u>	<u>-</u>
<i>Total liabilities, deferred inflows and fund balances</i>	<u>\$ 11,153</u>	<u>\$ 974,149</u>	<u>\$ 33,951</u>	<u>\$ 21,111</u>

See Notes to Financial Statements.

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
COMBINING BALANCE SHEET -
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
JUNE 30, 2017**

	ROTC 25200	GEAR UP 25205	Safe Drug Free School Comm 25243	LANL Foundation 26113
ASSETS				
<i>Current Assets</i>				
Cash and cash equivalents	\$ 27,664	\$ 9,007	\$ -	\$ 701,665
Receivables				
Taxes	-	-	-	-
Due from other governments	-	117,870	-	-
Interfund receivables	-	-	-	-
Other receivables	-	-	-	-
Prepaid expenditures	-	-	-	-
Inventory	-	-	-	-
	<u>\$ 27,664</u>	<u>\$ 126,877</u>	<u>\$ -</u>	<u>\$ 701,665</u>
<i>Total assets</i>				
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
<i>Current liabilities</i>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to government	-	-	-	-
Accrued payroll liabilities	1,427	9,007	-	-
Interfund payables	-	117,870	-	-
	<u>1,427</u>	<u>126,877</u>	<u>-</u>	<u>-</u>
<i>Total liabilities</i>				
<i>Deferred inflows</i>				
Property taxes	-	-	-	-
<i>Fund balances</i>				
Nonspendable	-	-	-	-
Restricted	26,237	-	-	701,665
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
	<u>26,237</u>	<u>-</u>	<u>-</u>	<u>701,665</u>
<i>Total fund balances</i>				
<i>Total liabilities, deferred inflows and fund balances</i>	<u>\$ 27,664</u>	<u>\$ 126,877</u>	<u>\$ -</u>	<u>\$ 701,665</u>

See Notes to Financial Statements.

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
COMBINING BALANCE SHEET -
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
JUNE 30, 2017**

	Dual Credit Instructional Materials/HB2 27103	2012 GO Bonds - Student Library SB-66 27107	New Mexico Reads to Lead 27114	Truancy Initiative PED 27141
ASSETS				
<i>Current Assets</i>				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 21,067
Receivables				
Taxes	-	-	-	-
Due from other governments	-	24,366	-	53,153
Interfund receivables	-	-	-	-
Other receivables	-	-	-	-
Prepaid expenditures	-	-	-	-
Inventory	-	-	-	-
	-	-	-	-
<i>Total assets</i>	\$ -	\$ 24,366	\$ -	\$ 74,220
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
<i>Current liabilities</i>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to government	-	-	-	-
Accrued payroll liabilities	-	-	-	21,067
Interfund payables	-	24,366	-	53,153
<i>Total liabilities</i>	-	24,366	-	74,220
<i>Deferred inflows</i>				
Property taxes	-	-	-	-
<i>Fund balances</i>				
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
<i>Total fund balances</i>	-	-	-	-
<i>Total liabilities, deferred inflows and fund balances</i>	\$ -	\$ 24,366	\$ -	\$ 74,220

See Notes to Financial Statements.

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
COMBINING BALANCE SHEET -
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
JUNE 30, 2017**

	Pre K Initiative 27149	Indian Educational Act 27150	Breakfast for Elementary Students 27155	School Improvement Framework 27164
ASSETS				
<i>Current Assets</i>				
Cash and cash equivalents	\$ 119,089	\$ -	\$ -	\$ -
Receivables				
Taxes	-	-	-	-
Due from other governments	402,963	8,131	-	-
Interfund receivables	-	-	-	-
Other receivables	-	-	-	-
Prepaid expenditures	-	-	-	-
Inventory	-	-	-	-
	<u>522,052</u>	<u>8,131</u>	<u>-</u>	<u>-</u>
<i>Total assets</i>	<u>\$ 522,052</u>	<u>\$ 8,131</u>	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
<i>Current liabilities</i>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to government	-	-	-	-
Accrued payroll liabilities	119,089	-	-	-
Interfund payables	<u>402,963</u>	<u>8,131</u>	-	-
<i>Total liabilities</i>	<u>522,052</u>	<u>8,131</u>	-	-
<i>Deferred inflows</i>				
Property taxes	-	-	-	-
<i>Fund balances</i>				
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
<i>Total fund balances</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total liabilities, deferred inflows and fund balances</i>	<u>\$ 522,052</u>	<u>\$ 8,131</u>	<u>\$ -</u>	<u>\$ -</u>

See Notes to Financial Statements.

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
COMBINING BALANCE SHEET -
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
JUNE 30, 2017**

	Legislative Appropriations Math Grant 27165	Kindergarten - Three Plus 27166	Libraries G.O. Bonds Laws of 2006 27170	School Bus Replacement 27178
ASSETS				
<i>Current Assets</i>				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Receivables				
Taxes	-	-	-	-
Due from other governments	-	273,842	-	439,155
Interfund receivables	-	-	-	-
Other receivables	-	-	-	-
Prepaid expenditures	-	-	-	-
Inventory	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total assets</i>	<u>\$ -</u>	<u>\$ 273,842</u>	<u>\$ -</u>	<u>\$ 439,155</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
<i>Current liabilities</i>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to government	-	-	-	-
Accrued payroll liabilities	-	-	-	-
Interfund payables	-	273,842	-	439,155
	<u>-</u>	<u>273,842</u>	<u>-</u>	<u>439,155</u>
<i>Total liabilities</i>	<u>-</u>	<u>273,842</u>	<u>-</u>	<u>439,155</u>
<i>Deferred inflows</i>				
Property taxes	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances</i>				
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total fund balances</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total liabilities, deferred inflows and fund balances</i>	<u>\$ -</u>	<u>\$ 273,842</u>	<u>\$ -</u>	<u>\$ 439,155</u>

See Notes to Financial Statements.

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
COMBINING BALANCE SHEET -
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
JUNE 30, 2017**

	Early College High School Start Up 27180	NM Grown FVV 27183	Teacher and Leader Incentive Pay Program 27188	School Leader Incentive Pay Program 27190
ASSETS				
<i>Current Assets</i>				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Receivables				
Taxes	-	-	-	-
Due from other governments	-	-	7,412	-
Interfund receivables	-	-	-	-
Other receivables	-	-	-	-
Prepaid expenditures	-	-	-	-
Inventory	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total assets</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,412</u>	<u>\$ -</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
<i>Current liabilities</i>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to government	-	-	-	-
Accrued payroll liabilities	-	-	-	-
Interfund payables	-	-	7,412	-
	<u>-</u>	<u>-</u>	<u>7,412</u>	<u>-</u>
<i>Total liabilities</i>	<u>-</u>	<u>-</u>	<u>7,412</u>	<u>-</u>
<i>Deferred inflows</i>				
Property taxes	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances</i>				
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total fund balances</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total liabilities, deferred inflows and fund balances</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,412</u>	<u>\$ -</u>

See Notes to Financial Statements.

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
COMBINING BALANCE SHEET -
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
JUNE 30, 2017**

	Early Intervention CYFD 28108	ASSIST Tobacco DOH 28122	Substance Abuse Ed/Prev DOH 28142	GRADS - Child Care 28189
ASSETS				
<i>Current Assets</i>				
Cash and cash equivalents	\$ -	\$ 58,320	\$ 10,241	\$ 7
Receivables				
Taxes	-	-	-	-
Due from other governments	-	9,100	40,793	-
Interfund receivables	-	-	-	-
Other receivables	-	-	-	-
Prepaid expenditures	-	-	-	-
Inventory	-	-	-	-
	-	-	-	-
<i>Total assets</i>	\$ -	\$ 67,420	\$ 51,034	\$ 7
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
<i>Current liabilities</i>				
Accounts payable	\$ -	\$ -	\$ 1,929	\$ -
Due to government	-	-	-	-
Accrued payroll liabilities	-	-	226	-
Interfund payables	-	-	-	-
<i>Total liabilities</i>	-	-	2,155	-
<i>Deferred inflows</i>				
Property taxes	-	-	-	-
<i>Fund balances</i>				
Nonspendable	-	-	-	-
Restricted	-	67,420	48,879	7
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
<i>Total fund balances</i>	-	67,420	48,879	7
<i>Total liabilities, deferred inflows and fund balances</i>	\$ -	\$ 67,420	\$ 51,034	\$ 7

See Notes to Financial Statements.

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
COMBINING BALANCE SHEET -
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
JUNE 30, 2017**

	GRADS - Instruction 28190	State Underage Drinking Prevention DOT 28196	Energy Minerals and Nat Resources Grant 28197	GRADS Plus 28203
ASSETS				
<i>Current Assets</i>				
Cash and cash equivalents	\$ -	\$ 682	\$ -	\$ 2,603
Receivables				
Taxes	-	-	-	-
Due from other governments	-	9,730	-	8,438
Interfund receivables	-	-	-	-
Other receivables	-	-	-	-
Prepaid expenditures	-	-	-	-
Inventory	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total assets</i>	<u>\$ -</u>	<u>\$ 10,412</u>	<u>\$ -</u>	<u>\$ 11,041</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
<i>Current liabilities</i>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to government	-	-	-	-
Accrued payroll liabilities	-	681	-	2,603
Interfund payables	-	9,731	-	8,438
	<u>-</u>	<u>9,731</u>	<u>-</u>	<u>8,438</u>
<i>Total liabilities</i>	<u>-</u>	<u>10,412</u>	<u>-</u>	<u>11,041</u>
<i>Deferred inflows</i>				
Property taxes	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances</i>				
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total fund balances</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total liabilities, deferred inflows and fund balances</i>	<u>\$ -</u>	<u>\$ 10,412</u>	<u>\$ -</u>	<u>\$ 11,041</u>

See Notes to Financial Statements.

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
COMBINING BALANCE SHEET -
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
JUNE 30, 2017**

	Private Dir Grants (Categorical) 29102	City/County Grants 29107	McCune Charitable Foundation 29114	Total
ASSETS				
<i>Current Assets</i>				
Cash and cash equivalents	\$ 63,927	\$ 6,176	\$ 27,909	\$ 3,379,612
Receivables				-
Taxes	-	-	-	-
Due from other governments	-	150,520	-	4,349,307
Interfund receivables	-	-	-	-
Other receivables	31,803	-	-	31,803
Prepaid expenditures	-	-	-	-
Inventory	-	-	-	-
<i>Total assets</i>	<u>\$ 95,730</u>	<u>\$ 156,696</u>	<u>\$ 27,909</u>	<u>\$ 7,760,722</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
<i>Current liabilities</i>				
Accounts payable	\$ -	\$ -	\$ -	\$ 130,383
Due to government	-	-	-	-
Accrued payroll liabilities	681	6,175	-	491,853
Interfund payables	-	136,868	-	3,575,008
<i>Total liabilities</i>	<u>681</u>	<u>143,043</u>	<u>-</u>	<u>4,197,244</u>
<i>Deferred inflows</i>				
Property taxes	-	-	-	-
<i>Fund balances</i>				
Nonspendable	-	-	-	-
Restricted	95,049	13,653	27,909	3,563,478
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
<i>Total fund balances</i>	<u>95,049</u>	<u>13,653</u>	<u>27,909</u>	<u>3,563,478</u>
<i>Total liabilities, deferred inflows and fund balances</i>	<u>\$ 95,730</u>	<u>\$ 156,696</u>	<u>\$ 27,909</u>	<u>\$ 7,760,722</u>

See Notes to Financial Statements.

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES -
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2017**

	Food Services 21000	Athletics 22000	Title I IASA 24101	IDEA-B Entitlement 24106
Revenues				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	218,627	-	-	-
Federal grants	5,602,668	-	3,655,713	2,308,914
Charges for services	589,419	159,106	-	-
Miscellaneous	15,051	1,156	-	-
Interest	210	-	-	-
Total revenues	<u>6,425,975</u>	<u>160,262</u>	<u>3,655,713</u>	<u>2,308,914</u>
Expenditures				
Current				
Instruction	-	147,937	2,948,748	262,630
Support Services				
Students	-	-	133,295	1,805,969
Instruction	-	-	402,337	-
General Administration	145,974	-	90,555	57,186
School Administration	-	-	11,443	-
Central Services	-	-	54,378	112,727
Operation & Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	70,080
Other Support Services	-	-	-	-
Food Services Operations	6,194,678	-	-	-
Community Service	-	-	14,957	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>6,340,652</u>	<u>147,937</u>	<u>3,655,713</u>	<u>2,308,592</u>
Excess (deficiency) of revenues over (under) expenditures	<u>85,323</u>	<u>12,325</u>	<u>-</u>	<u>322</u>
Other financing sources (uses)				
Operating transfers	-	-	(74)	(322)
Proceeds from loans and bonds	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(74)</u>	<u>(322)</u>
Net changes in fund balances	85,323	12,325	(74)	-
Fund balances, beginning of year	<u>1,544,735</u>	<u>1,953</u>	<u>74</u>	<u>-</u>
Fund balances, end of year	<u>\$ 1,630,058</u>	<u>\$ 14,278</u>	<u>\$ -</u>	<u>\$ -</u>

See Notes to Financial Statements.

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES -
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017**

	IDEA-B Preschool 24109	Education of Homeless 24113	IDEA-B Private School 24115	21st Century Community Learning Centers 24119
Revenues				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	-	-	-	-
Federal grants	46,058	62,247	32,181	1,034,721
Charges for services	-	-	-	-
Miscellaneous	-	-	-	-
Interest	-	-	-	-
Total revenues	<u>46,058</u>	<u>62,247</u>	<u>32,181</u>	<u>1,034,721</u>
Expenditures				
Current				
Instruction	-	-	20,820	772,349
Support Services				
Students	2,901	-	11,361	-
Instruction	-	62,247	-	-
General Administration	1,132	-	-	25,631
School Administration	42,025	-	-	31,458
Central Services	-	-	-	205,283
Operation & Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Community Service	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>46,058</u>	<u>62,247</u>	<u>32,181</u>	<u>1,034,721</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources (uses)				
Operating transfers	-	-	-	59
Proceeds from loans and bonds	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>59</u>
Net changes in fund balances	-	-	-	59
Fund balances, beginning of year	-	-	-	(59)
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See Notes to Financial Statements.

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES -
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017**

	IDEA-B Results Plan 24132	English Language Acquisition 24153	Teacher/Principal Training & Recruiting 24154	Safe & Drug Free School & Community 24157
Revenues				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	-	-	-	-
Federal grants	85,518	307,853	624,395	-
Charges for services	-	-	-	-
Miscellaneous	-	-	-	-
Interest	-	-	-	-
Total revenues	<u>85,518</u>	<u>307,853</u>	<u>624,395</u>	<u>-</u>
Expenditures				
Current				
Instruction	85,518	203,038	446,298	-
Support Services				
Students	-	-	-	-
Instruction	-	98,779	140,744	-
General Administration	-	6,036	15,467	-
School Administration	-	-	-	-
Central Services	-	-	21,886	-
Operation & Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Community Service	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>85,518</u>	<u>307,853</u>	<u>624,395</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources (uses)				
Operating transfers	-	-	-	-
Proceeds from loans and bonds	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	-	-	-	-
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See Notes to Financial Statements.

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES -
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017**

	Title I School Improvement 24162	Carl D. Perkins Secondary Current 24174	Carl D. Perkins Secondary Redistribution 24176	USHHS/CDC School Health 24186
Revenues				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	-	-	-	-
Federal grants	115,108	140,077	5,504	4,938
Charges for services	-	-	-	-
Miscellaneous	-	-	-	-
Interest	-	-	-	-
Total revenues	<u>115,108</u>	<u>140,077</u>	<u>5,504</u>	<u>4,938</u>
Expenditures				
Current				
Instruction	115,108	138,617	5,489	4,938
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	1,460	15	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Community Service	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>115,108</u>	<u>140,077</u>	<u>5,504</u>	<u>4,938</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources (uses)				
Operating transfers	-	-	-	-
Proceeds from loans and bonds	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	-	-	-	-
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See Notes to Financial Statements.

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES -
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017**

	Johnson O'Malley 25131	Title XIX Medicaid 3/21 Years 25153	Santa Fe Underage Drinking Alliance 25181	Indian Education Formula Grant 25184
Revenues				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	-	-	-	-
Federal grants	19,410	1,650,704	119,072	69,774
Charges for services	-	-	-	-
Miscellaneous	-	-	-	-
Interest	-	-	-	-
Total revenues	<u>19,410</u>	<u>1,650,704</u>	<u>119,072</u>	<u>69,774</u>
Expenditures				
Current				
Instruction	18,609	-	751	12,944
Support Services				
Students	-	805,327	115,371	-
Instruction	320	180,493	-	55,101
General Administration	481	111,486	2,950	1,729
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Community Service	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>19,410</u>	<u>1,097,306</u>	<u>119,072</u>	<u>69,774</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>553,398</u>	<u>-</u>	<u>-</u>
Other financing sources (uses)				
Operating transfers	-	-	-	-
Proceeds from loans and bonds	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	-	553,398	-	-
Fund balances, beginning of year	-	384,925	-	-
Fund balances, end of year	<u>\$ -</u>	<u>\$ 938,323</u>	<u>\$ -</u>	<u>\$ -</u>

See Notes to Financial Statements.

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES -
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017**

	ROTC 25200	GEAR UP 25205	Safe Drug Free School Comm 25243	LANL Foundation 26113
Revenues				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	-	-	-	-
Federal grants	115,825	445,252	-	-
Charges for services	-	-	-	-
Miscellaneous	-	-	-	-
Interest	-	-	-	-
Total revenues	<u>115,825</u>	<u>445,252</u>	<u>-</u>	<u>-</u>
Expenditures				
Current				
Instruction	89,823	331,515	-	-
Support Services				
Students	-	-	-	-
Instruction	-	102,661	-	-
General Administration	-	11,076	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Community Service	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>89,823</u>	<u>445,252</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>26,002</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources (uses)				
Operating transfers	-	-	-	-
Proceeds from loans and bonds	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	26,002	-	-	-
Fund balances, beginning of year	<u>235</u>	<u>-</u>	<u>-</u>	<u>701,665</u>
Fund balances, end of year	<u>\$ 26,237</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 701,665</u>

See Notes to Financial Statements.

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES -
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017**

	Dual Credit Instructional Materials/HB2 27103	2012 GO Bonds - Student Library SB-66 27107	New Mexico Reads to Lead 27114	Truancy Initiative PED 27141
Revenues				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	14,654	24,366	-	256,208
Federal grants	-	-	-	-
Charges for services	-	-	-	-
Miscellaneous	-	-	-	-
Interest	-	-	-	-
Total revenues	<u>14,654</u>	<u>24,366</u>	<u>-</u>	<u>256,208</u>
Expenditures				
Current				
Instruction	14,654	-	-	-
Support Services				
Students	-	-	-	256,208
Instruction	-	24,366	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Community Service	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>14,654</u>	<u>24,366</u>	<u>-</u>	<u>256,208</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources (uses)				
Operating transfers	-	-	-	-
Proceeds from loans and bonds	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	-	-	-	-
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See Notes to Financial Statements.

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES -
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017**

	Pre K Initiative 27149	Indian Educational Act 27150	Breakfast for Elementary Students 27155	School Improvement Framework 27164
Revenues				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	1,795,467	15,045	33,116	-
Federal grants	-	-	-	-
Charges for services	-	-	-	-
Miscellaneous	-	-	-	-
Interest	-	-	-	-
Total revenues	<u>1,795,467</u>	<u>15,045</u>	<u>33,116</u>	<u>-</u>
Expenditures				
Current				
Instruction	1,597,192	1,000	-	-
Support Services				
Students	-	-	-	-
Instruction	177,110	-	-	-
General Administration	17,776	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & Maintenance of Plant	3,389	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Food Services Operations	-	-	33,116	-
Community Service	-	14,045	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>1,795,467</u>	<u>15,045</u>	<u>33,116</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources (uses)				
Operating transfers	(694)	-	-	-
Proceeds from loans and bonds	-	-	-	-
Total other financing sources (uses)	<u>(694)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	(694)	-	-	-
Fund balances, beginning of year	694	-	-	-
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See Notes to Financial Statements.

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES -
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017**

	Legislative Appropriations Math Grant 27165	Kindergarten - Three Plus 27166	Libraries G.O. Bonds Laws of 2006 27170	School Bus Replacement 27178
Revenues				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	-	1,117,965	-	439,155
Federal grants	-	-	-	-
Charges for services	-	-	-	-
Miscellaneous	-	-	-	-
Interest	-	-	-	-
Total revenues	<u>-</u>	<u>1,117,965</u>	<u>-</u>	<u>439,155</u>
Expenditures				
Current				
Instruction	-	953,563	-	-
Support Services				
Students	-	857	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	145,502	-	-
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	16,064	-	-
Student Transportation	-	52,040	-	439,155
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Community Service	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>-</u>	<u>1,168,026</u>	<u>-</u>	<u>439,155</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(50,061)</u>	<u>-</u>	<u>-</u>
Other financing sources (uses)				
Operating transfers	-	50,061	-	-
Proceeds from loans and bonds	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>50,061</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	-	-	-	-
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

See Notes to Financial Statements.

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES -
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017**

	Early College High School Start Up 27180	NM Grown FVV 27183	Teacher and Leader Incentive Pay Program 27188	School Leader Incentive Pay Program 27190
Revenues				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	-	14,310	2,934,907	-
Federal grants	-	-	-	-
Charges for services	-	-	-	-
Miscellaneous	-	-	-	-
Interest	-	-	-	-
Total revenues	<u>-</u>	<u>14,310</u>	<u>2,934,907</u>	<u>-</u>
Expenditures				
Current				
Instruction	-	-	2,304,357	(276)
Support Services				
Students	-	-	131,425	-
Instruction	-	-	32,509	-
General Administration	-	-	-	-
School Administration	-	-	199,559	-
Central Services	-	-	17,262	-
Operation & Maintenance of Plant	-	-	64,081	-
Student Transportation	-	-	86,785	-
Other Support Services	-	-	-	-
Food Services Operations	-	14,310	98,929	-
Community Service	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>-</u>	<u>14,310</u>	<u>2,934,907</u>	<u>(276)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>276</u>
Other financing sources (uses)				
Operating transfers	-	-	-	(276)
Proceeds from loans and bonds	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(276)</u>
Net changes in fund balances	-	-	-	-
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See Notes to Financial Statements.

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES -
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017**

	Early Intervention CYFD 28108	ASSIST Tobacco DOH 28122	Substance Abuse Ed/Prev DOH 28142	GRADS - Child Care 28189
Revenues				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	-	34,200	177,451	-
Federal grants	-	-	-	-
Charges for services	-	-	-	-
Miscellaneous	-	-	-	-
Interest	-	-	-	-
Total revenues	<u>-</u>	<u>34,200</u>	<u>177,451</u>	<u>-</u>
Expenditures				
Current				
Instruction	-	2,037	70	-
Support Services				
Students	-	20,927	146,081	-
Instruction	-	-	-	-
General Administration	-	583	3,663	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Community Service	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>-</u>	<u>23,547</u>	<u>149,814</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>10,653</u>	<u>27,637</u>	<u>-</u>
Other financing sources (uses)				
Operating transfers	-	-	-	-
Proceeds from loans and bonds	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	-	10,653	27,637	-
Fund balances, beginning of year	<u>-</u>	<u>56,767</u>	<u>21,242</u>	<u>7</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ 67,420</u>	<u>\$ 48,879</u>	<u>\$ 7</u>

See Notes to Financial Statements.

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES -
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017**

	GRADS - Instruction 28190	State Underage Drinking Prevention DOT 28196	Energy Minerals and Nat Resources Grant 28197	GRADS Plus 28203
Revenues				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	-	49,813	-	39,519
Federal grants	-	-	-	-
Charges for services	-	-	-	-
Miscellaneous	-	-	-	-
Interest	-	-	-	-
Total revenues	<u>-</u>	<u>49,813</u>	<u>-</u>	<u>39,519</u>
Expenditures				
Current				
Instruction	-	1,171	-	40,857
Support Services				
Students	-	51,187	-	4,693
Instruction	-	-	-	-
General Administration	-	1,329	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Community Service	-	-	-	-
Capital outlay	-	-	760,153	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>-</u>	<u>53,687</u>	<u>760,153</u>	<u>45,550</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(3,874)</u>	<u>(760,153)</u>	<u>(6,031)</u>
Other financing sources (uses)				
Operating transfers	-	-	-	-
Proceeds from loans and bonds	-	-	605,633	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>605,633</u>	<u>-</u>
Net changes in fund balances	-	(3,874)	(154,520)	(6,031)
Fund balances, beginning of year	-	3,874	154,520	6,031
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See Notes to Financial Statements.

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES -
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017**

	Private Dir Grants (Categorical) 29102	City/County Grants 29107	McCune Charitable Foundation 29114	Total
Revenues				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	-	-	-	7,164,803
Federal grants	-	-	-	16,445,932
Charges for services	-	-	-	748,525
Miscellaneous	147,826	448,918	40,000	652,951
Interest	-	-	-	210
Total revenues	<u>147,826</u>	<u>448,918</u>	<u>40,000</u>	<u>25,012,421</u>
Expenditures				
Current				
Instruction	91,161	155,087	-	10,766,005
Support Services				
Students	32,585	193,527	-	3,711,714
Instruction	-	82,098	12,091	1,370,856
General Administration	827	8,856	-	504,212
School Administration	-	-	-	429,987
Central Services	-	-	-	411,536
Operation & Maintenance of Plant	-	-	-	83,534
Student Transportation	-	-	-	648,060
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	6,341,033
Community Service	-	-	-	29,002
Capital outlay	-	-	-	760,153
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>124,573</u>	<u>439,568</u>	<u>12,091</u>	<u>25,056,092</u>
Excess (deficiency) of revenues over (under) expenditures	<u>23,253</u>	<u>9,350</u>	<u>27,909</u>	<u>(43,671)</u>
Other financing sources (uses)				
Operating transfers	-	-	-	48,754
Proceeds from loans and bonds	-	-	-	605,633
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>654,387</u>
Net changes in fund balances	23,253	9,350	27,909	610,716
Fund balances, beginning of year	<u>71,796</u>	<u>4,303</u>	<u>-</u>	<u>2,952,762</u>
Fund balances, end of year	<u>\$ 95,049</u>	<u>\$ 13,653</u>	<u>\$ 27,909</u>	<u>\$ 3,563,478</u>

See Notes to Financial Statements.

NONMAJOR CAPITAL PROJECTS FUNDS

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2017**

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities. The District has the following separate funds classified as Capital Projects Funds:

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

Capital Improvements HB-33 (31600) – To account for monies received from the State of New Mexico under Chapter 4, Laws of 1996 for the purpose of erecting, remodeling, making additions to, providing equipment for or furnishing public school buildings, purchasing or improving public school grounds.

Capital Improvements SB-9 (31700) – To account for erecting, remodeling, making additions to and furnishing of school buildings, or purchasing or improving school grounds or any combination thereof as identified by the local school board. Financing is provided by the State of New Mexico's State Equalization Matching and a special tax levy as authorized by the Public School District Capital Improvements Act (22-25-1 to 22-25-10 NMSA 1978).

Education Technology Equipment Act Fund (31900) – To account for proceeds of Education Technology Notes. The proceeds are restricted to the purchase of technology equipment for use in school classrooms.

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
COMBINING BALANCE SHEET -
NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2017**

	Special Capital Outlay State <u>31400</u>	Capital Improvements HB-33 <u>31600</u>	Capital Improvements SB-9 State <u>31700</u>
ASSETS			
<i>Current assets</i>			
Cash and cash equivalents	\$ -	\$ 3,093,658	\$ -
Investments	-	3,200,000	-
Accounts receivable			
Taxes	-	623,402	-
Due from other governments	370,001	-	305,328
Interfund receivables	-	-	-
Other	-	1,115	-
Prepaid expenditures	-	-	-
Inventory	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total assets</i>	<u>\$ 370,001</u>	<u>\$ 6,918,175</u>	<u>\$ 305,328</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES			
<i>Current liabilities</i>			
Accounts payable	\$ -	-	-
Due to Government	-	-	-
Accrued payroll liabilities	-	3,294	-
Interfund payables	<u>370,001</u>	<u>-</u>	<u>305,328</u>
<i>Total liabilities</i>	<u>370,001</u>	<u>3,294</u>	<u>305,328</u>
<i>Deferred inflows</i>			
Property taxes	<u>-</u>	<u>452,042</u>	<u>-</u>
<i>Fund balances</i>			
Nonspendable	-	-	-
Restricted	-	6,462,839	-
Committed	-	-	-
Assigned	-	-	-
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total fund balances</i>	<u>-</u>	<u>6,462,839</u>	<u>-</u>
<i>Total liabilities, deferred inflows and fund balances</i>	<u>\$ 370,001</u>	<u>\$ 6,918,175</u>	<u>\$ 305,328</u>

See Notes to Financial Statements.

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
COMBINING BALANCE SHEET -
NONMAJOR CAPITAL PROJECTS FUNDS (CONTINUED)
JUNE 30, 2017**

	Capital Improvements SB-9 Local 31701	Capital Improvements Educ. Tech. 31900	Total
ASSETS			
<i>Current assets</i>			
Cash and cash equivalents	\$ 1,624,269	\$ 1,301,532	\$ 6,019,459
Investments	-	10,400,000	13,600,000
Accounts receivable			
Taxes	817,685	-	1,441,087
Due from other governments	-	-	675,329
Interfund receivables	-	-	-
Other	1,113	6,871	9,099
Prepaid expenditures	-	-	-
Inventory	-	-	-
<i>Total assets</i>	<u>\$ 2,443,067</u>	<u>\$ 11,708,403</u>	<u>\$ 21,744,974</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES			
<i>Current liabilities</i>			
Accounts payable	345,124	129,161	474,285
Due to Government	-	-	-
Accrued payroll liabilities	-	16,958	20,252
Interfund payables	-	-	675,329
<i>Total liabilities</i>	<u>345,124</u>	<u>146,119</u>	<u>1,169,866</u>
<i>Deferred inflows</i>			
Property taxes	588,253	-	1,040,295
<i>Fund balances</i>			
Nonspendable	-	-	-
Restricted	1,509,690	11,562,284	19,534,813
Committed	-	-	-
Assigned	-	-	-
Unassigned	-	-	-
<i>Total fund balances</i>	<u>1,509,690</u>	<u>11,562,284</u>	<u>19,534,813</u>
<i>Total liabilities, deferred inflows and fund balances</i>	<u>\$ 2,443,067</u>	<u>\$ 11,708,403</u>	<u>\$ 21,744,974</u>

See Notes to Financial Statements.

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES -
NONMAJOR CAPITAL PROJECT FUNDS
FOR THE YEAR ENDED JUNE 30, 2017**

	Special Capital Outlay State 31400	Capital Improvements HB-33 31600	Capital Improvements SB-9 State 31700
Revenues			
Property taxes	\$ -	\$ 8,047,033	\$ -
State grants	370,001	-	305,328
Federal grants	-	-	-
Miscellaneous	-	-	-
Interest	-	5,555	-
Total revenues	<u>370,001</u>	<u>8,052,588</u>	<u>305,328</u>
Expenditures			
Current			
Instruction	-	-	-
Support Services			
Students	-	-	-
Instruction	-	-	-
General Administration	-	80,499	-
School Administration	-	-	-
Central Services	-	-	-
Operation & Maintenance of Plant	-	-	-
Student Transportation	-	-	-
Other Support Services	-	-	-
Food Services Operations	-	-	-
Community Service	-	-	-
Capital outlay	370,001	5,220,339	305,328
Debt service			
Principal	-	-	-
Interest	-	-	-
Total expenditures	<u>370,001</u>	<u>5,300,838</u>	<u>305,328</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>2,751,750</u>	<u>-</u>
Other financing sources (uses)			
Proceeds from loans and bonds	-	-	-
Operating transfers	-	-	(3,080,165)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(3,080,165)</u>
Net changes in fund balances	<u>-</u>	<u>2,751,750</u>	<u>(3,080,165)</u>
Fund balances, beginning of year	-	3,711,089	3,080,165
Fund balances, end of year	<u>\$ -</u>	<u>\$ 6,462,839</u>	<u>\$ -</u>

See Notes to Financial Statements.

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES -
NONMAJOR CAPITAL PROJECT FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017**

	Capital Improvements SB-9 Local 31701	Capital Improvements Educ. Tech. 31900	Total
Revenues			
Property taxes	\$ 10,871,531	\$ -	\$ 18,918,564
State grants	-	-	675,329
Federal grants	-	-	-
Miscellaneous	-	-	-
Interest	<u>8,616</u>	<u>28,586</u>	<u>42,757</u>
Total revenues	<u>10,880,147</u>	<u>28,586</u>	<u>19,636,650</u>
Expenditures			
Current			
Instruction	-	-	-
Support Services			
Students	-	-	-
Instruction	-	-	-
General Administration	108,738	-	189,237
School Administration	-	-	-
Central Services	-	-	-
Operation & Maintenance of Plant	-	-	-
Student Transportation	-	-	-
Other Support Services	-	-	-
Food Services Operations	-	-	-
Community Service	-	-	-
Capital outlay	12,341,884	10,857,861	29,095,413
Debt service			
Principal	-	-	-
Interest	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>12,450,622</u>	<u>10,857,861</u>	<u>29,284,650</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,570,475)</u>	<u>(10,829,275)</u>	<u>(9,648,000)</u>
Other financing sources (uses)			
Proceeds from loans and bonds	-	11,000,000	11,000,000
Operating transfers	<u>3,080,165</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>3,080,165</u>	<u>11,000,000</u>	<u>11,000,000</u>
Net changes in fund balances	<u>1,509,690</u>	<u>170,725</u>	<u>1,352,000</u>
Fund balances, beginning of year	<u>-</u>	<u>11,391,559</u>	<u>18,182,813</u>
Fund balances, end of year	<u>\$ 1,509,690</u>	<u>\$ 11,562,284</u>	<u>\$ 19,534,813</u>

See Notes to Financial Statements.

NONMAJOR DEBT SERVICE FUND

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
DEBT SERVICE FUND
JUNE 30, 2017**

43000 – This fund is used to account for the accumulation of resources for, and the payment of, Educational Technology note principal and interest.

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
COMBINING BALANCE SHEET -
NONMAJOR DEBT SERVICE FUND
JUNE 30, 2017**

	Education Technology Debt <u>43000</u>
ASSETS	
<i>Current assets</i>	
Cash and cash equivalents	\$ 6,069
Investments	9,550,000
Accounts receivable	
Taxes	445,594
Due from other governments	-
Interfund receivables	-
Other	5,539
Inventory	<u>-</u>
<i>Total assets</i>	<u>\$ 10,007,202</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	
<i>Current liabilities</i>	
Accounts payable	\$ -
Cash overdraft	-
Due to government	-
Accrued expenses	-
Accrued compensated absences	-
Interfund payables	<u>-</u>
<i>Total liabilities</i>	<u>-</u>
 <i>Deferred inflows</i>	
Property taxes	<u>278,973</u>
 <i>Fund balances</i>	
Nonspendable	-
Restricted for capital projects	9,728,229
Unassigned	<u>-</u>
<i>Total fund balances</i>	<u>9,728,229</u>
<i>Total liabilities, deferred inflows and fund balances</i>	<u>\$ 10,007,202</u>

See Notes to Financial Statements.

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES -
NONMAJOR DEBT SERVICE FUND
FOR THE YEAR ENDING JUNE 30, 2017**

	Education Technology Debt 43000
Revenues	
Property taxes	\$ 8,154,253
State grants	-
Federal grants	-
Miscellaneous	-
Interest	<u>19,997</u>
Total revenues	<u>8,174,250</u>
Expenditures	
Current	
Instruction	-
Support Services	
Students	-
Instruction	-
General Administration	81,709
School Administration	-
Cenertal Services	-
Operation & Maintenance of Plant	-
Student Transportation	-
Other Support Services	-
Food Services Operations	-
Community Service	-
Facilities, Materials and Supplies	-
Capital Outlay	
Debt service	
Principal	8,000,000
Interest	<u>546,390</u>
Total expenditures	<u>8,628,099</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(453,849)</u>
Other financing sources	
Operating transfers in	-
Operating transfers out	-
Bond issuance premiums	<u>855,075</u>
Total other financing sources	<u>855,075</u>
Net changes in fund balances	401,226
Fund balances- beginning of year	<u>9,327,003</u>
Fund balances - end of year	<u>\$ 9,728,229</u>

See Notes to Financial Statements.

OTHER SUPPLEMENTARY INFORMATION

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

	Balance June 30, 2016	Additions	Deletions	Adjustments / Transfers	Balance June 30, 2017
Academy	\$ 6,555	\$ 795	\$ 2,367	\$ -	\$ 4,983
Acequia Madre	1,571	1,772	3,074	-	269
Administrative	133,323	108,160	149,238	-	92,245
Administrative - HSP	-	141	141	-	-
El Camino (was Agua Fria)	13,520	70,161	50,273	-	33,408
Amy Biehl	1,732	11,610	9,977	-	3,365
Aspen	12,338	15,925	19,080	-	9,183
Atalaya	13,782	52,259	43,028	-	23,013
BF Young Coke Funding	266	348	422	-	192
Capital High	139,879	228,004	208,117	-	159,766
Capshaw	17,694	27,469	25,750	-	19,413
Carlos Gilbert	13,669	13,973	19,131	-	8,511
Cesar Chavez	11,163	20,327	5,264	-	26,226
Chaparral	17,188	14,270	6,077	-	25,381
De Vargas	15,269	2,209	10,683	-	6,795
District	1,873	5,795	6,122	-	1,546
EJ Martinez	15,643	935	8,619	-	7,959
El Dorado	91,843	148,871	96,555	-	144,159
Gonzales	9,939	3,885	5,715	348	8,457
Kearny	64,769	73,688	85,731	-	52,726
Music Sunshine Club	1,719	247	1,621	-	345
Nava	19,133	3,463	7,199	-	15,397
Nelson Mandela	15,201	41,040	47,966	-	8,275
Nino Otero	6,455	22,954	20,819	-	8,590
NYE	4,316	6,482	3,189	-	7,609
Ortiz	13,317	20,975	23,632	-	10,660
Pinon	12,861	778	2,324	-	11,315
Salazar	18,636	181	5,726	-	13,091
Santa Fe High	209,948	279,321	269,092	(227)	219,950
Student Nutrition	574	979	1,032	-	521
Student Wellness	14,225	43,817	40,396	42	17,688
Students Assistance	5,351	-	-	-	5,351
Summer School	3,628	53,914	42,879	1	14,664
Superintendent	-	838	819	-	19
Sweeny	47,391	51,643	49,866	-	49,168
Tech Coke Funding	374	29	16	-	387
Tesuque	8,925	2,883	3,741	-	8,067
Ramirez Thomas	4,090	3,674	4,972	-	2,792
Transportation	64,858	719,468	710,827	-	73,499
Truancy	176	-	-	-	176
Wood Gormley	35,141	128,153	144,273	(121)	18,900
Clyde Faucett	177,565	-	-	-	177,565
District	8,087	-	-	(8,087)	-
Unallocated	9,037	-	-	(9,037)	-
Total assets	<u>\$ 1,263,024</u>	<u>\$ 2,181,436</u>	<u>\$ 2,135,753</u>	<u>\$ (17,081)</u>	<u>\$ 1,291,626</u>

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
SCHEDULE OF COLLATERAL PLEDGED BY DEPOSITORY
FOR PUBLIC FUNDS
JUNE 30, 2017**

Name of Depository	Description of Pledged Collateral	Type	Maturity	CUSIP Number	Face Value or Fair Market Value
<u>First National Bank of Santa Fe</u>					
First National Bank of Denver	FGPC	Bond	6/1/1933	3128P73T8	\$ 237,880
First National Bank of Denver	FGPC	Bond	2/1/1934	3128P75H2	2,089,557
First National Bank of Denver	FGPC	Bond	11/1/1934	3132J4A90	3,201,320
First National Bank of Denver	FNRM	Bond	5/25/1942	3136AATT2	3,242,122
First National Bank of Denver	FGRM	Bond	8/15/2025	3137B9AC9	2,678,690
First National Bank of Denver	FNAR	Bond	11/1/1943	3138EL3D3	1,470,045
First National Bank of Denver	FNAR	Bond	12/1/1943	3138XBKR4	1,406,648
First National Bank of Denver	FNAR	Bond	9/1/1943	3138X6RG2	1,268,516
First National Bank of Denver	FNMS	Bond	2/1/1945	3138YBUC5	1,129,562
First National Bank of Denver	FNMS	Bond	12/1/1946	31417ARG6	1,525,677
First National Bank of Denver	FNMS	Bond	2/1/1933	31417FK80	3,931,663
First National Bank of Denver	FNMS	Bond	1/1/1934	31418A5Z7	<u>2,388,386</u>
Total First National Bank of Santa Fe					\$ <u>24,570,063</u>
<u>Wells Fargo Bank</u>					
Bank of New York Mellon	FNMA	Bond	6/1/2043	3138WVGK1	\$ 3,972
Bank of New York Mellon	FNMA	Bond	6/1/2043	3138WVGK1	407,172
Bank of New York Mellon	FNMA	Bond	6/1/2043	3138WVGK1	<u>4,158</u>
Total Wells Fargo Bank					\$ <u>415,302</u>

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
SCHEDULE OF CASH AND TEMPORARY INVESTMENT ACCOUNTS
JUNE 30, 2017**

Bank Account Type	First National Bank of Santa Fe	Wells Fargo	Morgan Stanley	Total
Checking - Accounts Payable Clearing	\$ 839,625	\$ -	\$ -	\$ 839,625
Checking - Payroll Clearing	5,959,718	-	-	5,959,718
Checking - Operational Account	4,253,987	-	-	4,253,987
Checking - Debt Service	9,970	-	-	9,970
Checking - Capital Projects	5,044,018	-	-	5,044,018
Checking - Payroll ACH	-	-	-	-
Checking - Student Nutrition Fund (Cafeteria)	1,182,992	-	-	1,182,992
Checking - Activity	-	1,161,364	-	1,161,364
Investment Accounts	-	-	198,856	198,856
Total on Deposit	<u>17,290,310</u>	<u>1,161,364</u>	<u>198,856</u>	<u>18,650,530</u>
Reconciling Items	<u>(6,877,874)</u>	<u>(54,316)</u>	<u>-</u>	<u>(6,932,190)</u>
Reconciled Balance, June 30, 2017	<u>\$ 10,412,436</u>	<u>\$ 1,107,048</u>	<u>\$ 198,856</u>	11,718,340
Checks held at year-end				6,294,344
Investments with State of New Mexico Treasurer's Office				<u>112,850,000</u>
				<u>\$ 130,862,684</u>
Fiduciary Assets & Liabilities - Agency Funds				\$ 1,291,626
Cash and Investments per Government-Wide Financial Statements				<u>129,571,058</u>
				<u>\$ 130,862,684</u>

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
SCHEDULE OF CASH RECONCILIATION
JUNE 30, 2017**

	Operational Account 11000	Transportation Account 13000	Instructional Materials 14000	Food Services Account 21000
Cash, June 30, 2016	\$ 7,423,472	\$ -	\$ 82,475	\$ 1,381,575
Add:				
2016-17 revenues	99,208,069	3,117,177	790,059	5,532,727
Repayment of loans	-	-	-	-
Loans from other funds	-	-	-	-
Total cash available	106,631,541	3,117,177	872,534	6,914,302
Less:				
2016-17 expenditures	(100,624,049)	(3,117,177)	(690,439)	(5,892,973)
Permanent cash transfers	(54,550)	-	-	-
Charge backs (overdrafts)	-	-	-	-
Receivables/payables	-	-	-	-
Change due to held checks and liabilities	-	-	-	-
Cash, June 30, 2017	5,952,942	-	182,095	1,021,329
Reconciliations to GAAP Basis				
Audit reclassifications to cash	1,045,144	131,836	-	179,862
Cash per books	6,998,086	131,836	182,095	1,201,191
Fund Balance Reconciliation to GAAP Basis				
Modified accrual adjustments	(1,265,827)	211,276	-	428,867
Fund Balance, Modified Accrual Basis	<u>\$ 5,732,259</u>	<u>\$ 343,112</u>	<u>\$ 182,095</u>	<u>\$ 1,630,058</u>

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
SCHEDULE OF CASH RECONCILIATION (CONTINUED)
JUNE 30, 2017**

	Athletics Account 22000	Non-Instruction Account 23000	Federal Flowthrough 24000	Federal Direct 25000
Cash, June 30, 2016	\$ 3,726	\$ -	\$ (3,564,065)	\$ 45,779
Add:				
2016-17 revenues	160,262	-	10,055,906	2,484,382
Repayment of loans	-	-	-	-
Loans from other funds	-	-	-	-
Total cash available	163,988	-	6,491,841	2,530,161
Less:				
2016-17 expenditures	(149,710)	-	(8,422,905)	(1,840,462)
Permanent cash transfers	-	-	(98,312)	-
Charge backs (overdrafts)	-	-	-	-
Receivables/payables	-	-	-	-
Change due to held checks and liabilities	-	-	-	-
Cash, June 30, 2017	14,278	-	(2,029,376)	689,699
Reconciliations to GAAP Basis				
Audit reclassifications to cash	-	-	2,267,077	225,057
Cash per books	14,278	-	237,701	914,756
Fund Balance Reconciliation to GAAP Basis				
Modified accrual adjustments	-	-	(237,701)	49,804
Fund Balance, Modified Accrual Basis	\$ 14,278	\$ -	\$ -	\$ 964,560

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
SCHEDULE OF CASH RECONCILIATION (CONTINUED)
JUNE 30, 2017**

	Local Grants 26000	State Flowthrough 27000	State Direct 28000	Local or State Fund 29000
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Cash, June 30, 2016	\$ 701,665	\$ (2,863,282)	\$ 50,164	\$ (46,759)
Add:				
2016-17 revenues	-	8,309,238	3,186,390	577,279
Repayment of loans	-	-	-	-
Loans from other funds	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total cash available	701,665	5,445,956	3,236,554	530,520
Less:				
2016-17 expenditures	-	(6,704,891)	(3,186,381)	(576,233)
Permanent cash transfers	-	49,916	-	-
Charge backs (overdrafts)	-	-	-	-
Receivables/payables	-	-	-	-
Change due to held checks and liabilities	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	-	-	-	-
Cash, June 30, 2017	701,665	(1,209,019)	50,173	(45,713)
Reconciliations to GAAP Basis				
Audit reclassifications to cash	<u> </u>	<u>1,349,175</u>	<u>21,680</u>	<u>143,725</u>
Cash per books	701,665	140,156	71,853	98,012
Fund Balance Reconciliation to GAAP Basis				
Modified accrual adjustments	<u> </u>	<u>(140,156)</u>	<u>44,453</u>	<u>38,599</u>
Fund Balance, Modified Accrual Basis	<u>\$ 701,665</u>	<u>\$ -</u>	<u>\$ 116,306</u>	<u>\$ 136,611</u>

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
SCHEDULE OF CASH RECONCILIATION (CONTINUED)
JUNE 30, 2017**

	Bond Building 31100	Special Capital Outlay State 31400	Capital Improvement HB 33 31600	Cap. Improv. SB9 - State 31700
Cash, June 30, 2016	\$ 30,064,259	\$ (344,228)	\$ 3,536,439	\$ 2,760,858
Add:				
2016-17 revenues	40,282,775	314,239	8,054,764	-
Repayment of loans	-	-	-	-
Loans from other funds	-	-	-	-
Total cash available	70,347,034	(29,989)	11,591,203	2,760,858
Less:				
2016-17 expenditures	(8,161,968)	(370,001)	(5,300,838)	(305,328)
Permanent cash transfers	-	-	-	-
Charge backs (overdrafts)	-	-	-	-
Receivables/payables	-	-	-	-
Change due to held checks and liabilities	-	-	-	-
Cash, June 30, 2017	62,185,066	(399,990)	6,290,365	2,455,530
Reconciliations to GAAP Basis				
Audit reclassifications to cash	314,934	399,990	3,293	(2,455,530)
Cash per books	62,500,000	-	6,293,658	-
Fund Balance Reconciliation to GAAP Basis				
Modified accrual adjustments	(1,073,260)	-	169,181	-
Fund Balance, Modified Accrual Basis	<u>\$ 61,426,740</u>	<u>\$ -</u>	<u>\$ 6,462,839</u>	<u>\$ -</u>

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
SCHEDULE OF CASH RECONCILIATION (CONTINUED)
JUNE 30, 2017**

	Cap. Improv. SB9 - Local 31701	Ed Tech Equip Act Fund 31900	Debt Service Fund 41000	Ed Tech Debt Service Fund 43000	Total
Cash, June 30, 2016	\$ -	\$ 11,454,586	\$22,340,249	\$ 9,143,744	\$ 82,170,657
Add:					
2016-17 revenues	11,495,777	11,025,890	28,335,695	9,040,424	241,971,053
Repayment of loans	-	-	-	-	-
Loans from other funds	-	-	-	-	-
Total cash available	11,495,777	22,480,476	50,675,944	18,184,168	324,141,710
Less:					
2016-17 expenditures	(12,632,367)	(10,795,902)	(23,472,043)	(8,628,099)	(200,871,766)
Permanent cash transfers	-	-	-	-	(102,946)
Charge backs (overdrafts)	-	-	-	-	-
Receivables/payables	-	-	-	-	-
Change due to held checks and liabilities	-	-	-	-	-
Cash, June 30, 2017	(1,136,590)	11,684,574	27,203,901	9,556,069	123,166,998
Reconciliations to GAAP Basis					
Audit reclassifications to cash	2,760,859	16,958	-	-	6,404,060
Cash per books	1,624,269	11,701,532	27,203,901	9,556,069	129,571,058
Fund Balance Reconciliation to GAAP Basis					
Modified accrual adjustments	(114,579)	(139,248)	494,912	172,160	(1,361,519)
Fund Balance, Modified Accrual Basis	<u>\$ 1,509,690</u>	<u>\$ 11,562,284</u>	<u>\$27,698,813</u>	<u>\$ 9,728,229</u>	<u>\$ 128,209,539</u>

COMPONENT UNIT

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
ACADEMY OF TECHNOLOGY AND CLASSICS
STATEMENT OF NET POSITION
JUNE 30, 2017**

	Governmental Activities
ASSETS	
Current assets	
Cash and cash equivalents	\$ 397,959
Accounts receivables	96,711
Prepaid expenses	647
Total current assets	495,317
Non-current assets	
Capital assets, net	5,013,934
Total assets	5,509,251
DEFERRED OUTFLOWS OF RESOURCES	
Related to pensions	659,848
LIABILITIES	
Current liabilities	
Accounts payable	22,353
Accrued salaries and benefits	290,772
Compensated absences	10,395
Accrued interest payable	961
Mortgage payable	75,288
Total current liabilities	399,769
Non-current liabilities	
Net pension liability	4,358,160
Mortgage payable	3,821,408
Total non-current liabilities	8,179,568
Total liabilities	8,579,337
DEFERRED INFLOWS OF RESOURCES	
Related to pensions	113,439
NET POSITION	
Net investment in capital assets	1,117,238
Restricted	117,518
Unrestricted (deficit)	(3,758,433)
Total net position (deficit)	\$ (2,523,677)

See Notes to Financial Statements.

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
ACADEMY FOR TECHNOLOGY AND CLASSICS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017**

<u>Functions/Programs</u>	<u>Expenses</u>	Program Revenues			Net (Expenses)
		<u>Charges for Service</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	Revenues and Changes in Net Position
Governmental activities					
Instruction	\$ 2,317,366	\$ -	\$ 92,401	\$ 253,392	\$ (1,971,573)
Support services					
Students	181,887	-	-	-	(181,887)
Instruction	3,615	-	-	-	(3,615)
General Administration	42,178	-	-	-	(42,178)
School Administration	311,727	-	-	-	(311,727)
Central Services	97,854	-	-	-	(97,854)
Operation & Maintenance of Plant	308,949	-	-	-	(308,949)
Student Transportation	10	-	-	-	(10)
Food Services Operation	42,333	34,961	-	-	(7,372)
Non-Instructional Support	-	-	-	-	-
Facilities Materials, Supplies & Other Services	952,773	-	-	-	(952,773)
Interest/amortization	<u>172,804</u>	<u>-</u>	<u>-</u>	<u>168,236</u>	<u>(4,568)</u>
Total governmental activities	<u>\$ 4,431,496</u>	<u>\$ 34,961</u>	<u>\$ 92,401</u>	<u>\$ 421,628</u>	(3,882,506)
General Revenues:					
Property taxes					341,167
State Equalization Guarantee					2,577,943
Miscellaneous					<u>546,328</u>
Total general revenues					<u>3,465,438</u>
Changes in net position					(417,068)
Net position, beginning (deficit)					<u>(2,106,609)</u>
Net position - ending (deficit)					<u>\$ (2,523,677)</u>

See Notes to Financial Statements.

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
ACADEMY FOR TECHNOLOGY AND CLASSICS
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2017**

	Operational Fund			
	General*	Instructional	Food	Athletics
	11000	Materials* 14000	Services 21000	22000
ASSETS				
Current assets				
Cash and cash equivalents	\$ 99,789	\$ 20,082	\$ -	\$ -
Accounts receivable	-	-	-	-
Due from other funds	140,127	-	-	-
Prepaid expenses	-	-	-	-
Total assets	<u>\$ 239,916</u>	<u>\$ 20,082</u>	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCES				
Current liabilities				
Accounts payable	\$ -	\$ 3,722	\$ -	\$ -
Accrued payroll liabilities	285,413	-	-	-
Interfund payables	-	-	19,373	2,167
Total liabilities	<u>285,413</u>	<u>3,722</u>	<u>19,373</u>	<u>2,167</u>
Fund balances				
Restricted	-	16,360	-	-
Unassigned	(45,497)	-	(19,373)	(2,167)
Total fund balances	<u>(45,497)</u>	<u>16,360</u>	<u>(19,373)</u>	<u>(2,167)</u>
Total liabilities and fund balances	<u>\$ 239,916</u>	<u>\$ 20,082</u>	<u>\$ -</u>	<u>\$ -</u>

* Major fund

See Notes to Financial Statements.

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
ACADEMY FOR TECHNOLOGY AND CLASSICS
BALANCE SHEET -
GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2017**

	Title I IASA 24101	IDEA-B Entitlement 24106	English Language Acquisition 24153	Teacher / Principal Training & Recruiting 24154
ASSETS				
Current assets				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 755
Accounts receivable	-	-	-	-
Due from other funds	-	-	-	-
Prepaid expenses	-	-	-	-
Total assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 755</u>
LIABILITIES AND FUND BALANCES				
Current liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued payroll liabilities	-	628	-	-
Interfund payables	-	1,302	-	-
Total liabilities	<u>-</u>	<u>1,930</u>	<u>-</u>	<u>-</u>
Fund balances				
Restricted	-	-	-	755
Unassigned	-	(1,930)	-	-
Total fund balances	<u>-</u>	<u>(1,930)</u>	<u>-</u>	<u>755</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 755</u>

* Major fund

See Notes to Financial Statements.

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
ACADEMY FOR TECHNOLOGY AND CLASSICS
BALANCE SHEET -
GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2017**

	Student Library GO Fund 27106	2012 GO Bond Student Library 27107	Teacher and School Leader Incentive Pay* 27188	School Leader Incentive Pay Group 27190
ASSETS				
Current assets				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Accounts receivable	-	-	30,632	-
Due from other funds	-	-	-	-
Prepaid expenses	-	-	-	-
Total assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 30,632</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCES				
Current liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued payroll liabilities	-	-	452	-
Interfund payables	-	537	60,879	3,267
Total liabilities	<u>-</u>	<u>537</u>	<u>61,331</u>	<u>3,267</u>
Fund balances				
Restricted	-	-	-	-
Unassigned	-	(537)	(30,699)	(3,267)
Total fund balances	<u>-</u>	<u>(537)</u>	<u>(30,699)</u>	<u>(3,267)</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 30,632</u>	<u>\$ -</u>

* Major fund

See Notes to Financial Statements.

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
ACADEMY FOR TECHNOLOGY AND CLASSICS
BALANCE SHEET -
GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2017**

	Private Dir Grants (Categorical) 29102	Public School Capital Outlay* 31200	Special Capital Outlay - State 31400	Capital Improvements HB-33 31600
ASSETS				
Current assets				
Cash and cash equivalents	\$ 7,223	\$ -	\$ -	\$ -
Accounts receivable	-	66,079	-	-
Due from other funds	-	-	-	-
Prepaid expenses	-	-	-	-
Total assets	<u>\$ 7,223</u>	<u>\$ 66,079</u>	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCES				
Current liabilities				
Accounts payable	\$ -	\$ 10,000	\$ -	\$ -
Accrued payroll liabilities	-	-	-	4,279
Interfund payables	-	30,581	2,120	19,901
Total liabilities	<u>-</u>	<u>40,581</u>	<u>2,120</u>	<u>24,180</u>
Fund balances				
Restricted	-	-	-	-
Unassigned	7,223	25,498	(2,120)	(24,180)
Total fund balances	<u>7,223</u>	<u>25,498</u>	<u>(2,120)</u>	<u>(24,180)</u>
Total liabilities and fund balances	<u>\$ 7,223</u>	<u>\$ 66,079</u>	<u>\$ -</u>	<u>\$ -</u>

* Major fund

See Notes to Financial Statements.

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
ACADEMY FOR TECHNOLOGY AND CLASSICS
BALANCE SHEET -
GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2017**

	Capital Improvements SB-9* <u>31700</u>	Education Technology 31900 <u>31900</u>	ATC Foundation * <u>155,607</u>	Total Governmental Funds <u>635,444</u>
ASSETS				
Current assets				
Cash and cash equivalents	\$ 101,903	\$ 12,647	\$ 155,560	\$ 397,959
Accounts receivable	-	-	-	96,711
Due from other funds	-	-	-	140,127
Prepaid expenses	-	-	647	647
Total assets	<u>\$ 101,903</u>	<u>\$ 12,647</u>	<u>\$ 156,207</u>	<u>\$ 635,444</u>
LIABILITIES AND FUND BALANCES				
Current liabilities				
Accounts payable	\$ 1,500	\$ 5,653	\$ 1,478	\$ 22,353
Accrued payroll liabilities	-	-	-	290,772
Interfund payables	-	-	-	140,127
Total liabilities	<u>1,500</u>	<u>5,653</u>	<u>1,478</u>	<u>453,252</u>
Fund balances				
Restricted	100,403	-	-	117,518
Unassigned	-	6,994	154,729	64,674
Total fund balances	<u>100,403</u>	<u>6,994</u>	<u>154,729</u>	<u>182,192</u>
Total liabilities and fund balances	<u>\$ 101,903</u>	<u>\$ 12,647</u>	<u>\$ 156,207</u>	<u>\$ 635,444</u>

* Major fund

See Notes to Financial Statements.

STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
ACADEMY FOR TECHNOLOGY AND CLASSICS
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2017

	<u>Governmental Funds</u>
Amounts reported for governmental activities in the statement of net position are different because:	
Fund balances - total governmental funds	\$ 182,192
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	5,013,934
Defined benefit pension plan deferred outflows are not financial resources and, therefore, are not reported in the funds	659,848
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:	
Compensated absences	(10,395)
Accrued interest	(961)
Net pension liability	(4,358,160)
Mortgage payable	(3,896,696)
Defined benefit pension plan deferred inflows are not due and payable in the current period and, therefore, are not reported in the funds	<u>(113,439)</u>
Net Position-Total Governmental Activities (Deficit)	<u><u>\$ (2,523,677)</u></u>

See Notes to Financial Statements.

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
ACADEMY FOR TECHNOLOGY AND CLASSICS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017**

	Operational Fund			
	General*	Instructional	Food	Athletics
	11000	Materials* 14000	Services 21000	22000
Revenues				
Interest income	\$ 550	\$ -	\$ -	\$ -
State grants	2,577,943	23,429	-	-
Federal grants	-	-	-	-
Property taxes	-	-	-	-
Miscellaneous income	49,648	3,027	34,961	10,441
Total revenues	<u>2,628,141</u>	<u>26,456</u>	<u>34,961</u>	<u>10,441</u>
Expenditures				
Current				
Instruction	1,959,828	27,920	-	12,608
Support Services				
Students	162,085	-	-	-
Instruction	3,078	-	-	-
General Administration	42,178	-	-	-
School Administration	305,780	-	-	-
Central Services	97,854	-	-	-
Operation & Maintenance of Plant	133,985	-	-	-
Student Transportation	10	-	-	-
Food Services Operations	-	-	42,333	-
Capital outlay	-	-	-	-
Debt Service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>2,704,798</u>	<u>27,920</u>	<u>42,333</u>	<u>12,608</u>
Other financing sources				
Proceeds from bond issues	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(76,657)</u>	<u>(1,464)</u>	<u>(7,372)</u>	<u>(2,167)</u>
Net changes in fund balances	(76,657)	(1,464)	(7,372)	(2,167)
Fund balances, beginning of year	31,160	17,824	(12,001)	-
Fund balances (deficit), end of year	<u>\$ (45,497)</u>	<u>\$ 16,360</u>	<u>\$ (19,373)</u>	<u>\$ (2,167)</u>

* Major fund

See Notes to Financial Statements.

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
ACADEMY FOR TECHNOLOGY AND CLASSICS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017**

	Title I IASA 24101	IDEA-B Entitlement 24106	English Language 24153	Teacher / Principal Training & Recruiting 24154
Revenues				
Interest income	\$ -	\$ -	\$ -	\$ -
State grants	-	-	-	-
Federal grants	-	38,340	-	-
Property taxes	-	-	-	-
Miscellaneous income	-	-	-	-
Total revenues	<u>-</u>	<u>38,340</u>	<u>-</u>	<u>-</u>
Expenditures				
Current				
Instruction	-	20,468	-	-
Support Services				
Students	-	19,802	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Food Services Operations	-	-	-	-
Capital outlay	-	-	-	-
Debt Service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>-</u>	<u>40,270</u>	<u>-</u>	<u>-</u>
Other financing sources				
Proceeds from bond issues	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(1,930)</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	-	(1,930)	-	-
Fund balances, beginning of year	-	-	-	755
Fund balances (deficit), end of year	<u>\$ -</u>	<u>\$ (1,930)</u>	<u>\$ -</u>	<u>\$ 755</u>

* Major fund

See Notes to Financial Statements.

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
ACADEMY FOR TECHNOLOGY AND CLASSICS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017**

	Student Library GO Fund 27106	2012 GO Bond Student Library 27107	Teacher and School Leader Incentive Pay* 27188	School Leader Incentive Pay Group 27190
Revenues				
Interest income	\$ -	\$ -	\$ -	\$ -
State grants	-	-	30,632	-
Federal grants	-	-	-	-
Property taxes	-	-	-	-
Miscellaneous income	1,457	-	101,023	-
Total revenues	<u>1,457</u>	<u>-</u>	<u>131,655</u>	<u>-</u>
Expenditures				
Current				
Instruction	-	-	140,824	-
Support Services				
Students	-	-	-	-
Instruction	-	537	-	-
General Administration	-	-	-	-
School Administration	-	-	-	37
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Food Services Operations	-	-	-	-
Capital outlay	-	-	-	-
Debt Service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>-</u>	<u>537</u>	<u>140,824</u>	<u>37</u>
Other financing sources				
Proceeds from bond issues	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,457</u>	<u>(537)</u>	<u>(9,169)</u>	<u>(37)</u>
Net changes in fund balances	1,457	(537)	(9,169)	(37)
Fund balances, beginning of year	(1,457)	-	(21,530)	(3,230)
Fund balances (deficit), end of year	<u>\$ -</u>	<u>\$ (537)</u>	<u>\$ (30,699)</u>	<u>\$ (3,267)</u>

* Major fund

See Notes to Financial Statements.

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
ACADEMY FOR TECHNOLOGY AND CLASSICS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017**

	Private Dir Grants (Categorical) 29102	Public School Capital Outlay* 31200	Special Capital Outlay - State 31400	Capital Improvements HB-33 31600
Revenues				
Interest income	\$ -	\$ -	\$ -	\$ -
State grants	-	168,236	-	-
Federal grants	-	-	-	-
Property taxes	-	-	-	144,864
Miscellaneous income	10,241	-	-	-
Total revenues	<u>10,241</u>	<u>168,236</u>	<u>-</u>	<u>144,864</u>
Expenditures				
Current				
Instruction	3,018	-	-	643
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	654
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	-	-	2,649
Student Transportation	-	-	-	-
Food Services Operations	-	-	-	-
Capital outlay	-	59,816	2,120	238,957
Debt Service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>3,018</u>	<u>59,816</u>	<u>2,120</u>	<u>242,903</u>
Other financing sources				
Proceeds from bond issues	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>7,223</u>	<u>108,420</u>	<u>(2,120)</u>	<u>(98,039)</u>
Net changes in fund balances	7,223	108,420	(2,120)	(98,039)
Fund balances, beginning of year	-	(82,922)	-	73,859
Fund balances (deficit), end of year	<u>\$ 7,223</u>	<u>\$ 25,498</u>	<u>\$ (2,120)</u>	<u>\$ (24,180)</u>

* Major fund

See Notes to Financial Statements.

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
ACADEMY FOR TECHNOLOGY AND CLASSICS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017**

	Capital Improvements SB-9* 31700	Education Technology 31900	ATC Foundation *	Total Governmental Funds
Revenues				
Interest income	\$ -	\$ -	\$ -	\$ 550
State grants	-	-	-	2,800,240
Federal grants	-	-	-	38,340
Property taxes	196,303	-	-	341,167
Miscellaneous income	-	-	369,941	580,739
Total revenues	<u>196,303</u>	<u>-</u>	<u>369,941</u>	<u>3,761,036</u>
Expenditures				
Current				
Instruction	-	-	-	2,165,309
Support Services				
Students	-	-	-	181,887
Instruction	-	-	-	3,615
General Administration	-	-	-	42,178
School Administration	5,256	-	-	311,727
Central Services	-	-	-	97,854
Operation & Maintenance of Plant	1,901	-	23,439	161,974
Student Transportation	-	-	-	10
Food Services Operations	-	-	-	42,333
Capital outlay	381,694	245,261	-	927,848
Debt Service				
Principal	-	-	73,392	73,392
Interest	-	-	173,765	173,765
Total expenditures	<u>388,851</u>	<u>245,261</u>	<u>270,596</u>	<u>4,181,892</u>
Other financing sources				
Proceeds from bond issues	-	253,392	-	253,392
Total other financing sources	<u>-</u>	<u>253,392</u>	<u>-</u>	<u>253,392</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(192,548)</u>	<u>8,131</u>	<u>99,345</u>	<u>(167,464)</u>
Net changes in fund balances	(192,548)	8,131	99,345	(167,464)
Fund balances, beginning of year	292,951	(1,137)	55,384	349,656
Fund balances (deficit), end of year	<u>\$ 100,403</u>	<u>\$ 6,994</u>	<u>\$ 154,729</u>	<u>\$ 182,192</u>

* Major fund

See Notes to Financial Statements.

STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
ACADEMY FOR TECHNOLOGY AND CLASSICS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Governmental Funds</u>
Amounts reported for governmental activities in the statement of activities are different because:	
Net changes in fund balances - total governmental funds	\$ (167,464)
Charter pension contribution	245,203
Pension expense per GASB 68	(408,892)
<p>Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net assets and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities. This is the amount by which depreciation exceeds capital outlays for the period.</p>	
Depreciation expense	(172,355)
<p>The issuance of long-term debt 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.</p>	
Accrued interest	961
Decrease in accrued compensated absences	12,087
Principal payments on debt	<u>73,392</u>
Changes in Net Position-Total Governmental Activities	<u><u>\$ (417,068)</u></u>

See Notes to Financial Statements.

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
ACADEMY FOR TECHNOLOGY AND CLASSICS
SCHEDULE OF BUDGET COMPARISONS - BUDGETARY BASIS
GENERAL FUND (11000)
FOR THE YEAR ENDED JUNE 30, 2017**

	Budgeted Amounts			
	Original Budget	Final Budget	Actual	Variance
Revenues				
Interest Income	\$ 600	\$ 600	\$ 550	\$ (50)
State grants	2,632,712	2,630,857	2,577,944	(52,913)
Federal grants	-	-	-	-
Miscellaneous	16,915	16,915	49,647	32,732
Total revenues	<u>2,650,227</u>	<u>2,648,372</u>	<u>2,628,141</u>	<u>(20,231)</u>
Expenditures				
Current				
Instruction	1,882,027	1,882,027	1,985,602	(103,575)
Support Services				
Students	222,331	222,331	162,085	60,246
Instruction	8,300	8,300	3,078	5,222
General Administration	21,300	21,300	42,178	(20,878)
School Administration	234,511	232,656	305,780	(73,124)
Central Services	131,587	131,587	97,854	33,733
Operation & Maintenance of Plant	171,875	171,875	133,985	37,890
Student Transportation	2,125	2,125	10	2,115
Other Support Services	31,441	31,441	-	31,441
Capital Outlay	-	-	-	-
Total expenditures	<u>2,705,497</u>	<u>2,703,642</u>	<u>2,730,572</u>	<u>(26,930)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>(102,431)</u>	<u>(47,161)</u>
Other financing sources				
Designated cash	-	-	-	-
Operating transfers	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	<u>-</u>	<u>-</u>	<u>(102,431)</u>	<u>(102,431)</u>
Fund balances, beginning of year	<u>-</u>	<u>-</u>	<u>28,050</u>	<u>28,050</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (74,381)</u>	<u>\$ (74,381)</u>
Reconciliation to GAAP Basis				
Adjustments to revenues			\$ -	
Adjustments to expenditures			<u>25,774</u>	
Changes in fund balances			<u>\$ (76,657)</u>	

See Notes to Financial Statements.

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
ACADEMY FOR TECHNOLOGY AND CLASSICS
SCHEDULE OF BUDGET COMPARISONS - BUDGETARY BASIS
INSTRUCTIONAL FUND (14000)
FOR THE YEAR ENDED JUNE 30, 2017**

	Budgeted Amounts			
	Original Budget	Final Budget	Actual	Variance
Revenues				
Interest Income	\$ -	\$ -	\$ -	\$ -
State grants	20,129	20,129	23,428	3,299
Federal grants	-	-	-	-
Miscellaneous	-	-	3,028	3,028
Total revenues	<u>20,129</u>	<u>20,129</u>	<u>26,456</u>	<u>6,327</u>
Expenditures				
Current				
Instruction	28,084	28,084	16,203	11,881
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Capital Outlay	-	-	-	-
Total expenditures	<u>28,084</u>	<u>28,084</u>	<u>16,203</u>	<u>11,881</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>10,253</u>	<u>18,208</u>
Other financing sources				
Designated cash	-	-	-	-
Operating transfers	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	<u>-</u>	<u>-</u>	<u>10,253</u>	<u>10,253</u>
Fund balances, beginning of year	<u>-</u>	<u>-</u>	<u>17,824</u>	<u>17,824</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,077</u>	<u>\$ 28,077</u>
Reconciliation to GAAP Basis				
Adjustments to revenues			\$ -	
Adjustments to expenditures			<u>(11,717)</u>	
Changes in fund balances			<u>\$ (1,464)</u>	

See Notes to Financial Statements.

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
ACADEMY FOR TECHNOLOGY AND CLASSICS
SCHEDULE OF BUDGET COMPARISONS - BUDGETARY BASIS
TEACHER AND SCHOOL LEADER INCENTIVE PAY FUND (27188)
FOR THE YEAR ENDED JUNE 30, 2017**

	Budgeted Amounts			
	Original Budget	Final Budget	Actual	Variance
Revenues				
Interest Income	\$ -	\$ -	\$ -	\$ -
State grants	127,500	127,500	-	(127,500)
Federal grants	-	-	-	-
Miscellaneous	-	-	101,023	101,023
Total revenues	<u>127,500</u>	<u>127,500</u>	<u>101,023</u>	<u>(26,477)</u>
Expenditures				
Current				
Instruction	-	110,276	140,824	(30,548)
Support Services				
Students	-	8,612	-	8,612
Instruction	-	8,612	-	8,612
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Capital Outlay	-	-	-	-
Total expenditures	<u>-</u>	<u>127,500</u>	<u>140,824</u>	<u>(13,324)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>(39,801)</u>	<u>(39,801)</u>
Other financing sources				
Designated cash	-	-	-	-
Operating transfers	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	<u>-</u>	<u>-</u>	<u>(39,801)</u>	<u>(39,801)</u>
Fund balances, beginning of year	<u>-</u>	<u>-</u>	<u>(2,153)</u>	<u>(2,153)</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (41,954)</u>	<u>\$ (41,954)</u>
Reconciliation to GAAP Basis				
Adjustments to revenues			\$ 30,632	
Adjustments to expenditures			<u>-</u>	
Changes in fund balances			<u>\$ (9,169)</u>	

See Notes to Financial Statements.

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
ACADEMY FOR TECHNOLOGY AND CLASSICS
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES - AGENCY FUNDS
JUNE 30, 2017**

ASSETS

Cash	\$ 120,577
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Total assets	<u>\$ 120,577</u>
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LIABILITIES

Accounts payable	\$ 11,864
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Deposits held in trust for others	<u>108,713</u>
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Total liabilities	<u>\$ 120,577</u>
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STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
ACADEMY FOR TECHNOLOGY AND CLASSICS
SCHEDULE OF THE CHARTER'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
EDUCATIONAL RETIREMENT BOARD (ERB) PENSION PLAN
FOR THE YEARS ENDED JUNE 30, 2017, 2016, AND 2015
LAST 10 FISCAL YEARS* (UNAUDITED)

Fiscal Year Measurement Date	2017 2016	2016 2015	2015 2014
Charter's proportion of the net pension liability	0.06056%	0.06209%	0.10700%
Charter's proportionate share of the net pension liability	\$ 4,358,160	\$ 4,021,729	\$ 3,505,021
Charter's covered employee payroll	\$ 1,764,053	\$ 1,695,256	\$ 1,693,182
Charter's proportionate share of the net pension liability as a percentage of its covered employee payroll	247%	237%	207%
Plan fiduciary net position as a percentage of total pension liability	61.58%	63.97%	66.54%

* The amounts presented were determined as of June 30. The schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Charter will present information for those years which information is available.

See Notes to Required Supplementary Information.

STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
ACADEMY FOR TECHNOLOGY AND CLASSICS
SCHEDULE OF THE CHARTER'S CONTRIBUTIONS
EDUCATIONAL RETIREMENT BOARD (ERB) PENSION PLAN
FOR THE YEARS ENDED JUNE 30, 2017, 2016, AND 2015
LAST 10 FISCAL YEARS* (UNAUDITED)

	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Contractually required contributions	\$ 245,203	\$ 240,351	\$ 332,508
Contributions in relation to contractually required contributions	<u>245,203</u>	<u>240,351</u>	<u>332,508</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Charter's covered employee payroll	\$ 1,764,053	\$ 1,695,256	\$ 1,693,182
Contributions as a percentage of covered employee payroll	13.90%	14.18%	14.47%

* The amounts presented were determined as of June 30. The schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Charter will present information for those years which information is available.

See Notes to Required Supplementary Information.

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
ACADEMY FOR TECHNOLOGY AND THE CLASSICS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
JUNE 30, 2017**

Changes of benefit terms and assumptions. For the overall NMERB Plan, there were no benefit or assumption changes adopted since the last actuarial valuation. However, the actual cost of living adjustment (COLA) was less than the expected 2%, which resulted in a net \$138 million decrease on the unfunded actuarial accrued liability.

STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
ACADEMY FOR TECHNOLOGY AND CLASSICS
SCHEDULE OF CHANGES IN FIDUCIARY
ASSETS AND LIABILITIES - AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	Balance June 30, 2016	Additions	Deletions	Balance June 30, 2017
ASSETS				
Cash in bank	\$ 81,718	\$ 224,371	\$ (185,512)	\$ 120,577
Total assets	<u>\$ 81,718</u>	<u>\$ 224,371</u>	<u>\$ (185,512)</u>	<u>\$ 120,577</u>
LIABILITIES				
Accounts payable	\$ 90	\$ 11,774	\$ -	\$ 11,864
Deposits held for others	<u>81,628</u>	<u>212,597</u>	<u>(185,512)</u>	<u>108,713</u>
Total liabilities	<u>\$ 81,718</u>	<u>\$ 224,371</u>	<u>\$ (185,512)</u>	<u>\$ 120,577</u>

STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
ACADEMY FOR TECHNOLOGY AND CLASSICS
SCHEDULE OF COLLATERAL PLEDGED BY DEPOSITORY
FOR PUBLIC FUNDS
JUNE 30, 2017

Name of Depository	Description of Pledged Collateral	Fair / Par Market Value June 30, 2017	Name & Location of Safekeeper
Los Alamos National Bank	FHMS K046 8.57% 03/25/2025	\$ 311,608	LANB
Los Alamos National Bank	FHMS K046 2.86% 03/35/2025	<u>103,869</u>	LANB
		<u>\$ 415,477</u>	

STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
ACADEMY FOR TECHNOLOGY AND CLASSICS
SCHEDULE OF CASH AND TEMPORARY INVESTMENT ACCOUNTS
JUNE 30, 2017

<u>Bank Account Type</u>	<u>Amount</u>
Checking - Operational/Federal	\$ 601,169
Checking - Payroll	-
Petty Cash	50
Foundation	
LANB-Checking	\$ 9,091
LANB-Savings	4,807
LANB-lockbox	139,452
Charles Schwab	<u>2,210</u>
Total	155,560
Reconciling Items	<u>(238,243)</u>
Reconciled balance, June 30, 2017	518,536
Less: Agency Funds	<u>120,577</u>
Total governmental funds	<u><u>\$ 397,959</u></u>

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
ACADEMY FOR TECHNOLOGY AND CLASSICS
SCHEDULE OF CASH RECONCILIATION
JUNE 30, 2017**

	Operational Account 11000	Transportation Account 13000	Instructional Materials 14000	Food Services Account 21000
Cash, June 30, 2016	\$ 31,160	\$ -	\$ 17,824	\$ (12,001)
Add:				
2016-17 revenues	2,638,151	-	26,457	35,491
Repayment of loans	-	-	-	-
Loans from other funds	-	-	-	-
Total cash available	<u>2,669,311</u>	-	44,281	23,490
Less:				
2016-17 expenditures	(2,658,339)	-	(32,818)	(23,490)
Repayment of loans	-	-	-	-
Transfers to/from other funds	-	-	-	-
Loans to other funds	-	-	-	-
Change due to held checks and liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash, June 30, 2017	10,972	-	11,463	-
Reconciliations to GAAP Basis				
Audit reclassifications to cash	<u>88,817</u>	<u>-</u>	<u>8,619</u>	<u>-</u>
Cash per books	99,789	-	20,082	-
Fund Balance Reconciliation to GAAP Basis				
Modified Accrual Adjustments	<u>(145,286)</u>	<u>-</u>	<u>(3,722)</u>	<u>(19,373)</u>
Fund Balance, Modified Accrual Basis	<u>\$ (45,497)</u>	<u>\$ -</u>	<u>\$ 16,360</u>	<u>\$ (19,373)</u>

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
ACADEMY FOR TECHNOLOGY AND CLASSICS
SCHEDULE OF CASH RECONCILIATION (CONTINUED)
JUNE 30, 2017**

	Athletics Account 22000	Non-Instruction Account 23000	Federal Flowthrough 24000	Federal Direct 25000
Cash, June 30, 2016	\$ -	\$ -	\$ 755	\$ -
Add:				
2016-17 revenues	10,441	-	38,340	-
Repayment of loans	-	-	-	-
Loans from other funds	-	-	-	-
Total cash available	10,441	-	39,095	-
Less:				
2016-17 expenditures	(10,228)	-	(38,340)	-
Repayment of loans	-	-	-	-
Transfers to/from other funds	-	-	-	-
Loans to other funds	-	-	-	-
Change due to held checks and liabilities	-	-	-	-
Cash, June 30, 2017	213	-	755	-
Reconciliations to GAAP Basis				
Audit reclassifications to cash	(213)	-	-	-
Cash per books	-	-	755	-
Fund Balance Reconciliation to GAAP Basis				
Modified Accrual Adjustments	(2,167)	-	(1,930)	-
Fund Balance, Modified Accrual Basis	\$ (2,167)	\$ -	\$ (1,175)	\$ -

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
ACADEMY FOR TECHNOLOGY AND CLASSICS
SCHEDULE OF CASH RECONCILIATION (CONTINUED)
JUNE 30, 2017**

	Local Grants 26000	State Flowthrough 27000	State Direct 28000	Local or State Fund 29000
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Cash, June 30, 2016	\$ -	\$ (26,217)	\$ -	\$ -
Add:				
2016-17 revenues	-	101,023	-	10,241
Repayment of loans	-	-	-	-
Loans from other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total cash available	-	74,806	-	10,241
Less:				
2016-17 expenditures	-	(131,655)	-	(3,018)
Repayment of loans	-	-	-	-
Transfers to/from other funds	-	-	-	-
Loans to other funds	-	-	-	-
Change due to held checks and liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash, June 30, 2017	-	(56,849)	-	7,223
Reconciliations to GAAP Basis				
Audit reclassifications to cash	<u>-</u>	<u>56,849</u>	<u>-</u>	<u>-</u>
Cash per books	-	-	-	7,223
Fund Balance Reconciliation to GAAP Basis				
Modified Accrual Adjustments	<u>-</u>	<u>(65,135)</u>	<u>-</u>	<u>-</u>
Fund Balance, Modified Accrual Basis	<u>\$ -</u>	<u>\$ (65,135)</u>	<u>\$ -</u>	<u>\$ 7,223</u>

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
ACADEMY FOR TECHNOLOGY AND CLASSICS
SCHEDULE OF CASH RECONCILIATION (CONTINUED)
JUNE 30, 2017**

	Bond Building 31100	Public School Capital Outlay 31200	Special Capital Outlay State 31400	Capital Improvement HB 33 31600
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Cash, June 30, 2016	\$ -	\$ (82,922)	\$ -	\$ 73,859
Add:				
2016-17 revenues	-	265,525	-	199,688
Repayment of loans	-	-	-	-
Loans from other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total cash available	-	182,603	-	273,547
Less:				
2016-17 expenditures	-	(178,606)	-	(201,922)
Repayment of loans	-	-	-	-
Transfers to/from other funds	-	-	-	-
Loans to other funds	-	-	-	-
Change due to held checks and liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash, June 30, 2017	-	3,997	-	71,625
Reconciliations to GAAP Basis				
Audit reclassifications to cash	<u>-</u>	<u>(3,997)</u>	<u>-</u>	<u>(71,625)</u>
Cash per books	-	-	-	-
Fund Balance Reconciliation to GAAP Basis				
Modified Accrual Adjustments	<u>-</u>	<u>(40,581)</u>	<u>(2,120)</u>	<u>(24,180)</u>
Fund Balance, Modified Accrual Basis	<u>\$ -</u>	<u>\$ (40,581)</u>	<u>\$ (2,120)</u>	<u>\$ (24,180)</u>

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
ACADEMY FOR TECHNOLOGY AND CLASSICS
SCHEDULE OF CASH RECONCILIATION (CONTINUED)
JUNE 30, 2017**

	Cap. Improv. SB9 31700	Education Technology Account 31900	Activity Funds	Total
Cash, June 30, 2016	\$ 292,951	\$ (1,137)	\$ 81,626	\$ 375,898
Add:				
2016-17 revenues	268,555	265,167	226,439	4,085,518
Repayment of loans	-	-	-	-
Loans from other funds	-	-	-	-
Total cash available	561,506	264,030	308,065	4,461,416
Less:				
2016-17 expenditures	(422,662)	(240,850)	(195,476)	(4,137,404)
Repayment of loans	-	-	-	-
Transfers to/from other funds	-	-	-	-
Loans to other funds	-	-	-	-
Change due to held checks and liabilities	-	-	-	-
Cash, June 30, 2017	138,844	23,180	112,589	324,012
Reconciliations to GAAP Basis				
Audit reclassifications to cash	(36,941)	(10,533)	42,971	73,947
Cash per books	101,903	12,647	155,560	397,959
Fund Balance Reconciliation to GAAP Basis				
Modified Accrual Adjustments	(1,500)	(5,653)	(831)	(312,478)
Fund Balance, Modified Accrual Basis	\$ 100,403	\$ 6,994	\$ 154,729	\$ 85,481

COMPLIANCE SECTION



REPORT OF INDEPENDENT AUDITOR'S 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

The Board of Education
Santa Fe Public Schools and
Mr. Timothy Keller
New Mexico State Auditor
Santa Fe, New Mexico

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the discretely presented Component Unit, each major fund, the aggregate remaining fund information, the budgetary comparisons of the general fund and the major special revenue fund of the Santa Fe Public Schools (the District) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the Table of Contents and have issued our report thereon dated November 15, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of District's internal control. Accordingly, we do not express an opinion on the effectiveness of District'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 were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control that we consider to be a 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 Questions Costs as items 2016-002, 2016-004A, and 2017-006A to be material weaknesses.

The Board of Education
Santa Fe Public Schools and
Mr. Timothy Keller
New Mexico State Auditor

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 Questioned Costs as items 2015-003, 2017-001, 2017-002, 2016-002A, 2017-004A, 2017-005A, and 2017-007A.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed 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, 2016-005, 2016-003A, 2016-006A, 2017-008A, and 2017-009A.

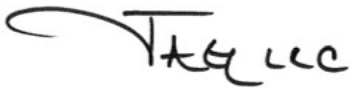
We noted certain matters that are required to be reported per Section 12-6-5 NMSA 1978 that we have described in the accompanying Schedule of Section 12-6-5 NMSA Findings as items 2014-001A, 2015-001A, 2015-002A, and 2017-004.

District's Response to Findings

The District's response to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. The District'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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Jaramillo Accounting Group LLC (JAG)
Albuquerque, New Mexico
November 15, 2017

FEDERAL FINANCIAL ASSISTANCE



**REPORT OF INDEPENDENT AUDITOR'S ON COMPLIANCE FOR EACH
MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

The Board of Education
Santa Fe Public Schools and
Mr. Timothy Keller
New Mexico State Auditor
Santa Fe, New Mexico

Report on Compliance for Each Major Federal Program

We have audited Santa Fe Public Schools' (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2017. The District's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

The Board of Education
Santa Fe Public Schools and
Mr. Timothy Keller
New Mexico State Auditor

Opinion on Each of the Major Federal Programs

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

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying Schedule of Findings and Questioned Costs as item 2017-003. Our opinion on each major federal program is not modified with respect to these matters.

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

Report on Internal Control Over Compliance

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

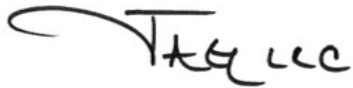
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

The Board of Education
Santa Fe Public Schools and
Mr. Timothy Keller
New Mexico State Auditor

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2017-003 that we consider to be a significant deficiency.

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

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

A handwritten signature in black ink, appearing to read "JAG LLC". The signature is stylized with a large, sweeping initial letter.

Jaramillo Accounting Group LLC (JAG)
Albuquerque, New Mexico
November 15, 2017

STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017

Federal Grantor or Pass-Through Grantor / Program Title	Federal CFDA	Pass-through Number	Passed Through to Subrecipients	Federal Expenditures
U.S. Department of Education				
Indian Ed Formula	84.060A	25184	\$ -	\$ 69,774
Pass-through State of New Mexico Public Education Department				
Title 1 - IASA	84.010A	24101	-	3,655,713
Title 1 - School Improvement	84.010A	24162	-	115,108
			<u>-</u>	<u>3,770,821</u>
IDEA B Entitlement	84.027	24106	38,340	2,308,914
IDEA B Preschool	84.027	24120	-	46,058
IDEA B Private School Proportional Share	84.027	24115	-	32,181
IDEA B Individuals with Disabilities Education Grant	84.027	24132	-	85,518
			<u>38,340</u>	<u>2,472,671</u>
Education of Homeless	84.196	24113	-	62,247
21st Century Community Learning Centers	84.287	24119	-	1,034,721
English Language Acquisition	84.365A	24153	-	307,853
Teacher/Principal Training & Recruiting	84.367A	24154	-	624,395
Carl D. Perkins Secondary - Current	84.048	24174	-	140,077
Carl D. Perkins Secondary - Redistribution	84.048	24176	-	5,504
			<u>-</u>	<u>145,581</u>
Subtotal - Pass-through State of New Mexico Public Education Department			<u>38,340</u>	<u>8,418,289</u>
Pass-through State of New Mexico Higher Education Department				
GEAR UP	84.334A	25205	-	445,252
Total U.S. Department of Education			<u>38,340</u>	<u>8,933,315</u>
U.S. Department of Agriculture				
<i>Child Nutrition Cluster</i>				
Pass-through State of Children, Youth, and Families Department				
Summer Food Service Program for Children	10.559	21000	-	133,684
Pass-through State of New Mexico Public Education Department				
National School Breakfast and Lunch Programs	10.553, 10.555	21000	-	5,020,636
Pass-through State of New Mexico Human Services Department				
Non-Cash Assistance (Commodities)				
USDA Food Commodities	10.555	21000	-	448,348
Total Student Nutrition Cluster			<u>-</u>	<u>5,602,668</u>
Total U.S. Department of Agriculture			<u>-</u>	<u>5,602,668</u>
U.S. Department of Health and Human Services				
Pass-through State of New Mexico Department of Health				
USHHS/CDC School Health	93.079	24186	-	4,938
Santa Fe Underage Drinking Alliance	93.276	25181	-	119,072
Total U.S. Department of Health and Human Services			<u>-</u>	<u>124,010</u>
U.S. Department of Defense				
R.O.T.C.	12.357	25200	-	89,823
U.S. Department of Interior				
Johnson O'Malley	15.130	25131	-	19,410
Total Federal Financial Assistance			<u>\$ 38,340</u>	<u>\$ 14,769,226</u>

See Notes to Schedule of Expenditures of Federal Awards.

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017**

NOTE 1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of Santa Fe Public Schools (District) under programs of the federal government for the year ended June 30, 2017. The information in this Schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position or changes in financial position of the District.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting, which is the same basis as was used to prepare the fund financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3. SUBRECIPIENTS

During the year ended June 30, 2017, the District had the following subrecipients:

Academy for Technology and the Classics Charter (Component Unit)	84.027	IDEA-B	\$38,340
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NOTE 4. NONCASH FEDERAL ASSISTANCE

The District receives USDA Commodities for use in sponsoring the National School Lunch program. Per USDA guidance (FPI-18-2), donated USDA commodities should be grouped with the National School Lunch Program and use the same CFDA number as the National School Lunch Program. The value of commodities received for the year ended June 30, 2017 was \$448,348. Commodities are recorded as revenues and expenditures in the Food Service fund.

NOTE 5. INDIRECT COST RATE

During the year ended June 30, 2017, the New Mexico Public Education Department reimbursed the District for indirect costs at 2.54%.

NOTE 6. RECONCILIATION OF FEDERAL REVENUE TO FEDERAL EXPENDITURES

Federal expenditures as reported on Schedule of Expenditure of Federal Awards	\$ 14,769,226
District as contractor relationship:	
Medicaid (Fund 25153)	1,650,704
Forest Reserve (Fund 11000)	11,437
	<u>16,431,367</u>
Indirect cost recovery (Fund 11000)	359,680
Advance reimbursement grant (ROTC - Fund 25200)	26,002
Federal revenue as reported in the financial statements	<u>\$ 16,817,049</u>

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2017**

Finding No.	Description	Current Year Status
PRIMARY GOVERNMENT SANTA FE PUBLIC SCHOOLS		
Financial Statement		
2014-003	Internal Control Structure	Cleared
2015-001	Procurement/Contracts	Cleared
2015-003	Inventory Balance	Modified and Repeated
2015-004	Fund Accounting	Cleared
2015-005	IT General Controls	Cleared
2015-006	ERB and RHC Compliance	Cleared
2016-001	Improper Account Coding	Cleared
2016-002	Timely Reconciliation of Capital Asset Inventory and Construction in Progress Costs	Modified and Repeated
2016-003	Internal Control Structure	Cleared
2016-004	Bank Reconciliations	Cleared
2016-005	Budgetary Conditions	Repeated
Federal		
2016-006	Suspension & Debarment	Cleared
2016-007	Written policies & procedures over allowable cost principles, cash payments, and travel costs	Cleared
COMPONENT UNIT ACADEMY FOR THE CLASSICS – CHARTER SCHOOL		
2014-001A	Internal Control Structure	Repeated
2015-001A	Budgetary Conditions	Repeated
2015-002A	Capital Assets	Repeated
2016-001A	Written policies & procedures over allowable cost principles, cash payments, and travel costs	Cleared
2016-002A	IT General Controls	Repeated
2016-003A	PED Cash Reports/Quarterly Budget to actual reports	Repeated
2016-004A	Bank Reconciliations	Repeated
2016-005A	Internal Control Structure	Cleared*
2016-006A	Fund Accounting	Repeated

*This finding was cleared; however, certain issues from this finding are repeated in Findings: 2014-001 (ERB/RHCA), 2016-004A (Bank Reconciliations), 2017-007A (Payroll), and 2017-005A (Cash Disbursements).

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017**

SECTION I – SUMMARY OF AUDIT RESULTS

Financial Statements:

- | | |
|--|------------|
| 1. Type of auditor’s report issued | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weakness identified? | Yes |
| b. Significant deficiencies identified not considered to be material weaknesses? | Yes |
| c. Noncompliance material to financial statements noted? | No |

Federal Awards:

- | | | | | | | | | | |
|--|---|------------------------|---------------|--|--------|---|------------------------|---------------------------|--|
| 1. Internal control over major programs: | | | | | | | | | |
| a. Material weakness identified? | No | | | | | | | | |
| b. Significant deficiencies identified not considered to be material weaknesses? | Yes | | | | | | | | |
| 2. Type of auditor’s report issued on compliance for major programs | Unmodified | | | | | | | | |
| 3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)? | No | | | | | | | | |
| 4. Identification of major programs: | | | | | | | | | |
| <table style="margin: auto; border-collapse: collapse;"> <tr> <td style="text-align: center; padding: 0 10px;">CFDA</td> <td style="text-align: center; padding: 0 10px;"><u>Federal Program</u></td> </tr> <tr> <td style="text-align: center; padding: 0 10px;"><u>Number</u></td> <td></td> </tr> <tr> <td style="text-align: center; padding: 0 10px;">84.287</td> <td style="text-align: center; padding: 0 10px;">21st Century Community Learning Centers</td> </tr> <tr> <td style="text-align: center; padding: 0 10px;">10.553, 10.555, 10.559</td> <td style="text-align: center; padding: 0 10px;">Student Nutrition Cluster</td> </tr> </table> | CFDA | <u>Federal Program</u> | <u>Number</u> | | 84.287 | 21 st Century Community Learning Centers | 10.553, 10.555, 10.559 | Student Nutrition Cluster | |
| CFDA | <u>Federal Program</u> | | | | | | | | |
| <u>Number</u> | | | | | | | | | |
| 84.287 | 21 st Century Community Learning Centers | | | | | | | | |
| 10.553, 10.555, 10.559 | Student Nutrition Cluster | | | | | | | | |
| 5. Dollar threshold used to distinguish between type A and type B programs: | \$750,000 | | | | | | | | |
| 6. Auditee qualified as low-risk auditee? | No | | | | | | | | |

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017**

SECTION II - FINANCIAL STATEMENT FINDINGS – SANTA FE PUBLIC SCHOOLS

2015-003 INVENTORY BALANCE

TYPE OF FINDING: Significant Deficiency

CONDITION

During our inventory testing, we noted the following exceptions:

- The District did not adjust the inventory ending balance to reflect the end of year count.
- Of the four inventory items selected for testing, which made up 14% of the total, three were overstated by a total of \$33,607 based on a comparison to the last invoice paid on each item in FY 2017.
- Two of the four items tested were being carried based on the list price on invoices rather than the actual price paid for items. Upon further discussion, it was noted the practice is to use list price from invoices when available.

Management made progress on this finding in the current year. The District was able to get an operable system in place prior to the end of the year to record the transportation inventory.

CRITERIA

- NMAC 6.20.2.11 states that every school district shall establish and maintain an internal control structure to provide management with reasonable assurance that assets are safeguarded against loss from unauthorized use or disposition, 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.
- NMAC 6.20.2.16 states that at fiscal year-end, each school district shall take a physical inventory of remaining goods and materials of an expendable nature. School districts shall establish adequate internal accounting control procedures over supplies inventory in accordance with GAAP.

CAUSE

This is a new process implemented and there was a lack of precision in the tracking of inventory quantities and prices.

EFFECT

The District is not in compliance with the NMAC. The District's assets may not be reflected accurately and the District has made itself more susceptible to the possibility of misappropriation of assets absent a good accounting of the inventory during the year and at year-end.

RECOMMENDATION

We recommend that policies and procedures related to the transportation inventory be implemented to ensure that all inventory related transactions be properly accounted for in accordance with GAAP, including running reports at year-end and maintaining accurate pricing and valuation.

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017**

SECTION II - FINANCIAL STATEMENT FINDINGS (CONTINUED) – SANTA FE PUBLIC SCHOOLS (CONTINUED)

2015-003 INVENTORY BALANCE (CONTINUED)

MANAGEMENT’S RESPONSE

Corrective Action: Despite getting an operable transportation maintenance shop inventory system in place during 2016, work remains to establish an effective, reliable, and sustainable inventory control system.

Future action and steps the District will take to address remaining issues include:

- Complete an inventory audit and update by District Financial staff as soon as possible validating inventory quantities, valuation, and vendor files; reviewing system capabilities including pricing, re-order points, and reports; evaluating overall inventory control practice; documenting policy and procedures; conducting more thorough transportation staff training; and determining the need for ongoing operational support,
- Evaluate inventory turnover and procurement options on higher value inventory that could reduce on-site inventory, including next-day delivery or lower re-order points leveraging local vendor partnerships,
- Identify stale inventory and steps for disposal, and
- Post necessary GL entries on a quarterly basis, provide updates to audit committee for review, and certify the year-end inventory balance with the Board along with the district wide annual inventory.

Due Date of Completion: Completing the inventory audit work as soon as possible targeting no later than the end of January 2018 to allow for 5-6 months of operational evaluation in the FY18 audit year, implement other actions during the current fiscal year.

Responsible Party: Chief Financial and Government Relations Officer, Director of Transportation

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017**

SECTION II - FINANCIAL STATEMENT FINDINGS (CONTINUED) – SANTA FE PUBLIC SCHOOLS (CONTINUED)

2016-002 CERTIFICATION OF CAPITAL ASSET INVENTORY AND CAPITALIZATION THRESHOLD

TYPE OF FINDING: Material Weakness

CONDITION

There was not a physical inventory certification performed for the year ended June 30, 2017. Additionally, the District capitalized \$2,167,099 in IT Equipment and \$1,413 in Land Improvements, which cost less than \$5,000 per unit.

Management made significant progress during the year. The contracted with an outside entity and completed the physical inventory of all District assets.

CRITERIA

According to 6-15 and 22-24 through 26, NMSA 1978, the District must maintain an inventory of capital assets, which shall be tested at the time of the annual audit. Per NMAC 22.24 through 26, capital assets shall be acquired and accounted for through the development and implementation of a complete property control system. Per Section 12-6-10 NMSA 1978, only capital assets with an initial, individual cost of more than \$5,000 should be capitalized. Upon completion of the physical inventory, the inventory shall be certified by the governing authority as to correctness.

CAUSE

The District did not certify an accurate capital asset inventory and construction in progress project listing for the entire year. The capital assets accountant added these assets since they are a group of individual items on a cart in classrooms that totaled over \$5,000.

EFFECT

Capital asset reclassifications were adjusted significantly.

RECOMMENDATION

We recommend that the facilities department track all capital asset activity assigned to the department throughout the year and reconcile the information with the information maintained in the accounting department and the Visions accounting system no less than quarterly. Final, certified annual reports should be available for external audit review no later than 60 days subsequent to the fiscal year end. We also recommend that management update their review procedures to ensure current year additions meet the threshold requirement.

MANAGEMENT'S RESPONSE

Corrective Action: The District focused on the improvement plan noted in the 2016 finding and made significant progress. Some technology assets were originally booked with cart values rather than as individual units which led to the condition capitalizing individual items with a value less than \$5,000. This condition has been addressed. Additionally, the District was unaware of the requirement to certify the capital asset inventory and construction in progress project listing with the Board, which of course, we will do. We do not believe the condition noted reflects a material weakness in our accounting procedures and processes for capital assets and expect this finding to be cleared in the 2018 financial audit.

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017**

SECTION II - FINANCIAL STATEMENT FINDINGS (CONTINUED) – SANTA FE PUBLIC SCHOOLS (CONTINUED)

2016-002 CERTIFICATION OF CAPITAL ASSET INVENTORY AND CAPITALIZATION THRESHOLD (CONTINUED)

Future action and steps the District will take to address these issues include:

- Schedule the annual district inventory prior to fiscal year end and certify the inventory and construction in progress at the following Board meeting,
- Ensure via ongoing reviews that no assets with an individual value less than the \$5,000 are booked as capital assets, paying particularly close attention to Technology assets, and
- Provide quarterly capital asset reports to the Audit Committee to heighten visibility and accountability.

Due Date of Completion: Address during the 2017-18 fiscal year, add to the Audit Committee agenda on a quarterly basis.

Responsible Party: Chief Financial and Government Relations Officer, Executive Director of Finance and Administration

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017**

SECTION II - FINANCIAL STATEMENT FINDINGS (CONTINUED) – SANTA FE PUBLIC SCHOOLS (CONTINUED)

2016-005 BUDGETARY CONDITIONS

TYPE OF FINDING: Other Non-Compliance

CONDITION

The District has expenditure functions where actual expenditures exceeded budgetary authority:

Fund 28203	Support Services	\$4,693
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The District underspent Instructional for the same amount, so a BAR may have been posted for the incorrect function.

The District made significant progress on this condition. There are much fewer budget violations and the nature of the one remaining violation nets to zero between functions.

CRITERIA

Per NMAC 6.20.2.9(A) every school district shall follow budget requirements stated in Sections 22-8-5 through 22-8-12.2 NMSA 1978, and procedures of the department in preparing, submitting, maintaining and reporting budgetary information. Budgetary control shall be at the function level. Over-expenditure of a function shall not be allowed.

EFFECT

The District is out of compliance with New Mexico state statute and the control established by the use of budgets has been compromised, which could result in deficit fund balances and unnecessary usage of operating funds to cover the over-expenditures.

CAUSE

There was a budget adjustment request to the incorrect function.

RECOMMENDATION

We recommend the District establish a policy of budgetary review by the governing council or finance committee at the end of each quarter and have the governing council approve the necessary budgetary adjustments to ensure funds are not over expended.

MANAGEMENT'S RESPONSE

Corrective Action: We currently reconcile budget between the Public Education Department's Operating Budget Management System and Visions to the fund level weekly, and budget and actuals quarterly. We will expand the OBMS to Visions reconciliation to the function level.

The fund noted in the condition, "GRADs", is a program to provide support for parenting teens at Capital and Santa Fe High Schools. In an effort to expend the entire budget of \$45,550 during the fiscal year, a purchase of supplies for parenting teens and their children was made from function 2100 in June. The late purchase did not allow enough time for a transfer BAR (Board approval, PED approval). We discovered later that the expenditure,

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017**

SECTION II - FINANCIAL STATEMENT FINDINGS (CONTINUED) – SANTA FE PUBLIC SCHOOLS (CONTINUED)

2016-005 BUDGETARY CONDITIONS (CONTINUED)

while not direct instruction, could have been moved to function 1000, as the entire GRADs budget was in that function and the childcare supplies are allowable in the grant. The fund was not over expended.

Due Date of Completion: We will expand the OBMS to Visions reconciliation and budgetary review to the function level immediately.

Responsible Party: Director of Grant Accounting

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017**

SECTION II - FINANCIAL STATEMENT FINDINGS (CONTINUED) – SANTA FE PUBLIC SCHOOLS (CONTINUED)

2017-001 INTERNAL CONTROLS OVER CASH RECEIPTS & SEGREGATION OF DUTIES

TYPE OF FINDING: Significant Deficiency

CONDITION

Three deficiencies were found during the substantive testing of 40 cash receipts:

1. SFPS policy requires Secretaries/Bookkeepers to record on all deposits of checks separately on the deposit slip, listing both the last name of the person writing the check and the check number. In testing Cash Receipts, we found 15 instances in our sample whereby the deposit slip did not contain the last name or check number or both.
2. SFPS does not have a policy requiring secondary approval of deposits by Secretaries/Bookkeepers prior to making their deposits. In some instances, they will show the Principal/Vice-Principal the actual deposit prior to making the deposit, but only if they are around.
3. Lack of segregation of duties in the collection, receipting, and depositing of monies received at the schools. The same person, usually a secretary or bookkeeper, is the one who collects the monies, issues the receipts, prepares the bank deposits, and makes the deposits.

CRITERIA

The lack of segregation of duties is a basic tenant of good internal controls and should be addressed in all situations.

New Mexico PED PSAB Supplement 2 - Internal Control Structure - CONTROL ACTIVITIES AND PROCEDURES

Control activities are the internal policies and procedures that help ensure district directives are carried out. These policies and procedures help ensure necessary actions are taken to address risks to achieving the school district's objectives. They include a range of activities as diverse as approvals, authorizations, verifications, reconciliations, review of operating performance, security of assets, and segregation of duties. Control procedures are those processes in addition to the control environment and accounting system that the district or charter school has established to provide reasonable assurance that specific school district objectives will be achieved. Control procedures have various objectives and are applied at various organizational and data processing levels. They may also be integrated into specific components of the control environment and the accounting system. PSAB Supplements 7 through 14 address defined processes for the subject of each Supplement coupled with a sample Risk Assessment Analysis worksheet for each process.

Central Focus Points are: *Assess Risk & Determine Needs, Monitor & Evaluate, Promote Awareness, and Implement Policies and Controls*. Certain basic internal control structure concepts will not vary from one school district to the next (6.20.2.11, NMAC Internal Control Standards). Each school district will devise, establish, and maintain a written structure of internal administrative and accounting controls to provide: Segregation of responsibilities (which is also known as division of duties) shall be established and implemented. The three main duties to be segregated are the authorization to execute a transaction, the recording of the transaction, and the custody of assets involved in the transaction. A system of authorization and recording procedures shall be adopted by the local school board and implemented by the school district.

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017**

SECTION II - FINANCIAL STATEMENT FINDINGS (CONTINUED)– SANTA FE PUBLIC SCHOOLS (CONTINUED)

2017-001 INTERNAL CONTROLS OVER CASH RECEIPTS & SEGREGATION OF DUTIES (CONTINUED)

NM Public Education Department (PED) Manual of Procedures – PSAB Supplement 18 – Student Activity & Athletics As governments increasingly respond to the demands for fiscal and operational accountability, best practice dictates the creation of strong controls surrounding activity funds, including assurance that all transactions are recorded and reported in district and charter school financial records. Additionally, at a minimum, proper lines of authority combined with strong control practices, such as segregation of duties, multiple checks and balances, requirements for annual audits, and regular financial reporting, are the elements to protect against error, waste, fraud, or misuse.

CAUSE

SFPS Business Services Guide for 2017-2018, under “Procedures for Processing Revenue” dated July 31, 2017, states that on all checks being deposited, that both the last name and check number need to be listed on the respective deposit slip. This guide does not reflect any policies or procedures requiring a secondary approval of all deposits prior to the depositing of these funds.

The cause of these issues in non-compliance with existing policies and procedures the recordation of checks received, and the lack of policies and procedures for secondary approval of deposits and lack of segregation of duties.

EFFECT

There is a high risk of loss or theft of revenue at the point of collection.

RECOMMENDATIONS

In regard to these three findings, we recommend the following:

1. Recordation of Checks Received – Enforcement of the current policy of requiring all checks being deposited to be listed separately on each deposit slip showing both the remitters last name and the check number.
2. Secondary Deposit Approval – Establishment of a policy requiring each School’s Principal or Vice-Principal to review and sign off on each deposit made by school personnel prior to the deposit being made. This review should include review of the receipt book for all receipts issued, assurance that all recorded receipts are properly listed on the deposit slip and deposit report to the Business Services Office, and review of the deposit receipts after the deposit is made to ensure the correct amount of monies were deposited.
3. Segregation of Duties - A new policy should be developed which requires a segregation of duties at the front line of schools to ensure that the same person who receives and receipts the cash and checks is not the same person who prepares the deposit slips, prepares the deposit package for the Business Services Office and makes the actual deposit.

Although the Schools have limited administrative staff, steps could be taken to separate incompatible duties between the Schools’ offices and Central Office. The basic premise is that no one person should have access to both physical assets and the related accounting records or to all phases of a transaction.

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017**

SECTION II - FINANCIAL STATEMENT FINDINGS (CONTINUED) – SANTA FE PUBLIC SCHOOLS (CONTINUED)

2017-001 INTERNAL CONTROLS OVER CASH RECEIPTS & SEGREGATION OF DUTIES (CONTINUED)

For the Cash Receipts transaction cycle, there should be adequate segregation of duties among those who:

- Collect accounts receivable
- Open the mail or copy checks received
- Prepare deposits
- Compare the listing of receipts received daily to the bank receipt of daily deposit
- Post cash receipts to the activity funds' sub-ledgers (by PTO, Students, Teachers, etc.)
- Review the activity fund reconciliations
- Authorize write-offs or adjustments
- Independently investigate discrepancies or issues related to revenue
- Process staff/parent calls and complaints
- Reconcile bank accounts
- Perform surprise audits

Having duties and, even more importantly, access to the different areas in a particular transaction cycle separated with strong independent reviews is critical to prevent and detect fraud and errors.

MANAGEMENT'S RESPONSE

Corrective Action: The District will continue to cover Segregation of Duties and Internal Controls in all its trainings. Further action and steps the District will take to address these issues include:

- Review Board policy to clarify and increase specificity on the segregation of duties particularly in requiring secondary review in the process of receipting and depositing cash,
- Revise procedures to 1) require a secondary approval of all deposits prior to the depositing of cash, 2) require a specific designation of those authorized per school and department to receipt, review, and deposit funds, and 3) require an additional training session for these school and department employees,
- Require each school to designate an administrator as the Fiscal Liaison who will be responsible for reviewing and approving all financial transactions at the school site, and
- Add procedures for processing revenue to an expanded *spot audit program* to reinforce the process for receiving and depositing cash to increase awareness and accountability for school and district leaders and their administrative teams.

Due Date of Completion: Complete the review of policy and procedures this calendar year and implement as soon as possible to facilitate improved operational practice in an effort to clear this finding in the 2018 financial audit.

Responsible Party: Chief Financial and Government Relations Office, Executive Director of Finance and Administration

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017**

SECTION II - FINANCIAL STATEMENT FINDINGS (CONTINUED) – SANTA FE PUBLIC SCHOOLS (CONTINUED)

2017-002 ACTIVITY FUNDS – CASH DISBURSEMENTS PURCHASE ORDERS

TYPE OF FINDING: Significant Deficiency

CONDITION

In reviewing Cash Disbursements in the Activity Fund, we found the following exceptions in the audit sample of 40:

- 3 POs were created after the purchase date
- 1 PO was dated after the event with an “After the Fact” justification letter
- 2 POs were dated after the invoice was created

Additionally, the District’s agency fund cash balances did not roll forward and reconcile to June 30, 2017 ending balances by approximately \$17,000 when converted to modified accrual audited financial statements.

CRITERIA

NM Public Education Department (PED) Manual of Procedures – PSAB Supplement 18 – Student Activity & Athletics As governments increasingly respond to the demands for fiscal and operational accountability, best practice dictates the creation of strong controls surrounding activity funds, including assurance that all transactions are recorded and reported in district and charter school financial records. Additionally, at a minimum, proper lines of authority combined with strong control practices, such as segregation of duties, multiple checks and balances, requirements for annual audits, and regular financial reporting, are the elements to protect against error, waste, fraud, or misuse. Generally, all purchases should be through the issuance of a Purchase Order, reviewed and approved by appropriate personnel.

CAUSE

It appears that not all school personnel know PO’s must be generated, reviewed and approved prior to the purchase of items or receipt of services. The activity funds were not properly reconciled in the prior year.

EFFECT

Failure to follow the required use of Purchase Orders could result in the waste of public monies on unnecessary or unapproved purchases, and theft or misuse of public funds. There are amounts which may not be tracked accurately.

RECOMMENDATION

We recommend additional training and awareness for school personnel tasked with purchasing of items and or services and more oversight by the Central Office over purchases made without the use of a PO. POs should be issued after an approved Requisition and before the commitment to purchase. Activity funds must be tracked carefully and reconciled to audited balances and throughout the year.

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017**

SECTION II - FINANCIAL STATEMENT FINDINGS (CONTINUED) – SANTA FE PUBLIC SCHOOLS (CONTINUED)

2017-002 ACTIVITY FUNDS – CASH DISBURSEMENTS PURCHASE ORDERS (CONTINUED)

MANAGEMENT’S RESPONSE

Corrective Action: The District has 770 school, athletics, and enterprise activity funds that support school activities, athletic team events and needs, professional development, and community outreach with a total cash and investments balance of \$1,305,904 as of June 30, 2017. The number of funds, annual transactions, often time-sensitive requirements, and new employees creates the need for ongoing training, awareness, and process discipline.

In addition to training for principals and school secretaries as school starts plus formal training sessions during the school year particularly for newer employees, we plan to add activity fund management and procurement to an expanded *spot audit program* to reinforce the process of procurement among school and district leaders and their administrative teams.

However, not all apparent procurement violations result from staff not following the District’s procurement process. One condition in question resulted when our Athletic Secretary booked the ballroom with the Santa Fe Community Convention Center in February for an awards banquet to be held in May. Because the P.O. was submitted well before the actual date of the event and services rendered, the compliance issue resulted from receiving an invoice at the time the room was booked, not after the service was provided. The District will return those invoices in the future, requiring our vendors to follow our procurement and invoicing norms.

We are evaluating adding a “*procurement awareness program*” to our monthly employee newsletter, establishing a district wide and site-specific “*number of days without a procurement violation*” metric similar to consecutive accident free days seen in safety programs. This procurement awareness program would enhance compliance visibility and establish a metric for school leaders and department heads to review with their staffs. We believe expanding awareness and consciousness in-the-moment-of-the-procurement-decision is the most positive and effective approach to eliminating procurement violations in school, athletic club, and district activity fund purchases.

Additionally, the \$17K difference noted in our Activity (Fiduciary) funds is a result of the prior auditor converting our cash-basis balances to a modified accrual basis. The balances we provided match exactly with what we show in our system, meaning the difference is not a result of mismanagement or lack of reconciliations, but rather from an accounting presentation standpoint.

Due Date of Completion: As soon as possible to maximize improvement this fiscal year.

Responsible Party: Chief Financial and Government Relations Officer, Cabinet Officers, School Principals

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017**

SECTION II - FINANCIAL STATEMENT FINDINGS (CONTINUED) - COMPONENT UNIT FINDINGS

2016-002A IT General Controls

TYPE OF FINDING: Significant Deficiency

CONDITION

During our review of surrounding IT general controls that are significant to financial reporting, we noted the following:

- There is no Disaster Recovery Plan that will provide guidance to the District in a recovery effort in case of a disaster.
- There is no policy for adding or removing users from APTA system
- There is no policy cover annual review of the SSAE 16 report to ensure that controls exist at service organizations.

Management did not make progress on this finding during the year ended June 30, 2017.

CRITERIA

In accordance with ISACA's Control Objectives for Information and related Technology (COBIT) 4.1, framework (DS4, Ensure Continuous Service), a Disaster Recovery Plan needs to be developed and tested to reduce impact of a major disruption on key business functions and processes.

In accordance with ISACA's Control Objectives for Information and related Technology (COBIT) 4.1 framework, a change management process (AI6 and AI7) includes controls that provide reasonable assurance that system changes of financial reporting significance are authorized, appropriately tested before being moved to production and that segregation of duties exist between IT staff responsible for moving a system change into production and the IT staff involved in the development.

Framework DSS (Ensure System Security) provides that the need to maintain integrity of information and protect IT assets requires a security management process. This process includes establishing and maintaining IT security and roles and responsibilities, policies, standards, and procedures. Security management also includes performing security monitoring and periodic testing and implementing corrective actions for identified security weakness or incidents. Effective security management protects all IT assets to minimize the business/financial impact of security vulnerabilities and incidents.

CAUSE

The Charter lacks manpower and resources and still are in the process of developing and improving its policies and procedures.

EFFECT

The absence of a formal Disaster Recovery Plan may pose question as to the District's ability to respond and recover its critical data and applications in the event of an unforeseen disaster. Absence of the other required processes for change management poses risks of unauthorized or incorrect modification in the financial application. Security issues identified decreases overall system security which makes the infrastructure vulnerable to attack and unauthorized data access or modification.

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017**

SECTION II - FINANCIAL STATEMENT FINDINGS (CONTINUED) – COMPONENT UNIT FINDINGS (CONTINUED)

2016-002A IT GENERAL CONTROLS (CONTINUED)

RECOMMENDATIONS

We recommend the following:

- Develop a formal Disaster Recovery Plan that should be comprehensive in scope covering staff roles and responsibilities, system recovery steps, data restoration procedures, and how to maintain business operations. It would be prudent for the District to test the Disaster Recovery Plan to ensure the viability of the plan and the timeliness of its execution.
- Change management policy should be implemented, covering authorization, testing, user's acceptance and deployment procedures, and a back-out plan. It is imperative that users' testing is documented using the release notes provided by the vendor.
- Develop a vendor assessment policy, especially for applications, that are hosted by the vendor. This policy should cover annual review of the SSAE 16 report to ensure that controls exist at service organizations.

MANAGEMENT'S RESPONSE

Corrective Action: ATC does have a Disaster Plan in effect, but we do not have any written plan or procedure documented. We have a plan to be in effect by January 2018 when we will be adding new servers with improved disaster recovery capabilities. We will include a revised formal disaster recovery plan within a broader scope of network security control policies that will also include user access management and testing, data backup integrity testing and, for hosted solutions such as Harris Computing, annual review of the SSAE 16 report at each service renewal date. ATC will consult with both our managed IT provider and our governing council (which includes an IT professional as a member) in the development of these policies and procedures.

Due Date of Completion: January 2018

Responsible Party: Assistant Principal

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017**

SECTION II - FINANCIAL STATEMENT FINDINGS (CONTINUED) – COMPONENT UNIT FINDINGS (CONTINUED)

2016-003A PED CASH REPORTS/QUARTERLY BUDGET TO ACTUAL REPORTS

TYPE OF FINDING: Other Non-Compliance

CONDITION

During our audit, we noted that three of the four quarterly cash reports to PED were not completed. The first three reports were not completed, only the 4th quarter was completed.

Management did not make progress on this finding.

CRITERIA

Per the New Mexico State Audit Rule, Subsection C of 2.2.2.12 NMAC, the audit report of each school district shall include a cash reconciliation schedule which reconciled the cash balance as of the end of the previous fiscal year to the cash balance at the end of the current fiscal year.

EFFECT

The PED does not have an accurate accounting of the School's activity.

CAUSE

The School's cash report does not include adjustments previously made to the general ledger.

RECOMMENDATION

We recommend that policies and procedures be implemented to ensure that all adjustments be completed before the final reports are submitted to the department. Additionally, an individual should review the report to ensure that the report matched the general ledger and the cash accounts as appropriate.

MANAGEMENT'S RESPONSE

Corrective Action: ATC acknowledges that its PED Cash report was late; however, they also note its Business Manager had numerous other obligations to complete. Our current Business Manager came in the end of May 2017 and was new to this report. ATC is now up to date with this report and the 1st Quarter report for FY 2018 has been filed on time.

Due Date of Completion: Completed - on Schedule with 1st quarter submitted October 31, 2017.

Responsible Party: Business Manager

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017**

SECTION II - FINANCIAL STATEMENT FINDINGS (CONTINUED) – COMPONENT UNIT FINDINGS (CONTINUED)

2016-004A BANK RECONCILIATIONS

TYPE OF FINDING: Material Weakness

CONDITION

We also noted that during the year, bank cash reconciliations were not being performed. When the current business manager was hired, the reconciliations were completed for the year; however, they were not timely and the outstanding items on the reconciliations could not be traced to supporting documentation. The following is a summary of our sample items:

	Statement Date	Reconciliation Date	Timely Reconciled	Properly Reconciled	Unreconciled Difference
OPERATING ACCOUNT	10/31/2016	8/25/2017	NO	NO	\$ 181,279
	2/28/2017	9/9/2017	NO	NO	\$ 156,879
	4/30/2017	9/10/2017	NO	NO	\$ 167,451
	6/30/2017	9/10/2017	NO	NO	\$ 261,818
ACTIVITY ACCOUNT	10/16/2016	8/25/2017	NO	NO	-
	2/28/2017	9/9/2017	NO	NO	\$ (1,034,229)
	4/30/2017	9/9/2017	NO	NO	\$ (1,079,715)
	6/30/2017	9/9/2017	NO	NO	\$ (1,093,303)

Additionally, the Charter’s agency funds did not reconcile from the prior year audit to the June 30, 2017 balances by approximately \$2,000.

Management did not make progress on this finding.

CRITERIA

Per NMAC 6.20.2.14 (K), all bank accounts shall be reconciled on a monthly basis. Reconciled bank statements are to be reviewed by the business manager and/or assistant superintendent for business administration.

EFFECT

The School could be misstating revenues and expenses when reporting budget amounts to the department and misstating the cash balance in its quarterly cash reports submitted to the department.

CAUSE

The School was still performing cash clean-up from prior years.

RECOMMENDATION

We recommend the School reconcile bank accounts monthly to the general ledger and that all reconciliations be properly reviewed.

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017**

SECTION II - FINANCIAL STATEMENT FINDINGS (CONTINUED) – COMPONENT UNIT FINDINGS (CONTINUED)

2016-004A BANK RECONCILIATIONS (CONTINUED)

MANAGEMENT'S RESPONSE

Corrective Action: Previous business manager did not complete timely, regular bank reconciliations. Our current Business Manager, as of May 2017, is working to correct and complete prior year reconciliations and resolve all discrepancies between the general ledger and bank statements. ATC will recruit additional business office support staff to assist with these efforts. Additionally, ATC's intention is that this additional staff can assist the business office with the development of end of term (month, quarter, year) procedural checklists and reporting requirements to administration so that ATC's administration and governing council can provide more effective management and oversight.

Due Date of Completion: Completed - Bank Reconciliations are being done on a monthly basis.

Responsible Party: Business Manager

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017**

SECTION II - FINANCIAL STATEMENT FINDINGS (CONTINUED) – COMPONENT UNIT FINDINGS (CONTINUED)

2016-006A FUND ACCOUNTING

TYPE OF FINDING: Findings that do not rise to the level of a significant deficiency

CONDITION

During our review of the District's general ledger, we noted several funds which are carrying balances forward from year-to-year, including amounts that should be transferred back to PED:

Teacher/Principal Training & Recruiting (24154)	\$	755
Student Library GO Fund (27106)		<u>1,457</u>
		<u>\$ 2,212</u>

We also noted that the following funds have a deficit fund balance:

Operational	\$	45,497
Food Services		19,373
Athletics		2,167
Entitlement IDEA-B		1,930
Student Library GO Fund		537
Teacher and School Leader Incentive Pay		30,699
School Leader Incentive Pay-Group		3,267
Special Capital Outlay - State		2,120
Capital Improvements HB-33		<u>24,180</u>
Total		<u>\$ 129,770</u>

Management did not make progress on this finding.

CRITERIA

Good accounting policy indicates that funds that are no longer being used should be adjusted to \$0, closed out, and no longer used. All transfers should get approved and acted upon in a timely fashion. Funds should be cleaned up to ensure an accurate reflection of fund activity and balances from year-to-year.

CAUSE

All funds listed with a positive balance are current, non-expired grants and, therefore, no excess balances were ever returned because we would prefer to explore other options before returning the money. Getting PED approval to spend these balances would better serve our school than returning these funds, and would lessen the administrative burden on PED to reallocate or return these funds to the federal Department of Education.

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017**

SECTION II - FINANCIAL STATEMENT FINDINGS (CONTINUED) – COMPONENT UNIT FINDINGS (CONTINUED)

2016-006A FUND ACCOUNTING (CONTINUED)

EFFECT

The School has not been reporting accurate fund information to PED and is at risk of not having budget approval.

RECOMMENDATION

We recommend that the School go through the list of funds and determine whether funds need to be returned to the grantor or transferred to the general fund. In cases where the fund has a deficit balance, the School needs to determine whether the balance can be received from the grantor, or if the funds need to be transferred from the general fund to cover the deficit.

MANAGEMENT'S RESPONSE

Corrective Action: We plan on submitting a Purchase Order to PED and get Board Approval for 24154 and 27106 Accounts. We no longer have Budget Authority for purchases since it was for a previous year.

The negative cash balances have been addressed and corrected for the current fiscal year.

Due Date of Completion: February 2018

Responsible Party: Business Manager

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017**

SECTION II - FINANCIAL STATEMENT FINDINGS (CONTINUED) – COMPONENT UNIT FINDINGS (CONTINUED)

2017-004A INTERNAL CONTROLS OVER CASH RECEIPTS

TYPE OF FINDING: Significant Deficiency

CONDITION

During our testing of cash receipts, we noted the Receptionist collecting cash and cash equivalents is not issuing receipts to students and/or others as cash is received. The cash and equivalents received for payments related to lunch and other fees are not secured when received and are sometimes held in the employee's hand or pocket. When the Receptionist turns over the cash to the Office Manager, there is no count of what is being turned over, the Receptionist just hands over what has been collected. The Office Manager then prepares the deposit ticket and takes the deposit to the bank. There is no second verification on the deposit before it goes to the bank. The tracker for student funds for lunches is never reconciled to revenues or cash receipts. Additionally, there is no record of when the cash and cash equivalents are received, so we were unable to test whether deposits are being made timely (within 24 hours).

CRITERIA

The lack of segregation of duties is a basic tenant of good internal controls and should be addressed in all situations.

New Mexico PED PSAB Supplement 2 - Internal Control Structure - CONTROL ACTIVITIES AND PROCEDURES

Control activities are the internal policies and procedures that help ensure district directives are carried out. These policies and procedures help ensure necessary actions are taken to address risks to achieving the school district's objectives. They include a range of activities as diverse as approvals, authorizations, verifications, reconciliations, review of operating performance, security of assets, and segregation of duties. Control procedures are those processes in addition to the control environment and accounting system that the district or charter school has established to provide reasonable assurance that specific school district objectives will be achieved. Control procedures have various objectives and are applied at various organizational and data processing levels. They may also be integrated into specific components of the control environment and the accounting system. PSAB Supplements 7 through 14 address defined processes for the subject of each Supplement coupled with a sample Risk Assessment Analysis worksheet for each process.

Central Focus Points are: *Assess Risk & Determine Needs, Monitor & Evaluate, Promote Awareness, and Implement Policies and Controls*. Certain basic internal control structure concepts will not vary from one school district to the next (6.20.2.11, NMAC Internal Control Standards). Each school district will devise, establish, and maintain a written structure of internal administrative and accounting controls to provide: Segregation of responsibilities which is also known as division of duties shall be established and implemented. The three main duties to be segregated are the authorization to execute a transaction, the recording of the transaction, and the custody of assets involved in the transaction. A system of authorization and recording procedures shall be adopted by the local school board and implemented by the school district.

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017**

SECTION II - FINANCIAL STATEMENT FINDINGS (CONTINUED) - COMPONENT UNIT FINDINGS (CONTINUED)

2017-004A INTERNAL CONTROLS OVER CASH RECEIPTS (CONTINUED)

NM Public Education Department (PED) Manual of Procedures – PSAB Supplement 18 – Student Activity & Athletics As governments increasingly respond to the demands for fiscal and operational accountability, best practice dictates the creation of strong controls surrounding activity funds, including assurance that all transactions are recorded and reported in district and charter school financial records. Additionally, at a minimum, proper lines of authority combined with strong control practices, such as segregation of duties, multiple checks and balances, requirements for annual audits, and regular financial reporting, are the elements to protect against error, waste, fraud, or misuse.

CAUSE

This is due to turnover in the Business Manager position and lack of oversight by the Administration and Board.

EFFECT

There is high risk of fraud or errors and theft at the various points of collection.

RECOMMENDATION

The Board and Administration should perform a risk assessment and design and implement strong controls over cash receipts.

MANAGEMENT'S RESPONSE

Corrective Action: ATC has implemented the following additional controls for cash receipts/cash management: An administrator will supervise and affirm in signature all cash amounts submitted for deposit to the Office Manager. ATC now segregates the duties of preparing and performing the deposit and administration will retain a copy of the pre-deposit record until the bank's deposit receipt is returned and verified before submittal to the Business Manager for recording.

ATC is developing the following additional controls for cash receipts/cash management: Purchase of a cash register for school lunch point of sale so that a daily cash register balance can be reconciled with payments/student account balances and bank deposits. For club, activity, and classroom fundraising, a written cash management procedures document will be drafted along with acknowledgement forms so that all responsible staff and students handling cash will review and sign acknowledgement of proper procedures that include daily cash counting by affirmed signature of at least two people at the time of collection, inventory reporting for reconciliation purposes (when products/goods are involved), and ticket recording (athletic events, etc.). These procedural changes will be presented at our December 2018 staff meeting for training purposes and presented to the governing council in January 2018 for review.

Due Date of Completion: January 2018

Responsible Party: Business Manager and Principal

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017**

SECTION II - FINANCIAL STATEMENT FINDINGS (CONTINUED) - COMPONENT UNIT FINDINGS (CONTINUED)

2017-005A INTERNAL CONTROLS OVER CASH DISBURSEMENTS

TYPE OF FINDING: Significant Deficiency

CONDITION

During our testing of 40 cash disbursements, we noted the following exceptions:

- 2 items tested were missing invoices from the payment packet provided; they totaled \$6,551.92.
- 1 was paid without a purchase order, in the amount of \$63.00.
- 1 was overpaid, in the amount of \$.53.
- 3 were processed with purchase orders dated after the invoice date; they totaled \$3,555.79.

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

This is due to turnover in the Business Manager position and lack of oversight by the Administration and Board.

EFFECT

There is a higher risk of fraud or errors and spending over budget.

RECOMMENDATION

The Board and Administration should perform a risk assessment and design and implement strong controls over cash disbursements.

MANAGEMENT'S RESPONSE

Corrective Action: As noted in 2016-004A, ATC is seeking additional business office contract staff to assist in the development of additional internal controls. One such item is CPO training for staff and regular procurement reviews to test/analyze accounts payable procedures and documentation. ATC administration will collaborate with the Governing Council's audit and finance committees to develop and formally adopt these methods.

Due Date of Completion: February 2018

Responsible Party: Business Manager

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017**

SECTION II - FINANCIAL STATEMENT FINDINGS (CONTINUED) - COMPONENT UNIT FINDINGS (CONTINUED)

2017-006A INTERNAL CONTROLS OVER JOURNAL ENTRIES

TYPE OF FINDING: Material Weakness

CONDITION

The Charter does not have a process in place for the processing of journal entries. The Business Manager gets a verbal approval to process journal entries; however, there is no documentation maintained and no review.

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

This is due to turnover in the Business Manager position and lack of oversight by the Administration and Board.

EFFECT

There is a higher risk of fraud or errors and spending over budget.

RECOMMENDATION

The Board and Administration should perform a risk assessment and design and implement strong controls over cash disbursements.

MANAGEMENT'S RESPONSE

Corrective Action: ATC's Business Manager will develop and maintain a log of journal entries that is reviewed and signed by a school administrator on a regular basis as recommended by the Governing Council's audit and/or finance committees. Additional reporting of journal entries to the governing council may also be implemented based on the recommendations of the same.

Due Date of Completion: February 2018

Responsible Party: Business Manager

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017**

SECTION II - FINANCIAL STATEMENT FINDINGS (CONTINUED) - COMPONENT UNIT FINDINGS (CONTINUED)

2017-007A INTERNAL CONTROLS OVER PAYROLL

TYPE OF FINDING: Significant Deficiency

CONDITION

During our testing of 40 payroll transactions, we noted the following exceptions:

- 8 did not have documentation in the file to support the amounts being paid
- 1 was related to a contract which was not in the file
- 1 ERB calculation was incorrect
- 2 pay amounts per pay period were not calculated correctly
- 6 items on the population provided, totaling \$1,729, could not be explained and had no supporting documentation.

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

This is due to turnover in the Business Manager position and lack of oversight by the Administration and Board.

EFFECT

There is a higher risk of fraud or errors and spending over budget.

RECOMMENDATION

The Board and Administration should perform a risk assessment and design and implement strong controls over cash disbursements.

MANAGEMENT'S RESPONSE

Corrective Action: ATC will develop and implement a standard Personnel Action Form to document changes in compensation and/or duties and annual offer letters to document compensation for non-contract employees. Any changes in compensation will have a Personnel Action Form to support the increase in personnel records.

Due Date of Completion: February 2018

Responsible Party: Business Manager

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017**

SECTION II - FINANCIAL STATEMENT FINDINGS (CONTINUED) - COMPONENT UNIT FINDINGS (CONTINUED)

2017-008A CHIEF PROCUREMENT OFFICER

TYPE OF FINDING: Other Non-Compliance

CONDITION

During the year ended and as of June 30, 2017, the Charter did not have a Chief Procurement Officer registered with the State of New Mexico General Services Department State Purchasing Division.

CRITERIA

According to NM State Statute 13-1-95.2, only certified Chief Procurement Officers may approve procurement pursuant to the Procurement Code.

CAUSE

This is due to turnover in the Business Manager position and lack of oversight by the Administration and Board.

EFFECT

Management did not comply with Section 13-1-92.2 NMSA 1978. Procurement procedures may not have been followed. The Charter may not be receiving the best obtainable price for purchases.

RECOMMENDATION

The Board and Administration should ensure compliance with the CPO requirements as soon as possible.

MANAGEMENT'S RESPONSE

Corrective Action: ATC has employed four different Business Managers since the end of FY2014. With this unusually high turnover volume and the requisite onboarding, it has been difficult to maintain a certified procurement officer on staff. ATC has looked for and found no available training for the remainder of 2017. Our current Business Manager will complete procurement training as soon as it becomes available in 2018. Based on recommendations from ATC's audit committee, additional staff may be identified for this training as well.

Due Date of Completion: TBD, 2018

Responsible Party: Business Manager

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017**

SECTION II - FINANCIAL STATEMENT FINDINGS (CONTINUED) - COMPONENT UNIT FINDINGS (CONTINUED)

2017-009A FINANCE AND AUDIT COMMITTEES

TYPE OF FINDING: Non-Compliance

CONDITION

The Charter has not created a Finance or Audit Committee in accordance with state statute.

CRITERIA

According to Section 22-8-12.3 NMSA 1978, the governing authority of a charter school shall appoint members to Finance and Audit Committees. Each of these committees must be comprised of specific people, including board members, community members with financial backgrounds, and parents. Each of these committees have very specific duties to the charter and its governing council.

CAUSE

This may be due to turnover and employees and governance being unaware of these requirements.

EFFECT

There is not proper governance and oversight of the Charter.

RECOMMENDATION

The Board and Administration should ensure compliance with the committee requirements, including their duties, as soon as possible.

MANAGEMENT'S RESPONSE

Corrective Action: We are in the process of assembling Finance and Audit Committees. Subsequently, ATC's Governing Council will establish regular meeting dates and priorities for both.

Due Date of Completion: February 2018

Responsible Party: Principal (primary) and Governing Council

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017**

SECTION III - FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

2017-003 21ST CENTURY – PAYROLL

TYPE OF FINDING: Significant Deficiency/Non-Compliance

Federal program information:

Funding agency: U.S. Department of Education

Title: Twenty-First Century Learning Centers

CFDA Number: 84.287

CONDITION

During our testing of Allowable Costs, we noted that overtime is charged to the grant without required documentation in the employees' personnel files describing how overtime will be paid. Overtime and the payroll charges for summer programming were not budgeted in advance of the expenditures. We also noted one timesheet that erroneously included 2.25 hours of time for a Friday (not a program day), resulting in \$52 overpayment that was not caught by the supervisor that signed off on the timesheet.

CRITERIA

Statutory language on computing overtime pay in §778.415 through §778.421 allows flexibility. Rates for overtime need to be agreed upon before performance of the work.

Twenty-first CCLC funds must be used in a manner consistent with all requirements of the Educational Department General Administrative Regulations (EDGAR), and 2 CFR 200, to support activities allowable under the 21st CCLC program. Expenditures should be pre-approved in the Budget Justification Form submitted to and approved by the PED prior to receiving the fully executed IGA/PSC for the current year, or pre-approved by submitting a budget adjustment request (BAR).

QUESTIONED COSTS

Unknown

EFFECT

All expenses charged the grant were not calculated accurately. The expenses should be supported by the planning and budgeting for expenditures and the deliverables in the Statement of Work agreement between the District and the NM Public Education Department and by overtime agreements.

CAUSE

The District has a computerized system that builds a blended rate when two different hour rates are paid. A decision was made to discontinue use of blended rate and pay the highest rate for overtime purposes. This is allowable, but needs to be agreed upon before the work is performed.

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017**

SECTION III - FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS (CONTINUED)

2017-003 21ST CENTURY – PAYROLL (CONTINUED)

RECOMMENDATION

We recommend planning and budgeting summer programming in advance. We also recommend maintaining agreements on the exact amounts and calculations of employees' overtime in the personnel files. Amounts charged to the grant through payroll should be reviewed for precision before being charged.

MANAGEMENT'S RESPONSE

Corrective Action: The 21st Century grant for 2016-17 totaled \$1,034,720, supported 14 schools, served 1,036 students, and was supported by 294 employees. We are pleased with the administration of this grant. Instead of paying a blended and changing overtime rate from pay period-to-pay period that was confusing to employees, we set the rate as noted in the condition at a slightly higher and constant rate. The 2.25 hours of time on one timesheet on a non-program day was determined to be an allowable expense by the program coordinator after an inquiry with the principal and employee and was reimbursed by PED.

To clear this finding, we will ensure that employees sign an agreement for overtime rates. For the current year, we plan to have employees sign an agreement form. For 2018-19 and beyond, we plan to include the overtime agreement in the basic employment agreement for the grant, working towards an automated process. We also plan to include an estimate of overtime cost in the grant budget.

Due Date of Completion: Begin immediately and complete as soon as possible.

Responsible Party: Executive Director of Human Resources (employee records) and 21st Century Grant Coordinator (process and administration)

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
SCHEDULE OF SECTION 12-6-5 NMSA 1978 FINDINGS
FOR THE YEAR ENDED JUNE 30, 2017**

2014-001A INTERNAL CONTROL STRUCTURE – COMPONENT UNIT

TYPE OF FINDING: Findings that do not rise to the level of a significant deficiency

CONDITION

During our audit, we encountered the following issue:

- Retirement Health Contributions (RHC) payments made in fiscal year 2016 did not agree to the general ledger in the amount of \$1,356. Educational Retirement Board (ERB) retirement contributions made in fiscal year did not agree to the general ledger by \$241. It appears these were overpayments and normally would not be a finding; however, the Charter was unable to reconcile the amounts and there do not appear to be strong controls over these contributions.

Management made progress in implementing procedures for the approval of journal entries. However, management has not made progress in regards to the reconciling ERB and RHC.

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 safeguarded 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.

EFFECT

Misstatements of financial statements and/or possible misappropriation of assets.

CAUSE

Lack of effective internal controls surrounding the financial reporting process.

RECOMMENDATION

We recommend that management ensure that adequate internal controls are established surrounding the financial reporting process.

MANAGEMENT'S RESPONSE

Corrective Action: Retirement Health Contributions didn't reconcile to the GL. Monthly reconciliations will eliminate the findings. ATC has begun reconciling these transactions with the current month.

Due Date of Completion: November 2017

Responsible Party: Business Manager

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
SCHEDULE OF SECTION 12-6-5 NMSA 1978 FINDINGS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017**

2015-001A BUDGETARY CONDITIONS – COMPONENT UNIT

TYPE OF FINDING: Findings that do not rise to the level of a significant deficiency

CONDITION

The School has expenditure functions where actual expenditures exceeded budgetary authority:

General Fund		
Instruction	\$	103,575
Support Services		28,534
Food Services Fund		
Operation of Non-instructional Services		14,011
IDEA-B Fund		
Support Services		2,239
Teacher and School Leader Incentive Pay		
Instruction		30,548
School Leader Incentive Pay-Group		
Support Services		37
City/County Fund		
Instruction		3,018
Special Capital Outlay - State		
Capital Outlay		2,120
Capital Improvements - HB33		
Instruction		644
Support Services		3,303
Capital Outlay		31,847
Capital Improvements - SB-9		
Support Services		7,157
Capital Outlay		392,514

Management has not made progress in regards to budgetary conditions.

CRITERIA

Per NMAC 6.20.2.9(A), every school district shall follow budget requirements stated in Sections 22-8-5 through 22-8-12.2 NMSA 1978, and procedures of the department in preparing, submitting, maintaining, and reporting budgetary information. Budgetary control shall be at the major function level. Over-expenditure of a function shall not be allowed.

Per NMAC 6.20.2.10.B, school districts shall submit budget adjustment requests for the operating budget to the department for budget increases, budget decreases, transfers between functional categories, and transfers from the emergency reserve account. Expenditures shall not be made by the school district until budget AUTHORITY has been established and approval received from the department. Budget adjustments shall not be incorporated into the school district's accounting system until approval is received by the department.

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
SCHEDULE OF SECTION 12-6-5 NMSA 1978 FINDINGS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017**

2015-001A BUDGETARY CONDITIONS – COMPONENT UNIT (CONTINUED)

EFFECT

The School was out of compliance with New Mexico state statute and funds spent could be considered unallowable.

CAUSE

The School had several changes in business managers through-out the year causing budgets to be unreconciled.

RECOMMENDATION

We recommend the School establish a policy of budgetary review at the end of each quarter and have the board approve the necessary budgetary adjustments to ensure funds are not over expended. We recommend that all BARs are properly completed for all changes in funding received and that all BARs are approved by the board and submitted to the department prior to the end of the year.

MANAGEMENT'S RESPONSE

Corrective Action: ATC acknowledges that there were budget items not in compliance. ATC agrees with the auditor's recommendation for budget controls and reviews and will implement them.

Due Date of Completion: February 2018

Responsible Party: Business Manager (primary), Principal, Assistant Principal

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
SCHEDULE OF SECTION 12-6-5 NMSA 1978 FINDINGS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017**

2015-002A CAPITAL ASSETS – COMPONENT UNIT

TYPE OF FINDING: Findings that do not rise to the level of a significant deficiency

CONDITION

We noted that Charter does not maintain a listing of capital assets and does not conduct an annual inventory.

Management made no progress on this finding in the current year.

CRITERIA

12-6-10 NMSA 1978 requires agencies to capitalize only chattels and equipment that cost over five thousand dollars (\$5,000). All agencies shall maintain a capitalization policy that complies with the law. Older assets that were capitalized and added to the inventory listing under previous lower capitalization thresholds shall remain on the listing until they are disposed of. Agencies shall conduct an annual physical inventory of movable chattels and equipment on the inventory list at the end of each fiscal year in accordance with the requirements of 12-6-10 NMSA 1978. The agency shall certify the correctness of the inventory after the physical inventory.

EFFECT

The School does not have an accurate accounting of its capital assets.

CAUSE

The School had several changes in business managers through-out the year which resulted in capital assets that were not reconciled and thus the list was not complete for purposes of an annual capital assets inventory.

RECOMMENDATION

We recommend the school implement policies and procedure to ensure that all items are properly added or deleted from the capitalization listing and that beginning balances properly agree to the audited financial statements.

MANAGEMENT'S RESPONSE

Corrective Action: ATC will complete an inventory of fixed assets and update fixed asset and depreciation tables. There are a couple of IT projects scheduled for completion this year that will modify both. Through the audit process ATC learned that integrated systems, even those whose individual components, do not exceed \$5,000 in value still, when taken together, need to be accounted for in fixed asset reporting.

Due Date of Completion: June 2018

Responsible Party: Business Manager and Assistant Principal

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
SCHEDULE OF SECTION 12-6-5 NMSA 1978 FINDINGS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017**

2017-004 COMPLIANCE WITH SCHOOL PERSONNEL ACT

TYPE OF FINDING: Non-Compliance

CONDITION

During our testing of 40 payroll transactions, we noted the following exceptions:

- Supporting documentation such as executed contracts or other approved hiring paperwork could not be provided for 15 of the transactions tested. Because of this, we were not able to verify that the employees were being paid correctly.
- Contracts were not executed 10 or more days before the start of the school year for 15 of the items tested.

During our testing of school personnel act, we noted the following exceptions:

- Supporting documentation could not be provided to verify that new hires completed required training in detection and reporting of child abuse and neglect.

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.

22-10A-23(B) NMSA 1978 states that delivery of the written acceptance of reemployment by a certified school instructor creates a binding employment contract between the certified school instructor and the local school board or the governing authority of the state agency until the parties enter into a formal written employment contract. Written employment contracts between local school boards or governing authorities of state agencies and certified school instructors shall be executed by the parties not later than ten days before the first day of a school year.

Section 22-10A-32 Item A NMSA 1978 states that all licensed school employees shall be required to complete training in the detection and reporting of child abuse and neglect, including sexual abuse and assault and substance abuse. Except as otherwise provided in this subsection, this requirement shall be completed within the licensed school employee's first year of employment by a school district. Licensed school employees hired prior to the 2014-2015 school year shall complete the sexual abuse and assault component of the required training during the 2014-2015 school year.

EFFECT

The District is at higher risk for misappropriation of assets if it is unable to confirm that pay rates have been approved by management. The District may be at higher risk that classrooms and other services are not staffed as planned. Additionally, the District is not in compliance with Section 22-10A-32 Item A, NMSA 1978.

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
SCHEDULE OF SECTION 12-6-5 NMSA 1978 FINDINGS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017**

2017-004 COMPLIANCE WITH SCHOOL PERSONNEL ACT (CONTINUED)

CAUSE

This may be due to turnover in the Human Resources Department and a lack of controls over compliance in this area.

RECOMMENDATION

Management should perform a risk assessment and design and implement strong controls over payroll compliance.

MANAGEMENT'S RESPONSE

Corrective Action: The District has experienced turnover in its senior Human Resources staff and is planning an employee records review and management assessment to move into compliance with this internal controls finding. The District will ensure that contracts and/or other hiring documents are executed in a timely manner and appropriately filed, and review employee records to ensure that required training is completed.

Of note, salaries are assigned for union-represented staff based on CBA and Board-approved salary schedules sent to NMPED with the District Operating budget package. The vast majority of District employees are represented by NEA-Santa Fe or SFFSE. Other employees are assigned salaries by District administrators based on approved ranges for the level of employee. Salaries linked to salary schedules and those approved for non-union employees by management are entered into the District's integrated financial and human resources system, Visions. The segregation of duties with Human Resources entering salaries into Visions and the payroll staff in Business Services reviewing and processing the payroll is effective. Combined with the Position Control function aligned to budget in parallel with the ePARS process for linking employees to open approved positions, the District has effective segregation of duties, budget control, and salary assignment processes in place.

Due Date of Completion: June 30, 2018

Responsible Party: Executive Director of Human Resources

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
EXIT CONFERENCE
JUNE 30, 2017**

The contents of this report were discussed, in a closed session, on November 8, 2017. The following individuals were in attendance:

Santa Fe Public Schools:

Carl Gruenler, Chief Financial Officer
Richard Halford, Executive Director of Finance & Administration
Carl Luff, Audit Committee Chairman
Larry Mirabal, Audit Committee voting member
Margo Shirley, Audit Committee voting member
Jolanda Field, Audit Committee voting member
Jeff Gephart, Chief Community Engagement Officer
Dina Gutierrez, Business Services Administrative Assistant

Additional review following the Exit Conference:

Veronica C. Garcia, Superintendent
Linda Trujillo, non-voting member, SFPS Board of Education member
Kate Noble, non-voting member, SFPS Board of Education member

Academy for Technology and the Classics Charter School:

Susan Lumley, Principal
Jason Morgan, Assistant Principal
Christine Garcia, Business Manager
Courtney White, Governing Council President
Brian Shelton, Governing Council Audit & Secretary
Gwen Warniment, ATC Foundation

Jaramillo Accounting Group LLC (JAG):

Audrey J. Jaramillo, CPA, CFE, Managing Partner
Scott Eliason, CPA, Partner
Phillip Gonzales, CGFM

Jaramillo Accounting Group LLC (JAG) assisted in the preparation of the financial statements presented in this report. The District's management has reviewed and approved the financial statements and related notes and they believe that their records adequately support the financial statements.