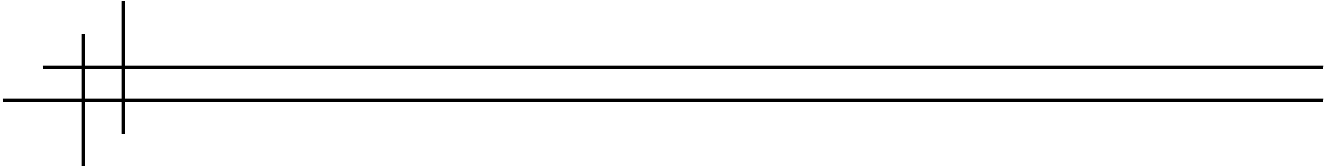




State of New Mexico
Springer Municipal Schools

Annual Financial Report
June 30, 2017

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



Official Roster.....	4
Independent Auditor's Report.....	5-6
Financial Section	
Basic Financial Statements	
Government Wide Financial Statements	
Statement of Net Position.....	8
Statement of Activities.....	9
Fund Financial Statements	
Government Funds - Balance Sheet.....	10-13
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position.....	14
Statement of Revenues, Expenditures, and Changes in Fund Balances.....	15-18
Reconciliation of Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance to the Statement of Activities.....	19
Major Funds	
General Fund-Operational-11000	
Statement of Revenues, Expenditures, and Changes in Cash Balance - Budget and Actual (Budgetary Basis).....	20-22
General Fund-Transportation-13000	
Statement of Revenues, Expenditures, and Changes in Cash Balance - Budget and Actual (Budgetary Basis).....	23
General Fund-Instructional Material-14000	
Statement of Revenues, Expenditures, and Changes in Cash Balance - Budget and Actual (Budgetary Basis).....	24
IDEA B Entitlement-24106	
Statement of Revenues, Expenditures, and Changes in Cash Balance - Budget and Actual (Budgetary Basis).....	25-26
IDEA B Risk Pool-24120	
Statement of Revenues, Expenditures, and Changes in Cash Balance- Budget and Actual (Budgetary Basis).....	27
NM Reads to Lead-27114	
Statement of Revenues, Expenditures, and Changes in Cash Balance - Budget and Actual (Budgetary Basis).....	28
Statement of Fiduciary Assets and Liabilities-Agency Funds.....	29
Notes to Financial Statements.....	30-50

Supplemental Information Related to Major Funds

Capital Project Fund-Senate Bill Nine-Local-31701
 Statement of Revenues, Expenditures, and Changes in Cash Balance -
 Budget and Actual (Budgetary Basis)..... 52

Capital Project Fund-Ed Tech Equipment-31900
 Statement of Revenues, Expenditures, and Changes in Cash Balance -
 Budget and Actual (Budgetary Basis)..... 53

Debt Service-41000
 Statement of Revenues, Expenditures, and Changes in Cash Balance -
 Budget and Actual (Budgetary Basis)..... 54

Supplemental Information Related to Nonmajor Funds

Combining Non-Major Governmental Funds
 Combining Balance Sheet..... 58-63
 Combining Statement of Revenues, Expenditures and Changes in Fund Balance..... 64-69

Required Supplemental Information

Schedules of Required Supplementary Information and Notes for Pension Plan..... 71

Other Supplemental Information

Activity
 Schedule of Changes in Assets and Liabilities - Agency Funds 74

Cash Reconciliations-All Funds..... 75

Report on Internal Control Over Financial Reporting and on Compliance
 and Other Matters Based on an Audit of Financial Statements Performed
 In Accordance with *Government Auditing Standards*..... 76-77

Schedule of Findings and Responses..... 78-80

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

Board of Education

Raughn Ramirez	President
Robert Tafoya	Vice-President
Ronnie Gurule	Secretary
Monica Burton	Member
Joe Apodaca	Member

School Officials

Eddie King	Superintendent
Rebecca Rigoni	Business Manager

De'Aun Willoughby CPA, PC

Certified Public Accountant

225 Innsdale Terrace Clovis, NM 88101

(855) 253-4313

Independent Auditor's Report

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

Mr. Keller and Members of the Board

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information, and the budgetary comparisons for the general fund and major special revenue funds of Springer Municipal Schools (District), as of and for the year ended June 30, 2016, and the related notes to the financial statements which collectively comprise the District's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the District's nonmajor governmental funds, and the budgetary comparisons for the major capital projects and debt service funds and all nonmajor funds presented as supplementary information, as defined by the Government Accounting Standards Board, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2017, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

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

Accounting principles generally accepted in the United States of America require that the Schedules of Required Supplementary Information for Pension Plan and related notes be presented to supplement the basic financial statements. Such information although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who consider it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during my audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 24, 2017, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control over financial reporting and compliance.

 De'Ann Willoughby CPA PC

Clovis, New Mexico
October 24, 2017

Financial Section

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

	<u>Governmental Activities</u>
Assets	
Current Assets	
Cash and Cash Equivalents	\$ 536,044
Taxes Receivable	58,982
Due From Grantor	65,436
Inventory	2,170
Total Current Assets	<u>662,632</u>
Noncurrent Assets	
Capital Assets	11,966,250
Less: Accumulated Depreciation	<u>(7,753,497)</u>
Total Noncurrent Assets	<u>4,212,753</u>
Total Assets	<u>4,875,385</u>
Deferred Outflows of Resources	
Deferred Outflows Related to Pensions	
Actuarial Experience	16,675
Investment Experience	229,432
Changes of Assumptions	78,241
Changes in Proportion	40,179
Contributions Subsequent to Measurement Date	183,306
Total Deferred Outflows of Resources	<u>547,833</u>
Liabilities	
Current Liabilities	
Accounts Payable	13,927
Accrued Interest	4,380
Compensated Absences	12,887
Current Portion of Long-Term Debt	175,000
Total Current Liabilities	<u>206,194</u>
Noncurrent Liabilities	
Bonds	600,000
Pension Liability	3,843,615
Total Noncurrent Liabilities	<u>4,443,615</u>
Total Liabilities	<u>4,649,809</u>
Deferred Inflows of Resources	
Unearned Revenue	1,124
Deferred Inflows Related to Pensions	
Actuarial Experience	36,558
Changes in Proportion	141,720
Total Deferred Inflows of Resources	<u>179,402</u>
Net Position	
Net Investment in Capital Assets	3,437,753
Restricted for:	
Capital Projects	179,874
Debt Service	33,812
Unrestricted	(3,057,432)
Total Net Position	<u>\$ 594,007</u>

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

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

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities					
Instruction	\$ 2,002,093	\$ 35,840	\$ 252,377	\$ 0	\$ (1,713,876)
Support Services					
Students	307,127	14,084	0	0	(293,043)
Instruction	35,613	0	4,688	0	(30,925)
General Administration	187,785	0	6,921	0	(180,864)
School Administration	127,540	0	17,344	0	(110,196)
Central Services	106,114	0	4,472	0	(101,642)
Operation of Plant	461,655	0	11,836	31,679	(418,140)
Student Transportation	106,563	0	102,766	0	(3,797)
Other	0	0	0	0	0
Food Services Operations	118,022	8,306	75,634	0	(34,082)
Interest Expense	28,476	0	0	0	(28,476)
Total Governmental Activities	\$ 3,480,988	\$ 58,230	\$ 476,038	\$ 31,679	(2,915,041)

General Revenues

Taxes	
Property Taxes, Levied for General Purposes	14,163
Property Taxes, Levied for Capital Projects	76,214
Property Taxes, Levied for Debt Service	291,273
Federal and State aid not restricted to specific purpose	
General	2,046,904
Capital	0
Miscellaneous	153,957
Subtotal, General Revenues	2,582,511
Change in Net Position	(332,530)
Net Position -Beginning	931,537
Restatement	(5,000)
Restated Beginning Net Position	926,537
Net Position - Ending	\$ 594,007

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

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

	General Fund		
	Operational 11000	Transportation 13000	Instructional Materials 14000
Assets			
Cash and Cash Equivalents	\$ 299,014	\$ 0	\$ 2,152
Receivables			
Property Taxes	1,770	0	0
Due From Grantor	0	0	0
Interfund Balances	66,678	0	0
Inventory	0	0	0
Total Assets	\$ 367,462	\$ 0	\$ 2,152
Liabilities and Fund Balance			
Liabilities			
Accounts Payable	\$ 8,296	\$ 91	\$ 0
Interfund Balances	0	0	0
Total Liabilities	8,296	91	0
Deferred Inflows of Resources			
Unavailable Revenue	1,640	0	0
Total Deferred Inflows of Resources	1,640	0	0
Fund Balances			
Nonspendable-Inventory	0	0	0
Restricted for:			
Special Revenue Funds	0	0	0
Capital Projects	0	0	0
Debt Service	0	0	0
Unassigned	357,526	(91)	2,152
Total Fund Balances	357,526	(91)	2,152
Total Liabilities, Deferred Inflows and Fund Balances	\$ 367,462	\$ 0	\$ 2,152

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

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

	Special Revenue		
	Entitlement	IDEA B	NM Reads
	IDEA B 24106	Risk Pool 24120	to Lead 27114
Assets			
Cash and Cash Equivalents	\$ 0	\$ 0	\$ 0
Receivables			
Property Taxes	0	0	0
Due From Grantor	19,662	14,216	16,693
Interfund Balances	0	0	0
Inventory	0	0	0
Total Assets	\$ 19,662	\$ 14,216	\$ 16,693
Liabilities and Fund Balance			
Liabilities			
Accounts Payable	\$ 0	\$ 0	\$ 537
Interfund Balances	19,662	14,216	16,156
Total Liabilities	19,662	14,216	16,693
Deferred Inflows of Resources			
Unavailable Revenue	0	0	0
Total Deferred Inflows of Resources	0	0	0
Fund Balances			
Nonspendable-Inventory	0	0	0
Restricted for:			
Special Revenue Funds	0	0	0
Capital Projects	0	0	0
Debt Service	0	0	0
Unassigned	0	0	0
Total Fund Balances	0	0	0
Total Liabilities, Deferred Inflows and Fund Balances	\$ 19,662	\$ 14,216	\$ 16,693

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

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

	Capital Projects		
	Senate Bill Nine-Local 31701	Ed Tech Equipment 31900	Debt Service 41000
	<u>31701</u>	<u>31900</u>	<u>41000</u>
Assets			
Cash and Cash Equivalents	\$ 31,951	\$ 152,781	\$ 24,130
Receivables			
Property Taxes	12,987	0	38,295
Due From Grantor	0	0	0
Interfund Balances	0	0	0
Inventory	0	0	0
Total Assets	<u>\$ 44,938</u>	<u>\$ 152,781</u>	<u>\$ 62,425</u>
Liabilities and Fund Balance			
Liabilities			
Accounts Payable	\$ 4,869	\$ 0	\$ 0
Interfund Balances	<u>0</u>	<u>0</u>	<u>0</u>
Total Liabilities	<u>4,869</u>	<u>0</u>	<u>0</u>
Deferred Inflows of Resources			
Unavailable Revenue	<u>12,976</u>	<u>0</u>	<u>35,265</u>
Total Deferred Inflows of Resources	<u>12,976</u>	<u>0</u>	<u>35,265</u>
Fund Balances			
Nonspendable-Inventory	0	0	0
Restricted for:			
Special Revenue Funds	0	0	0
Capital Projects	27,093	152,781	0
Debt Service	0	0	27,160
Unassigned	<u>0</u>	<u>0</u>	<u>0</u>
Total Fund Balances	<u>27,093</u>	<u>152,781</u>	<u>27,160</u>
 Total Liabilities, Deferred Inflows and Fund Balances	 <u>\$ 44,938</u>	 <u>\$ 152,781</u>	 <u>\$ 62,425</u>

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

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

	Other Governmental Funds	Total Governmental Funds
Assets		
Cash and Cash Equivalents	\$ 26,016	\$ 536,044
Receivables		
Property Taxes	5,930	58,982
Due From Grantor	14,865	65,436
Interfund Balances	0	66,678
Inventory	2,170	2,170
Total Assets	<u>\$ 48,981</u>	<u>\$ 729,310</u>
Liabilities and Fund Balance		
Liabilities		
Accounts Payable	\$ 134	\$ 13,927
Interfund Balances	16,644	66,678
Total Liabilities	<u>16,778</u>	<u>80,605</u>
Deferred Inflows of Resources		
Unavailable Revenue	5,950	55,831
Total Deferred Inflows of Resources	<u>5,950</u>	<u>55,831</u>
Fund Balances		
Nonspendable-Inventory	2,170	2,170
Restricted for:		
Special Revenue Funds	19,344	19,344
Capital Projects	0	179,874
Debt Service	6,652	33,812
Unassigned	(1,913)	357,674
Total Fund Balances	<u>26,253</u>	<u>592,874</u>
 Total Liabilities, Deferred Inflows and Fund Balances	 <u>\$ 48,981</u>	 <u>\$ 729,310</u>

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

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

Total Fund Balance - Governmental Funds \$ 592,873

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

Property taxes receivable will be collected after the period
 of availability, but are not available soon enough to pay for
 the current period's expenditures, and therefore are
 deferred in the funds. 54,707

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

Capital Assets	\$ 11,966,250	
Accumulated Depreciation	<u>(7,753,497)</u>	4,212,753

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

Deferred Outflows Related to Pensions	547,833	
Deferred Inflows Related to Pensions	(179,402)	
Deferred Inflows Related to Unearned Revenue	<u>1,125</u>	369,556

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

Accrued interest on bonds	(4,380)	
Compensated Absences	(12,887)	
Bonds payable	(775,000)	
Pension Liability	<u>(3,843,615)</u>	<u>(4,635,882)</u>

Total Net Position - Governmental Activities \$ 594,007

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

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

	General Fund		
	Operational 11000	Transportation 13000	Instructional Materials 14000
Revenues			
Property Taxes	\$ 13,854	\$ 0	\$ 0
Fees	7,573	0	0
State & Local Grants	2,046,584	102,766	10,185
Federal Grants	320	0	0
Miscellaneous	115,588	0	0
Total Revenues	2,183,919	102,766	10,185
Expenditures			
Current			
Instruction	1,060,870	0	17,406
Support Services			
Students	297,312	0	0
Instruction	0	0	0
General Administration	153,287	0	0
School Administration	103,894	0	0
Central Services	99,796	0	0
Operation and Maintenance of Plant	365,145	0	0
Student Transportation	0	104,539	0
Food Services	43,209	0	0
Capital Outlay	0	0	0
Debt Service			
Principal	0	0	0
Interest	0	0	0
Total Expenditures	2,123,513	104,539	17,406
Excess (Deficiency) of Revenues Over Expenditures	60,406	(1,773)	(7,221)
Other Financing Sources (Uses)			
Bond Proceeds	0	0	0
Transfers	187,043	0	0
Total Other Financing Sources (Uses)	187,043	0	0
Net Change in Fund Balance	247,449	(1,773)	(7,221)
Fund Balances at Beginning of Year	110,077	1,682	14,373
Restatement	0	0	(5,000)
Restated Beginning Fund Balances	110,077	1,682	9,373
Fund Balance End of Year	\$ 357,526	\$ (91)	\$ 2,152

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

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

	Special Revenue		
	Entitlement	IDEA B	NM Reads
	IDEA B 24106	Risk Pool 24120	to Lead 27114
Revenues			
Property Taxes	\$ 0	\$ 0	\$ 0
Fees	0	0	0
State & Local Grants	0	0	51,769
Federal Grants	65,649	14,216	0
Miscellaneous	0	0	0
Total Revenues	<u>65,649</u>	<u>14,216</u>	<u>51,769</u>
Expenditures			
Current			
Instruction	39,051	14,216	51,769
Support Services			
Students	0	0	0
Instruction	4,584	0	0
General Administration	2,764	0	0
School Administration	17,344	0	0
Central Services	1,906	0	0
Operation and Maintenance of Plant	0	0	0
Student Transportation	0	0	0
Food Services	0	0	0
Capital Outlay	0	0	0
Debt Service			
Principal	0	0	0
Interest	0	0	0
Total Expenditures	<u>65,649</u>	<u>14,216</u>	<u>51,769</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>0</u>	<u>0</u>	<u>0</u>
Other Financing Sources (Uses)			
Bond Proceeds	0	0	0
Transfers	0	0	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balance	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances at Beginning of Year	0	0	0
Restatement			
Restated Beginning Fund Balances	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

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

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

	Capital Projects		
	Senate Bill	Ed Tech	Debt
	Nine-Local 31701	Equipment 31900	Service 41000
Revenues			
Property Taxes	\$ 79,141	\$ 0	\$ 204,129
Fees	0	0	0
State & Local Grants	0	0	0
Federal Grants	0	0	0
Miscellaneous	0	1,175	0
Total Revenues	79,141	1,175	204,129
Expenditures			
Current			
Instruction	0	103,394	0
Support Services			
Students	0	0	0
Instruction	0	0	0
General Administration	795	20,000	2,022
School Administration	0	0	0
Central Services	0	0	0
Operation and Maintenance of Plant	80,348	0	0
Student Transportation	0	0	0
Food Services	0	0	0
Capital Outlay	9,171	0	0
Debt Service			
Principal	0	0	175,000
Interest	0	0	26,447
Total Expenditures	90,314	123,394	203,469
Excess (Deficiency) of Revenues Over Expenditures	(11,173)	(122,219)	660
Other Financing Sources (Uses)			
Bond Proceeds	0	275,000	0
Transfers	0	0	0
Total Other Financing Sources (Uses)	0	275,000	0
Net Change in Fund Balance	(11,173)	152,781	660
Fund Balances at Beginning of Year	38,266	0	26,499
Restatement	0	0	0
Restated Beginning Fund Balances	38,266	0	26,499
Fund Balance End of Year	\$ 27,093	\$ 152,781	\$ 27,159

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

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

	Other Governmental Funds	Total Governmental Funds
Revenues		
Property Taxes	\$ 73,890	\$ 371,014
Fees	50,657	58,230
State & Local Grants	48,580	2,259,884
Federal Grants	214,552	294,737
Miscellaneous	37,194	153,957
Total Revenues	<u>424,873</u>	<u>3,137,822</u>
Expenditures		
Current		
Instruction	165,735	1,452,441
Support Services		
Students	104	297,416
Instruction	31,029	35,613
General Administration	5,157	184,025
School Administration	0	121,238
Central Services	2,566	104,268
Operation and Maintenance of Plant	11,836	457,329
Student Transportation	0	104,539
Food Services	74,715	117,924
Capital Outlay	31,679	40,850
Debt Service		
Principal	70,000	245,000
Interest	2,780	29,227
Total Expenditures	<u>395,601</u>	<u>3,189,870</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>29,272</u>	<u>(52,048)</u>
Other Financing Sources (Uses)		
Bond Proceeds	0	275,000
Transfers	(187,043)	0
Total Other Financing Sources (Uses)	<u>(187,043)</u>	<u>275,000</u>
Net Change in Fund Balance	<u>(157,771)</u>	<u>222,952</u>
Fund Balances at Beginning of Year	184,024	374,921
Restatement	0	(5,000)
Restated Beginning Fund Balances	<u>184,024</u>	<u>369,921</u>
Fund Balance End of Year	<u>\$ 26,253</u>	<u>\$ 592,873</u>

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

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

Net Change in Fund Balance	\$	222,952
----------------------------	----	---------

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

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

Property Taxes Receivable, June 30, 2016	\$ (44,071)	
Property Taxes Receivable, June 30, 2017	<u>54,707</u>	10,636

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

Depreciation expense	(513,384)	
Capital Outlays	<u>40,850</u>	(472,534)

The issuance of long-term debt provides current financial resources to governmental funds but has no effect on net position. (275,000)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. 245,000

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

Accrued Interest, June 30, 2016	5,130	
Accrued Interest, June 30, 2017	<u>(4,380)</u>	750

Some expenses reported in the Statement of Activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Compensated Absences, June 30, 2016	12,741	
Compensated Absences, June 30, 2017	<u>(12,887)</u>	(146)

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

Pension Contributions	183,306	
Pension Expense	<u>(247,494)</u>	<u>(64,188)</u>

Changes in Net Position of Governmental Activities	\$	<u><u>(332,530)</u></u>
--	----	-------------------------

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

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

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Property Taxes	\$ 87,984	\$ 87,984	\$ 88,779	\$ 795
Fees	0	7,573	7,573	0
State & Local Grants	2,078,836	2,047,504	2,046,584	(920)
Federal Grants	5,000	5,000	7,242	2,242
Miscellaneous	12,000	13,723	220,708	206,985
Total Revenues	<u>2,183,820</u>	<u>2,161,784</u>	<u>2,370,886</u>	<u>209,102</u>
Expenditures				
Instruction				
Personnel Services	778,040	766,276	748,235	18,041
Employee Benefits	287,388	277,940	279,463	(1,523)
Professional & Tech Services	6,000	21,311	17,833	3,478
Other Purchased Services	7,060	7,044	(4,642)	11,686
Supplies	41,367	21,342	19,446	1,896
Total Instruction	<u>1,119,855</u>	<u>1,093,913</u>	<u>1,060,336</u>	<u>33,577</u>
Support Services				
Students				
Personnel Services	171,077	108,404	106,965	1,439
Employee Benefits	64,680	49,230	40,420	8,810
Professional & Tech Services	132,714	178,533	148,647	29,886
Other Purchased Services	50	550	0	550
Supplies	450	2,250	1,281	970
Total Students	<u>368,971</u>	<u>338,967</u>	<u>297,312</u>	<u>41,655</u>
General Administration				
Personnel Services	92,250	92,250	92,250	0
Employee Benefits	24,294	23,098	23,090	8
Professional & Tech Services	37,952	35,552	30,504	5,048
Other Purchased Services	8,600	12,725	6,767	5,958
Supplies	300	2,800	242	2,558
Total General Administration	<u>163,396</u>	<u>166,425</u>	<u>152,854</u>	<u>13,571</u>
School Administration				
Personnel Services	148,107	91,207	77,388	13,819
Employee Benefits	42,917	31,502	25,269	6,233
Professional & Tech Services	0	1,000	410	590
Other Purchased Services	150	1,241	828	413
Supplies	300	5,000	0	5,000
Total School Administration	<u>\$ 191,474</u>	<u>\$ 129,950</u>	<u>\$ 103,894</u>	<u>\$ 26,056</u>

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

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Central Services				
Personnel Services	\$ 51,030	\$ 63,909	\$ 63,293	\$ 616
Employee Benefits	19,920	24,095	23,428	667
Professional & Tech Services	10,350	12,270	10,901	1,369
Other Purchased Services	1,500	2,427	1,468	959
Supplies	500	5,600	706	4,894
Total Central Services	<u>83,300</u>	<u>108,301</u>	<u>99,796</u>	<u>8,505</u>
Operation of Plant				
Personnel Services	93,418	97,043	94,197	2,846
Employee Benefits	29,619	30,724	29,057	1,667
Professional & Tech Services	0	1,098	714	384
Purchased Property Services	151,000	174,898	158,084	16,814
Other Purchased Services	82,897	87,492	83,714	3,778
Supplies	0	5,000	0	5,000
Supply Assets	289	789	0	789
Total Operation of Plant	<u>357,223</u>	<u>397,044</u>	<u>365,766</u>	<u>31,278</u>
Other				
Other Purchased Services	<u>2,289</u>	<u>789</u>	<u>0</u>	<u>789</u>
Total Other	<u>2,289</u>	<u>789</u>	<u>0</u>	<u>789</u>
Total Support Services	<u>1,166,653</u>	<u>1,141,476</u>	<u>1,019,622</u>	<u>121,854</u>
Food Service Operations				
Professional & Tech Services	0	9,018	10,518	(1,500)
Other Purchased Services	15,000	35,000	32,551	2,449
Supplies	750	750	541	209
Total Food Service Operations	<u>15,750</u>	<u>44,768</u>	<u>43,609</u>	<u>1,159</u>
Total Expenditures	<u>2,302,258</u>	<u>2,280,157</u>	<u>2,123,567</u>	<u>156,590</u>
Excess (Deficiency) of Revenues Over Expenditures	(118,438)	(118,373)	247,319	365,692
Cash Balance Beginning of Year	<u>118,373</u>	<u>118,373</u>	<u>118,373</u>	<u>0</u>
Cash Balance End of Year	<u>\$ (65)</u>	<u>\$ 0</u>	<u>\$ 365,692</u>	<u>\$ 365,692</u>

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

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 247,319	
Net Change in Taxes Receivable			385	
Net Change in Accounts Payable			54	
Net Change in Unearned Revenue			(309)	
Net Change in Fund Balance			\$ <u>247,449</u>	

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

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

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State & Local Grants	\$ 114,900	\$ 102,766	\$ 102,766	\$ 0
Total Revenues	<u>114,900</u>	<u>102,766</u>	<u>102,766</u>	<u>0</u>
Expenditures				
Support Services				
Student Transportation				
Personnel Services	50,305	44,255	44,254	1
Employee Benefits	32,995	31,543	31,539	4
Professional & Tech Services	750	5,702	5,702	0
Purchased Property Services	9,000	3,123	2,963	160
Other Purchased Services	11,950	11,664	11,663	1
Supplies	9,900	7,749	7,914	(165)
Returned to PED	0	1,269	1,269	0
Total Student Transportation	<u>114,900</u>	<u>105,305</u>	<u>105,305</u>	<u>0</u>
Total Support Services	<u>114,900</u>	<u>105,305</u>	<u>105,305</u>	<u>0</u>
Total Expenditures	<u>114,900</u>	<u>105,305</u>	<u>105,305</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	0	(2,539)	(2,539)	0
Cash Balance Beginning of Year	<u>2,539</u>	<u>2,539</u>	<u>2,539</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 2,539</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (2,539)	
Net Change in Accounts Payable			<u>766</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ (1,773)</u>	

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

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

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State Grant	\$ 8,036	\$ 3,038	\$ 10,185	\$ 7,147
Total Revenues	<u>8,036</u>	<u>3,038</u>	<u>10,185</u>	<u>7,147</u>
Expenditures				
Instruction				
Supplies	20,936	17,410	17,406	4
Returned to PED	0	0	5,000	5,000
Total Instruction	<u>20,936</u>	<u>17,410</u>	<u>22,406</u>	<u>5,004</u>
Total Expenditures	<u>20,936</u>	<u>17,410</u>	<u>22,406</u>	<u>5,004</u>
Excess (Deficiency) of Revenues Over Expenditures	(12,900)	(14,372)	(12,221)	12,151
Cash Balance Beginning of Year	<u>14,373</u>	<u>14,373</u>	<u>14,373</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 1,473</u>	<u>\$ 1</u>	<u>\$ 2,152</u>	<u>\$ 12,151</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (12,221)	
Return to PED			<u>5,000</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ (7,221)</u>	

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

State of New Mexico
Springer Municipal Schools
Special Revenue Fund-IDEA B Entitlement-24106
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Federal Grant	\$ 61,022	\$ 84,665	\$ 50,148	\$ (34,517)
Total Revenues	<u>61,022</u>	<u>84,665</u>	<u>50,148</u>	<u>(34,517)</u>
Expenditures				
Instruction				
Personnel Services	19,719	19,680	19,678	2
Employee Benefits	8,955	9,006	8,980	26
Professional & Tech Services	400	1,250	1,148	102
Other Purchased Services	0	0	0	0
Supplies	0	6,421	2,321	4,100
Supply Assets	0	7,888	6,924	964
Total Instruction	<u>29,074</u>	<u>44,245</u>	<u>39,051</u>	<u>5,194</u>
Support Services				
Students				
Personnel Services	4,000	4,150	3,878	272
Employee Benefits	961	783	706	77
Professional & Tech Services	0	0	0	0
Supplies	1,500	0	0	0
Supply Assets	0	3,500	0	3,500
Total Students	<u>6,461</u>	<u>8,433</u>	<u>4,584</u>	<u>3,849</u>
General Administration				
Professional & Tech Services	<u>2,505</u>	<u>2,505</u>	<u>2,764</u>	<u>(259)</u>
Total General Administration	<u>2,505</u>	<u>2,505</u>	<u>2,764</u>	<u>(259)</u>
School Administration				
Personnel Services	6,000	9,000	9,000	0
Employee Benefits	1,575	2,326	2,207	119
Professional & Tech Services	750	750	367	383
Other Purchased Services	4,171	4,421	3,936	485
Supplies	5,140	3,639	1,834	1,805
Supply Assets	0	4,000	0	4,000
Total School Administration	<u>17,636</u>	<u>24,136</u>	<u>17,344</u>	<u>6,792</u>
Central Services				
Supplies	0	0	206	(206)
Supply Assets	0	0	1,700	(1,700)
Total Central Services	<u>0</u>	<u>0</u>	<u>1,906</u>	<u>(1,906)</u>
Total Support Services	<u>26,602</u>	<u>35,074</u>	<u>26,598</u>	<u>8,476</u>
Total Expenditures	\$ <u>55,676</u>	\$ <u>79,319</u>	\$ <u>65,649</u>	\$ <u>13,670</u>

Excess (Deficiency) of Revenues Over Expenditures	\$	5,346	\$	5,346	\$	(15,501)	\$	(20,847)
Other Financing Sources (Uses)								
Transfer in from Operational		<u>0</u>		<u>0</u>		<u>1,185</u>		<u>1,185</u>
Total Other Sources (Uses)		<u>0</u>		<u>0</u>		<u>1,185</u>		<u>1,185</u>
Net Change in Cash Balance		5,346		5,346		(14,316)		(19,662)
Cash Balance Beginning of Year		<u>(5,346)</u>		<u>(5,346)</u>		<u>(5,346)</u>		<u>0</u>
Cash Balance End of Year	\$	<u>0</u>	\$	<u>0</u>	\$	<u>(19,662)</u>	\$	<u>(19,662)</u>
Reconciliation of Budgetary Basis to GAAP Basis								
Net Change in Cash Balance					\$	(14,316)		
Net change in Due from Grantor						<u>14,316</u>		
Net Change in Fund Balance					\$	<u>0</u>		

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

State of New Mexico

Springer Municipal Schools

Special Revenue Fund-IDEA B Risk Pool-24120

Statement of Revenues, Expenditures, and Changes in Cash Balance -

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2017

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Local Grant	\$ 0	\$ 14,216	\$ 0	\$ (14,216)
Total Revenues	<u>0</u>	<u>14,216</u>	<u>0</u>	<u>(14,216)</u>
Expenditures				
Instruction				
Personnel Services	<u>0</u>	<u>14,216</u>	<u>14,216</u>	<u>0</u>
Total Instruction	<u>0</u>	<u>14,216</u>	<u>14,216</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>14,216</u>	<u>14,216</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	(14,216)	(14,216)
Cash Balance Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (14,216)</u>	<u>\$ (14,216)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (14,216)	
Net Change in Due from Grantor			<u>14,216</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

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

State of New Mexico
Springer Municipal Schools
Special Revenue Fund-NM Reads to Lead-27114
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State Grant	\$ 50,568	\$ 68,568	\$ 47,277	\$ (21,291)
Total Revenues	<u>50,568</u>	<u>68,568</u>	<u>47,277</u>	<u>(21,291)</u>
Expenditures				
Instruction				
Personnel Services	2,000	22,250	21,993	257
Employee Benefits	17,113	15,489	15,426	63
Professional & Tech Services	10,887	0	0	0
Supplies	<u>7,000</u>	<u>17,261</u>	<u>13,813</u>	<u>3,448</u>
Total Instruction	<u>37,000</u>	<u>55,000</u>	<u>51,232</u>	<u>3,768</u>
Total Expenditures	<u>37,000</u>	<u>55,000</u>	<u>51,232</u>	<u>3,768</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>13,568</u>	<u>13,568</u>	<u>(3,955)</u>	<u>(17,523)</u>
Other Financing Sources (Uses)				
Transfer in from Operational	<u>0</u>	<u>0</u>	<u>1,367</u>	<u>1,367</u>
Total Other Sources (Uses)	<u>0</u>	<u>0</u>	<u>1,367</u>	<u>1,367</u>
Net Change in Cash Balance	13,568	13,568	(2,588)	(16,156)
Cash Balance Beginning of Year	<u>(13,568)</u>	<u>(13,568)</u>	<u>(13,568)</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (16,156)</u>	<u>\$ (16,156)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Net Change in Cash Balance			\$ (2,588)	
Net Change in Due from Grantor			3,125	
Net Change in Accounts Payable			<u>(537)</u>	
Net Change in Fund Balance			<u>\$ 0</u>	

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

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

	<u>Agency Funds</u>
Assets	
Cash in Banks	\$ 75,943
Investments	192,627
Total Assets	<u>\$ 268,570</u>
Liabilities	
Deposits Held for Others	\$ 268,570
Total Liabilities	<u>\$ 268,570</u>

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

Summary of Significant Accounting Policies

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

Financial Reporting Entity

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

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

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

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

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

Governmental Funds

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

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

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

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

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

Fiduciary Fund Type

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

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

Major Funds

The District reports the following major governmental funds:

General Fund (11000)(13000)(14000)

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

Special Revenue Funds

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

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

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

Major Capital Projects Fund

Senate Bill Nine-Local (31701). The revenues are derived from a district tax levy. Expenditures are restricted to capital improvements, repairs and maintenance, supplies and supply assets used in the upkeep of the facilities.

Ed Tech Equipment (31900). To account for proceeds received from the issuance of Educational Technology Notes to be used for the acquisition of education technology equipment for use in classrooms and library and media centers. Authority for the creation of this fund is NMSA 1978, 6-15A-1 through 6-15A-16.

Major Debt Service Fund

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

Measurement Focus and Basis of Accounting ***Government-Wide Financial Statements (GWFS)***

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

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

Program Revenues

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

Fund Financial Statements (FFS)

Governmental Funds

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

Revenues

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

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

Revenue Recognition for Grants.

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

1. Required characteristics of recipients. The recipient has the characteristics specified by the provider (are required to be school districts).
2. Time requirements. Time requirements specified by enabling legislation or the provider have been met (period when the resources are required to be used).
3. Reimbursements. The provider offers resources on a reimbursement ("expenditure-driven") basis and the recipient has incurred allowable costs under the applicable program.
4. Contingencies. The provider's offer of resources is contingent upon a specified action of the recipient and that action has occurred (the recipient has raised the matching funds).

Entitlement and shared revenues (which include state equalization and state revenue sharing) are recorded as unrestricted grants-in-aid at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met and the susceptible to accrual criteria have been met.

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

Expenditures

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

Other Financing Sources (Uses)

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

Basis of Budgeting

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

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

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

1. Prior to April 15, (unless a later date is fixed by the Superintendent of Public Instruction) the local school board submits to the District Budget Planning Unit (SBPU) of the New Mexico Public Education Department an estimated budget for the District for the ensuing fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them. All budgets submitted to the New Mexico Public Education Department (PED) by the district shall contain headings and details as prescribed by law.

State of New Mexico

Springer Municipal Schools

Notes to the Financial Statements

June 30, 2017

2. Prior to June 20, of each year, the proposed "operating" budget will be reviewed and approved by the SBPU and certified and approved by the local school board at the public hearing of which notice has been published by the local school board which fixed the estimated budget for the district for the ensuing fiscal year.
3. The "operating" budget will be used by the District until they have been notified that the budget has been approved by the SBPU and the local school board. The budget shall be integrated formally in to the accounting system. Encumbrances shall be used as an element for control and shall be integrated into the budget system.
4. The District shall make corrections, revisions and amendments to the estimated budgets fixed by the local school board to recognize actual cash balances and carryover funds, if any. These adjustments shall be reviewed and approved by the SBPU.
5. No school board or officer or employee of the District shall make any expenditures or incur any obligation for the expenditures of public funds unless such expenditure or contractual obligation is made in accordance with an operating budget approved by the division. But this does not prohibit the transfer of funds between line items within a series of a budget.
6. Budget change requests are processed in accordance with Supplement I (Budget Preparation and Maintenance) of the *Manual of Procedures Public School Accounting and Budgeting*. Such changes are initiated by the District and approved by the SBPU.
7. Legal budget control for expenditures is by function.
8. Appropriations lapse at fiscal year end. Funds unused during the fiscal year may be carried over into the next fiscal year by budgeting those in the subsequent fiscal year's budget. The budget of the District has been amended during the current fiscal year in accordance with these procedures. The budget schedules included in the accompanying financial statements reflect the approved budget and amendments thereto.

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

Cash and Cash Equivalents

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

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

Investments

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

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

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

Receivables and Payables

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

Property Taxes

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

Elimination and Reclassifications of Certain Receivables and Payables

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

Inventories and Prepaid Items

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

Capital Assets

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

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

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

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

Capital Leases

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

Short -Term Debt

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

Long-Term Liabilities

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

Restricted Net Position

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

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

Imposed by law through constitutional provisions or enabling legislation.

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

Fund Balances of Fund Financial Statements

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

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

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

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

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

Interfund Transactions

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

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

Compensated Absences

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

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

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

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

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

Deferred Inflows of Resources

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

Estimates

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

A. Deposits and Investments

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

	Balance Per Bank 06/30/17	Reconciled Balance	Type
Wells Fargo			
<u>Name of Account</u>			
A C Elizabeth Arellano Scholarship	\$ 14,294	\$ 14,294	Savings
TOTAL Deposited	14,294	\$ 14,294	
Less: FDIC Coverage	(14,294)		
Uninsured Amount	0		
50% collateral requirement	0		
Pledged securities	0		
Over (Under) requirement	\$ 0		

	Balance Per Bank 06/30/17	Reconciled Balance	Type
International Bank			
<u>Name of Account</u>			
General Operations	\$ 529,560	\$ 440,428	Interest-Checking
Total Deposited	529,560	\$ 440,428	
Less: FDIC Coverage	(250,000)		
Uninsured Amount	279,560		
50% collateral requirement	139,780		
Pledged securities	348,846		
Over (Under) requirement	\$ 209,066		

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

The following securities are pledged at Independent Bank:

<u>Description</u>	<u>CUSIP #</u>	<u>Market Value</u>	<u>Maturity Date</u>	<u>Location</u>
FNMA	3136G12K4	274,093	12/20/2018	BBW, Colorado
FNMA	3136G12K5	\$ 74,753	12/20/2018	BBW, Colorado
		\$ 348,846		

Custodial Credit Risk-Deposits	Bank Balance
<u>Depository Account</u>	
Insured	\$ 264,294
Collateralized:	
Collateral held by the pledging bank in District's name	279,560
Uninsured and uncollateralized	0
Total Deposits	\$ 543,854

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. As of June 30, 2017 none of the District's bank balance of \$543,854 was exposed to custodial credit risk.

New Mexico Finance Authority has \$157,265 from bond proceeds held on behalf of the District.

Investments

Account Name: Springer School District-Sim Brown Scholarship Fund

Type of Investment:	Balance 06/30/17
Domestic Equity	
US Large Cap Equity	\$ 33,422
US Small/Mid Cap Equity	47,831
Non-US Equity	
Non-US Developed Markets Equity	44,216
Non-US Emerging Markets Equity	38,549
Bonds	
US Core Bonds	28,609
	\$ <u>192,627</u>

Broker: New Mexico State Investment Council

Calculation of the net increase in the fair value of investments during the year:

Fair value at June 30, 2016	\$ 170,118
Add Investment earning	3,397
Fees Charges	(414)
Less Distribution	(9,000)
Increase in fair value of investments	28,525
Fair value at June 30, 2017	\$ <u>192,626</u>

GASB Statement No. 40, Deposit and Investment Risk Disclosures, relates to how deposits and investments are reported in the annual financial statements of governmental entities. GASB Statement No. 40 disclosures inform financial statement users about deposit and investment risks that could affect a government's ability to provide services and meet its obligations as they become due. GASB Statement No. 40 requires governments to disclose deposit and investment risks related to credit risk (including custodial credit risk), concentration of credit risk, interest rate risk, and foreign currency risk. The State Treasurer's Office provides the following information regarding the LGIP:

1. With respect to credit risk, the LGIP, a government investment pool, is rated AAAM by Standard & Poor's. Therefore, the LGIP reports AAAM for credit risk. Public funds are not required to disclose custodial credit risk for external investment pools. Therefore, the LGIP is exempt from this requirement.
2. GASB Statement No. 40 defines concentration of credit risk as investments of more than 5% in any one issuer. External investment pools, such as the LGIP, are excluded from the requirement of disclosing concentration of credit risk. Therefore, the LGIP is exempt from this disclosure. However, our investment portfolio is posted on the State Treasurer's Office website, www.nmsto.gov, and available for review by participants at any time.
3. GASB Statement No. 40 defines interest rate risk as the risk that interest rate variations may adversely affect the fair value of an investment. According to GASB Statement No. 40, an acceptable method for reporting interest rate risk is weighted average maturity ("WAM"). The State Treasurer's Office uses this method for reporting purposes for the LGIP. The WAM of the LGIP is identified on the monthly LGIP investment report found on the State Treasurer's Office website at www.nmsto.org. As of June 30, 2017, the LGIP WAM(R) is 58 days and WAM(F) is 106 days.

State of New Mexico
Springer Municipal Schools
Notes to the Financial Statements
June 30, 2017

4. Finally, with respect to foreign currency risk, all investments in the LGIP are in U.S. dollar denominated assets. Therefore, the LGIP has no foreign currency risk.

B. Receivables

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

	Operational 11000	Senate Bill Nine-Local 31701	Debt Service 41000	Other Governmental Funds	Total
Property Taxes Receivable:					
Available	130 \$	11 \$	3,030 \$	1,104 \$	4,145
Unavailable	1,640	12,976	35,265	4,826	53,067
Total Property Taxes	1,770 \$	12,987 \$	38,295 \$	5,930 \$	58,982

C. Interfund Receivables, Payables and Transfers

The composition of interfund balances is as follows:

Receivable Fund	Payable Funds				Totals
	Entitlement IDEA-B 24106	IDEA-B Risk Pool 24120	NM Reads to Lead 27114	Other Governmental Funds	
Operational Fund	\$ 19,662	\$ 14,216	\$ 16,156	\$ 16,644	\$ 66,678

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

D. Capital Assets

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

	Balance 6/30/16	Additions	Deletions	Balance 6/30/17
Governmental Activities				
Capital Assets not being Depreciated				
Land	\$ 8,126	\$ 0	\$ 0	\$ 8,126
Total Capital Assets not being Depreciated	8,126	0	0	8,126
Capital Assets, being Depreciated				
Buildings & Improvements	10,291,683	40,850	0	10,332,533
Equipment, Vehicles, Software &	1,625,591	0		1,625,591
Total Capital Assets, being Depreciated	11,917,274	40,850	0	11,958,124
Total Capital Assets	11,925,400	40,850	0	11,966,250
Less Accumulated Depreciation				
Buildings & Improvements	5,984,255	415,338	0	6,399,593
Equipment, Vehicles, Software &	1,255,858	98,046		1,353,904
Total Accumulated Depreciation	6,728,101	513,384	0	7,753,497
Capital Assets, net	\$ 5,197,299	\$ (472,534)	\$ 0	\$ 4,212,753

State of New Mexico
Springer Municipal Schools
Notes to the Financial Statements
June 30, 2017

Depreciation expense was charged to governmental activities as follows:

Instruction	\$ 513,384
Total depreciation expenses	<u>\$ 513,384</u>

E. Long-Term Liabilities and Other Liabilities

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

	Balance 6/30/16	Additions	Reductions	Balance 6/30/17	Amounts Due Within One Year
Governmental Activities					
Bonds and Notes Payable					
General Obligation					
Bonds	\$ 745,000	\$ 275,000	\$ 245,000	\$ 775,000	\$ 175,000
Total Bonds	<u>745,000</u>	<u>275,000</u>	<u>245,000</u>	<u>775,000</u>	<u>175,000</u>
Other Liabilities					
Compensated					
Absences	12,741	16,349	16,203	12,887	12,887
Total Other Liabilities	<u>\$ 12,741</u>	<u>\$ 16,349</u>	<u>\$ 16,203</u>	<u>\$ 12,887</u>	<u>\$ 12,887</u>

General Obligation Bonds.

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

Series	Date of Issue	Original Amount	Interest Rate	Balance
2009	06/15/09	500,000	3.5%-4.25%	100,000
2010	03/15/10	500,000	3.00%	400,000
2017	05/15/12	350,000	1.48%	275,000
				<u>\$ 775,000</u>

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

	Principal	Interest	Total
2018	\$ 175,000	\$ 19,188	\$ 194,188
2019	175,000	12,188	187,188
2020	150,000	5,625	155,625
	<u>\$ 500,000</u>	<u>\$ 37,001</u>	<u>\$ 537,001</u>

F. Commitments

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

G. Retirement Plan

Summary of Significant Accounting Policies

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

General Information about the Pension Plan

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

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

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

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

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

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

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

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

*The member's age and earned service credit add up to the sum of 80 or more,

*The member is at least sixty-seven years of age and has five or more years of earned service credit, or

*The member has service credit totaling 30 years or more.

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

These members must meet one of the following requirements.

*The member's minimum age is 55, and has earned 30 or more years of service credit. Those who retire earlier than age 55, but with 30 years of earned service credit will have a reduction in benefits to the actuarial equivalent of retiring at age 55.

*The member's minimum age and earned service credit add up to the sum of 80 or more. Those who retire under the age of 65, and who have fewer than 30 years of earned service credit will receive reduced retirement benefits.

*The member's age is 67, and has earned 5 or more years of service credit.

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

Benefit Options. The Plan has three benefit options available.

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

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

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

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

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

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

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

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

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

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

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

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

The contribution requirements are established in statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the New Mexico Legislature. for the fiscal years ended June 30, 2017 the employee and employer contributions were \$319,231.

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 \$3,843,615 for their proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015. The total pension liability was rolled-forward from the valuation date to the plan year ending June 30, 2016 using generally accepted actuarial principles. Therefore, the employer's portion as established as of the measurement date of June 30, 2016. There were no significant events or changes in benefit provision that required an adjustment to the roll-forward liabilities as of June 30, 2016. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating educational institutions, actuarially determined. At June 30, 2016, the District's proportion was 0.05341%, which was a decrease of 0.00113% from their proportion measured as of June 30, 2015.

State of New Mexico
Springer Municipal Schools
Notes to the Financial Statements
June 30, 2017

For the year ended June 30, 2016, the District recognized pension expense of \$247,494. At the June 30, 2017, the District reported deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 16,675	36,558
Net difference between projected and actual earnings on pension plan investments	229,432	0
Changes of assumptions	78,241	0
Changes in proportion and differences between the District's contributions and proportionate share of contributions	40,149	141,720
District's contributions subsequent to the	183,306	0
	<u>\$ 547,803</u>	<u>178,278</u>

\$183,306 reported as deferred outflows of resources related to pensions resulting from District's contributions subsequent to the measurement date June 30, 2015 will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June	
2018	\$ (30,994)
2019	67,440
2020	93,854
2021	55,919
Total	<u>\$ 186,219</u>

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

Inflation	3.00%
Salary Increases	Composed of 3% inflation, plus 0.75% productivity increase rate, plus step rate promotional increases for members with less than 10 years of service.
Investment Rate of Return	7.75% compounded annually, net of expenses. This is made up of a 3.00% inflation rate and a 4.75 real rate of return. The long-term expected rate of return on pension plan investments is determined annually using a building-block approach that includes the following: 1) rate of return projections are the sum of current yield plus projected changes in price (valuation, defaults, etc.), 2) application of key economic projections (inflation, real growth, dividends, etc.), and 3) structural themes (supply and demand imbalances, capital flows, etc.) developed for each major asset class.

Average of Expected Remaining Service	3.77 years.
Mortality	<p>Healthy males: Based on the RP-2000 Combined Mortality Table with White Collar adjustments, generational mortality improvements with Scale BB.</p> <p>Healthy females: Based on GRS Southwest Region Teacher Mortality Table, set back one year, generational mortality improvements in accordance with Scale BB from the table's base year of 2012.</p> <p>Disabled males: RP-2000 Disabled Mortality Table for males, set back three years, projected to 2016 with Scale BB. Disabled females: RP-2000 Disabled Mortality Table for females, no set back, projected to 2016 with Scale BB.</p> <p>Active members: RP-2000 Employee Mortality Tables, with males set back two years and scaled at 80%, and females set back five years and scaled at 70%. Static mortality improvement from the table's base year of 2000 to the year 2016 in accordance with Scale BB. No future improvement was assumed for preretirement mortality.</p>
Retirement Age	Experience-based table rates based on age and service, adopted by the Board on June 12, 2015 in conjunction with the six-year experience study for the period ending June 30, 2014.
Cost-of-Living Increases	2% per year, compounded annually.
Payroll Growth	3.5% per year (with no allowance for membership growth).
Contribution Accumulation	5.5% increase per year for all years prior to the valuation date. (Contributions are credited with 4.0% interest, compounded annually, applicable to the account balance in the past as well as the future).
Disability Incidence	Approved rates applied to eligible members with at least 10 years of service.

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

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

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

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

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

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
The Districts' proportionate share of the net pension liability	\$ <u>5,090,779</u>	\$ <u>3,843,615</u>	\$ <u>2,808,822</u>

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

H. Retiree Health Care

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

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

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

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

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

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

The District's contributions to the RHCA for the years ended June 30, 2017, 2016 and 2015 were \$26,375, \$30,508, and \$30,998 respectively, which equal the required contributions for each year.

I. Reconciliation of Budgetary Basis to GAAP Basis Statements

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

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

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

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

J. Risk Management

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

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

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

K. Tax Abatement

Colfax County entered into an agreement with a solar farm to abate property taxes effecting the District under the authority of the County Industrial Revenue Bond Act, Ch. 4, Art. 59 NMSA 1978 (the "Act"). A payment in lieu of taxes, (PILOT), was negotiated on by the District. For the year ended June 30, 2017, \$37,194 was received for the PILOT by the District. Other required information required for the GASB 77 disclosure was not provided to the District.

L. Joint Powers Agreements

A joint powers agreement was entered into with the High Plains Regional Education Cooperative No. 3 (REC). The purpose of the agreement is to allow the submission of a consolidated application to the State Department of Education for certain funds granted to the State of New Mexico by the United States Department of Education under the Education of the Handicapped Act, Part B, PL 94-142 among others.

The agreement became effective on July 1, 1995 and is to remain in effect until the end of any fiscal year during which the school gives notice of intent to terminate.

The High Plains Regional Education Cooperative No. 3 issues a separate, publicly available financial report that includes financial statements and required supplementary information. A copy of that audit report can be obtained by writing to the High Plains Regional Education Cooperative No. 3, 144 South First Street, Raton, New Mexico, 87740.

M. Concentrations

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

N. Subsequent Events

Subsequent events were evaluated through October 24, 2017 which is the date the financial statements were available to be issued.

O. Restatement

Fund Balance and Net Position were restated for Instructional Materials-14000 of \$(5,000) for the amount returned to PED due to a state-wide budget reduction.

P. Subsequent Pronouncements

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

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

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

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

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

**Supplemental Information Related to
Major Funds**

State of New Mexico

Springer Municipal Schools

Capital Project Fund-Senate Bill Nine-Local-31701

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

For the Year Ended June 30, 2017

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Property Taxes	\$ 70,372	\$ 70,372	\$ 79,472	\$ 9,100
Total Revenues	<u>70,372</u>	<u>70,372</u>	<u>79,472</u>	<u>9,100</u>
Expenditures				
Support Services				
General Administration				
Professional & Tech Services	1,607	1,607	795	812
Total General Administration	<u>1,607</u>	<u>1,607</u>	<u>795</u>	<u>812</u>
Total Support Services	<u>1,607</u>	<u>1,607</u>	<u>795</u>	<u>812</u>
Capital Outlay				
Purchased Property Services	54,670	64,670	59,598	5,072
Supplies	21,332	36,332	16,460	19,872
Fixed Assets	0	0	9,170	(9,170)
Total Capital Outlay	<u>76,002</u>	<u>101,002</u>	<u>85,228</u>	<u>15,774</u>
Total Expenditures	<u>77,609</u>	<u>102,609</u>	<u>86,023</u>	<u>16,586</u>
Excess (Deficiency) of Revenues Over Expenditures	(7,237)	(32,237)	(6,551)	25,686
Cash Balance Beginning of Year	<u>38,502</u>	<u>38,502</u>	<u>38,502</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 31,265</u>	<u>\$ 6,265</u>	<u>\$ 31,951</u>	<u>\$ 25,686</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (6,551)	
Net Change in Taxes Receivable			3,701	
Net Change in Accounts Payable			(4,245)	
Net Change in Unavailable Revenue			(4,078)	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ (11,173)</u>	

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

State of New Mexico

Springer Municipal Schools

Capital Project Fund-Ed Tech Equipment-31900

Statement of Revenues, Expenditures, and Changes in Cash Balance -

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2017

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Bond Issue	\$ 255,000	\$ 255,000	\$ 275,000	\$ 20,000
Miscellaneous	0	0	1,175	1,175
Total Revenues	<u>255,000</u>	<u>255,000</u>	<u>276,175</u>	<u>21,175</u>
Expenditures				
Capital Outlay				
Purchased Property Services	0	105,000	46,183	58,817
Supplies	0	150,000	77,211	72,789
Total Capital Outlay	<u>0</u>	<u>255,000</u>	<u>123,394</u>	<u>131,606</u>
Total Expenditures	<u>0</u>	<u>255,000</u>	<u>123,394</u>	<u>131,606</u>
Excess (Deficiency) of Revenues Over Expenditures	255,000	0	152,781	152,781
Cash Balance Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 255,000</u>	<u>\$ 0</u>	<u>\$ 152,781</u>	<u>\$ 152,781</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			<u>\$ 152,781</u>	
Net Change in Fund Balance			<u>\$ 152,781</u>	

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

State of New Mexico

Springer Municipal Schools

Debt Service-41000

Statement of Revenues, Expenditures, and Changes in Cash Balance -

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2017

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Property Taxes	\$ 202,875	\$ 202,875	\$ 202,229	\$ (646)
Total Revenues	<u>202,875</u>	<u>202,875</u>	<u>202,229</u>	<u>(646)</u>
Expenditures				
Support Services				
General Administration				
Professional & Tech Services	1,750	2,100	2,022	78
Total General Administration	<u>1,750</u>	<u>2,100</u>	<u>2,022</u>	<u>78</u>
Total Support Services	<u>1,750</u>	<u>2,100</u>	<u>2,022</u>	<u>78</u>
Debt Service				
Principal	175,000	175,161	175,161	0
Interest	26,125	26,286	26,286	0
Total Debt Service	<u>201,125</u>	<u>201,447</u>	<u>201,447</u>	<u>0</u>
Total Expenditures	<u>202,875</u>	<u>203,547</u>	<u>203,469</u>	<u>78</u>
Excess (Deficiency) of Revenues Over Expenditures	0	(672)	(1,240)	(568)
Cash Balance Beginning of Year	<u>25,370</u>	<u>25,370</u>	<u>25,370</u>	<u>0</u>
Cash Balance End of Year	\$ <u>25,370</u>	\$ <u>24,698</u>	\$ <u>24,130</u>	\$ <u>(568)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (1,240)	
Net Change in Taxes Receivable			10,329	
Net Change in Unavailable Revenue			(8,428)	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			\$ <u>661</u>	

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

**Supplemental Information Related to
Nonmajor Funds**

Nonmajor Special Revenue Funds

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

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

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

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

IDEA Early Intervention (24112). To account for a program funded by a Federal grant to assist the District in providing education to qualifying preschool age children. Funding authorized by the Individuals with Disabilities Education Act, Part B, Section 619, as amended, Public Laws 94-142, 99-457, 100-630, 101-497, 101-476, and 102-119. The fund was created by the authority of federal grant provisions.

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

IDEA B Results Plan (24132). The New Mexico Real Results Plan (NMRRP) is part of New Mexico's State Systemic Improvement Plan, required by the U.S. Department of Education, Office of Special Education Programs. New Mexico's plan supports PED's waiver under the Elementary and Secondary Education Act and the A - F School Grading System. This plan and all its resources specifically target students with disabilities enrolled in Title I schools. PL 108-446 PT B Individuals with Disabilities Education Act. The fund was created by the authority of federal grant provisions.

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

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

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

Golden Apple (26163). To account for revenues and expenditure received from a private grant to provide for travel expenses for students to attend the National Museum. The fund was created by grant authority.

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

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

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

NMDOT (28120). To account for a state grant from NMDOT to fund a paving project. The fund was created by grant provisions.

Lowe's Toolbox Education Grant (29102). To account for a local grant to purchase equipment for the vocational agriculture program. The fund was created by grant provisions.

Solar Pilot (29134). To account for revenue received to fund a solar pilot project. The fund was created by grant provisions.

Nonmajor Capital Projects Funds

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

Nonmajor Debt Service Funds

Education Technology (43000). To account for the accumulation of resources for, and the payment of, general long-term debt principal and interest. The resources of this fund are generated by a tax levy based upon property values.

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

	Special Revenue Funds		
	Food Service 21000	Athletics 22000	Title I 24101
Assets			
Cash and Cash Equivalents	\$ 244	\$ 1,974	\$ 0
Receivables			
Taxes	0	0	0
Due From Grantor	0	0	8,676
Inventory	2,170	0	0
Total Assets	\$ 2,414	\$ 1,974	\$ 8,676
Liabilities and Fund Balance			
Liabilities			
Accounts Payable	\$ 0	\$ 0	\$ 0
Interfund Balances	0	0	8,676
Total Liabilities	0	0	8,676
Deferred Inflows of Resources			
Unavailable Revenue	0	0	0
Total Deferred Inflows of Resources	0	0	0
Fund Balance			
Nonspendable-Inventory	2,170	0	0
Restricted for:			
Special Revenue Funds	244	1,974	0
Capital Projects	0	0	0
Debt Service	0	0	0
Unassigned	0	0	0
Total Fund Balances	2,414	1,974	0
Total Liabilities, Deferred Inflows and Fund Balances	2,414	\$ 1,974	\$ 8,676

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

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

	Special Revenue Fund		
	IDEA Preschool 24109	Fresh Fruit & Vegetables 24118	IDEA B Results Plan 24132
Assets			
Cash and Cash Equivalents	\$ 0	\$ 0	\$ 0
Receivables			
Taxes	0	0	0
Due From Grantor	1,365	482	4,342
Inventory	0	0	0
Total Assets	<u>\$ 1,365</u>	<u>\$ 482</u>	<u>\$ 4,342</u>
Liabilities and Fund Balance			
Liabilities			
Accounts Payable	\$ 0	\$ 0	\$ 0
Interfund Balances	1,365	482	4,342
Total Liabilities	<u>1,365</u>	<u>482</u>	<u>4,342</u>
Deferred Inflows of Resources			
Unavailable Revenue	<u>0</u>	<u>0</u>	<u>0</u>
Total Deferred Inflows of Resources	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance			
Nonspendable-Inventory	0	0	0
Restricted for:			
Special Revenue Funds	0	0	0
Capital Projects	0	0	0
Debt Service	0	0	0
Unassigned	<u>0</u>	<u>0</u>	<u>0</u>
Total Fund Balances	<u>0</u>	<u>0</u>	<u>0</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 1,365</u>	<u>\$ 482</u>	<u>\$ 4,342</u>

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

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

	Special Revenue Funds		
	Teacher Principal Training 24154	Medicaid 25153	Rural Education REAP 25233
Assets			
Cash and Cash Equivalents	\$ 0	\$ 0	\$ 1,124
Receivables			
Taxes	0	0	0
Due From Grantor	0	0	0
Inventory	0	0	0
Total Assets	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,124</u>
Liabilities and Fund Balance			
Liabilities			
Accounts Payable	\$ 0	\$ 134	\$ 0
Interfund Balances	0	1,779	0
Total Liabilities	<u>0</u>	<u>1,913</u>	<u>0</u>
Deferred Inflows of Resources			
Unavailable Revenue	0	0	1,124
Total Deferred Inflows of Resources	<u>0</u>	<u>0</u>	<u>1,124</u>
Fund Balance			
Nonspendable-Inventory	0	0	0
Restricted for:			
Special Revenue Funds	0	0	0
Capital Projects	0	0	0
Debt Service	0	0	0
Unassigned	0	(1,913)	0
Total Fund Balances	<u>0</u>	<u>(1,913)</u>	<u>0</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,124</u>

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

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

	Special Revenue Funds		
	Golden Apple 26163	Dual Credit Instructional Materials 27103	Breakfast for Elementary Students 27155
Assets			
Cash and Cash Equivalents	\$ 1,391	\$ 0	\$ 0
Receivables			
Taxes	0	0	0
Due From Grantor	0	0	0
Inventory	0	0	0
Total Assets	<u>\$ 1,391</u>	<u>\$ 0</u>	<u>\$ 0</u>
Liabilities and Fund Balance			
Liabilities			
Accounts Payable	\$ 0	\$ 0	\$ 0
Interfund Balances	0	0	0
Total Liabilities	<u>0</u>	<u>0</u>	<u>0</u>
Deferred Inflows of Resources			
Unavailable Revenue	0	0	0
Total Deferred Inflows of Resources	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance			
Nonspendable-Inventory	0	0	0
Restricted for:			
Special Revenue Funds	1,391	0	0
Capital Projects	0	0	0
Debt Service	0	0	0
Unassigned	0	0	0
Total Fund Balances	<u>1,391</u>	<u>0</u>	<u>0</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 1,391</u>	<u>\$ 0</u>	<u>\$ 0</u>

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

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

	Special Revenue Funds		
	NMDOT 28120	Lowe's Toolbox 29102	Solar Pilot 29134
Assets			
Cash and Cash Equivalents	\$ 0	\$ 247	\$ 15,488
Receivables			
Taxes	0	0	0
Due From Grantor	0	0	0
Inventory	0	0	0
Total Assets	<u>\$ 0</u>	<u>\$ 247</u>	<u>\$ 15,488</u>
Liabilities and Fund Balance			
Liabilities			
Accounts Payable	\$ 0	\$ 0	\$ 0
Interfund Balances	0	0	0
Total Liabilities	<u>0</u>	<u>0</u>	<u>0</u>
Deferred Inflows of Resources			
Unavailable Revenue	0	0	0
Total Deferred Inflows of Resources	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance			
Nonspendable-Inventory	0	0	0
Restricted for:			
Special Revenue Funds	0	247	15,488
Capital Projects	0	0	0
Debt Service	0	0	0
Unassigned	0	0	0
Total Fund Balances	<u>0</u>	<u>247</u>	<u>15,488</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 0</u>	<u>\$ 247</u>	<u>\$ 15,488</u>

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

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

	Capital Projects <u>Senate Bill Nine-State 31700</u>	Debt Service <u>Education Technology 43000</u>	<u>Total</u>
Assets			
Cash and Cash Equivalents	\$ 0	\$ 5,548	\$ 26,016
Receivables			
Taxes	0	5,930	5,930
Due From Grantor	0	0	14,865
Inventory	0	0	2,170
Total Assets	<u>\$ 0</u>	<u>\$ 11,478</u>	<u>\$ 48,981</u>
Liabilities and Fund Balance			
Liabilities			
Accounts Payable	\$ 0	\$ 0	\$ 134
Interfund Balances	0	0	16,644
Total Liabilities	<u>0</u>	<u>0</u>	<u>16,778</u>
Deferred Inflows of Resources			
Unavailable Revenue	0	4,826	5,950
Total Deferred Inflows of Resources	<u>0</u>	<u>4,826</u>	<u>5,950</u>
Fund Balance			
Nonspendable-Inventory	0	0	2,170
Restricted for:			
Special Revenue Funds	0	0	19,344
Capital Projects	0	0	0
Debt Service	0	6,652	6,652
Unassigned	0	0	(1,913)
Total Fund Balances	<u>0</u>	<u>6,652</u>	<u>26,253</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 0</u>	<u>\$ 11,478</u>	<u>\$ 48,981</u>

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

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

	Special Revenue Funds		
	Food Service 21000	Athletics 22000	Title I 24101
Revenues			
Property Taxes	\$ 0	\$ 0	\$ 0
Fees	8,306	28,267	0
State & Local Grants	0	0	0
Federal Grants	67,895	0	80,188
Other	0	0	0
Total Revenues	<u>76,201</u>	<u>28,267</u>	<u>80,188</u>
Expenditures			
Current			
Instruction	0	28,579	74,273
Support Services			
Students	0	0	0
Instruction	0	0	0
General Administration	0	0	3,349
Central Services	0	0	2,566
Operation of Plant	0	0	0
Food Services	66,976	0	0
Capital Outlay	0	0	0
Debt Service			
Principal	0	0	0
Interest	0	0	0
Total Expenditures	<u>66,976</u>	<u>28,579</u>	<u>80,188</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>9,225</u>	<u>(312)</u>	<u>0</u>
Other Financing Sources (Uses)			
Transfers	0	0	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balance	9,225	(312)	0
Fund Balances at Beginning of Year	<u>(6,811)</u>	<u>2,286</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 2,414</u>	<u>\$ 1,974</u>	<u>\$ 0</u>

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

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

	Special Revenue Fund		
	IDEA Preschool 24109	Fresh Fruit & Vegetables 24118	IDEA B Results Plan 24132
Revenues			
Property Taxes	\$ 0	\$ 0	\$ 0
Fees	0	0	0
State & Local Grants	0	0	0
Federal Grants	3,920	3,756	26,156
Other	0	0	0
Total Revenues	<u>3,920</u>	<u>3,756</u>	<u>26,156</u>
Expenditures			
Current			
Instruction	3,920	0	25,980
Support Services			
Students	0	0	0
Instruction	0	0	104
General Administration	0	0	0
Central Services	0	0	0
Operation of Plant	0	0	0
Food Services	0	3,756	72
Capital Outlay	0	0	0
Debt Service			
Principal	0	0	0
Interest	0	0	0
Total Expenditures	<u>3,920</u>	<u>3,756</u>	<u>26,156</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>0</u>	<u>0</u>	<u>0</u>
Other Financing Sources (Uses)			
Transfers	0	0	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balance	0	0	0
Fund Balances at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance End of Year	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>

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

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

	Special Revenue Funds		
	Teacher Principal Training 24154	Medicaid 25153	Rural Education REAP 25233
Revenues			
Property Taxes	\$ 0	\$ 0	\$ 0
Fees	0	14,084	0
State & Local Grants	0	0	0
Federal Grants	18,852	0	13,785
Other	0	0	0
Total Revenues	18,852	14,084	13,785
Expenditures			
Current			
Instruction	18,044	0	13,785
Support Services			
Students	0	18,164	0
Instruction	0	0	0
General Administration	808	0	0
Central Services	0	0	0
Operation of Plant	0	0	0
Food Services	0	0	0
Capital Outlay	0	0	0
Debt Service			
Principal	0	0	0
Interest	0	0	0
Total Expenditures	18,852	18,164	13,785
Excess (Deficiency) of Revenues Over Expenditures	0	(4,080)	0
Other Financing Sources (Uses)			
Transfers	0	0	0
Total Other Financing Sources (Uses)	0	0	0
Net Change in Fund Balance	0	(4,080)	0
Fund Balances at Beginning of Year	0	2,167	0
Fund Balance End of Year	\$ 0	\$ (1,913)	\$ 0

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

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

	Special Revenue Funds		
	Golden Apple 26163	Dual Credit Instructional Materials 27103	Breakfast for Elementary Students 27155
Revenues			
Property Taxes	\$ 0	\$ 0	\$ 0
Fees	0	0	0
State & Local Grants	0	1,154	3,911
Federal Grants	0	0	0
Other	0	0	0
Total Revenues	0	1,154	3,911
Expenditures			
Current			
Instruction	0	1,154	0
Support Services			
Students	0	0	0
Instruction	0	0	0
General Administration	0	0	0
Central Services	0	0	0
Operation of Plant	0	0	0
Food Services	0	0	3,911
Capital Outlay	0	0	0
Debt Service			
Principal	0	0	0
Interest	0	0	0
Total Expenditures	0	1,154	3,911
Excess (Deficiency) of Revenues Over Expenditures	0	0	0
Other Financing Sources (Uses)			
Transfers	0	0	0
Total Other Financing Sources (Uses)	0	0	0
Net Change in Fund Balance	0	0	0
Fund Balances at Beginning of Year	1,391	0	0
Fund Balance End of Year	\$ 1,391	\$ 0	\$ 0

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

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

	Special Revenue Funds		
	NMDOT 28120	Lowe's Toolbox 29102	Solar Pilot 29134
Revenues			
Property Taxes	\$ 0	\$ 0	\$ 0
Fees	0	0	0
State & Local Grants	31,679	0	0
Federal Grants	0	0	0
Other	0	0	37,194
Total Revenues	<u>31,679</u>	<u>0</u>	<u>37,194</u>
Expenditures			
Current			
Instruction	0	0	0
Support Services			
Students	0	0	12,865
Instruction	0	0	0
General Administration	0	0	0
Central Services	0	0	0
Operation of Plant	0	0	0
Food Services	0	0	0
Capital Outlay	31,679	0	0
Debt Service			
Principal	0	0	0
Interest	0	0	0
Total Expenditures	<u>31,679</u>	<u>0</u>	<u>12,865</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>0</u>	<u>0</u>	<u>24,329</u>
Other Financing Sources (Uses)			
Transfers	0	0	(187,043)
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>(187,043)</u>
Net Change in Fund Balance	0	0	(162,714)
Fund Balances at Beginning of Year	<u>0</u>	<u>247</u>	<u>178,202</u>
Fund Balance End of Year	<u>\$ 0</u>	<u>\$ 247</u>	<u>\$ 15,488</u>

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

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

	Capital Projects <u>Senate Bill Nine-State 31700</u>	Debt Service <u>Education Technology 43000</u>	<u>Total</u>
Revenues			
Property Taxes	\$ 0	\$ 73,890	\$ 73,890
Fees	0	0	50,657
State & Local Grants	11,836	0	48,580
Federal Grants	0	0	214,552
Other	0	0	37,194
Total Revenues	<u>11,836</u>	<u>73,890</u>	<u>424,873</u>
Expenditures			
Current			
Instruction	0	0	165,735
Support Services			
Students	0	0	31,029
Instruction	0	0	104
General Administration	0	1,000	5,157
Central Services	0	0	2,566
Operation of Plant	11,836	0	11,836
Food Services	0	0	74,715
Capital Outlay	0	0	31,679
Debt Service			
Principal	0	70,000	70,000
Interest	0	2,780	2,780
Total Expenditures	<u>11,836</u>	<u>73,780</u>	<u>395,601</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>0</u>	<u>110</u>	<u>29,272</u>
Other Financing Sources (Uses)			
Transfers	0	0	(187,043)
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>(187,043)</u>
Net Change in Fund Balance	0	110	(157,771)
Fund Balances at Beginning of Year	<u>0</u>	<u>6,542</u>	<u>184,024</u>
Fund Balance End of Year	<u>\$ 0</u>	<u>\$ 6,652</u>	<u>\$ 26,253</u>

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

Required Supplemental Information

Springer Municipal Schools**Schedules of Required Supplementary Information and Notes for Pension Plan**

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

Last 10 Fiscal Years*

	Fiscal Year Measurement Date	2015 2014	2016 2015	2017 2016
District's proportion of the net pension liability		0.05324%	0.05455%	0.05341%
District's proportionate share of the net pension liability	\$	3,037,722 \$	3,532,701 \$	3,843,615
District's covered-employee payroll	\$	1,550,914 \$	1,525,416 \$	1,318,747
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll		195.87%	231.59%	291.46%
Plan fiduciary net position as a percentage of the total		66.54%	63.97%	61.58%

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

Schedule of District's Contributions

Last 10 Fiscal Years*

		June 30,		
		2015	2016	2017
Contractually required contribution	\$	215,577 \$	212,033 \$	183,306
Contributions in relation to the contractually required	\$	215,577 \$	212,033 \$	183,306
Contribution deficiency (excess)	\$	0 \$	0 \$	0
Districts covered-employee payroll	\$	1,550,914 \$	1,525,416 \$	1,318,747
Contributions as a percentage of covered-employee payroll		13.90%	13.90%	13.90%

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

Notes to Required Supplementary Information

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

Other Supplemental Information

Fiduciary Fund

Activity Trust Fund

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

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

	Balance 6/30/16	Additions	Deductions	Balance 6/30/17
Assets				
Sim Brown Scholarship	\$ 5,613	\$ 21,500	\$ 7,500	\$ 19,613
SEEC Scholarship	1,014	0	0	1,014
Ortiz Scholarship	600	0	300	300
AC Arellano Scholarship	1,250	0	500	750
HS Library	32	0	0	32
Education Association Scholarship	2,627	0	500	2,127
Investment	170,118	31,922	9,414	192,627
Red Devil Booster Club	0	9,323	5,694	3,629
Class of 2019	2,235	50	113	2,172
Elementary Library	3,194	1,443	2,420	2,218
District 5A Administrator	0	13,499	4,285	9,214
Elementary Activity	306	573	319	560
Silk Screening	4,707	5,641	4,115	6,234
Class of 2022	50	0	0	50
Class of 2018	0	2,728	242	2,487
Class of 2016	926	0	926	0
Class of 2017	1,823	13,079	14,902	0
HS Activity	254	1,217	1,240	231
Yearbook	415	1,465	1,155	725
Class of 2020	0	711	0	711
HS Honor Society	46	220	192	74
FFA	4,286	5,614	5,622	4,278
Sports Academy	1,065	0	95	970
Cowbelle Tournament	0	7,971	7,218	753
Parent Advisory Committee	687	0	0	687
Athletic Fund Raisers	1,356	956	2,312	0
Springer Book	122	0	0	122
HS Mesa	140	0	0	140
JH Mesa	660	0	0	660
Arellano Scholarship	14,286	8	0	14,294
AR Program	2,660	7,718	8,480	1,898
Total Assets	<u>\$ 220,474</u>	<u>\$ 125,638</u>	<u>\$ 77,543</u>	<u>\$ 268,570</u>
Liabilities				
Deposits Held for Others	\$ 220,474	\$ 125,638	\$ 77,543	\$ 268,570
Total Liabilities	<u>\$ 220,474</u>	<u>\$ 125,638</u>	<u>\$ 77,543</u>	<u>\$ 268,570</u>

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

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

		Beginning Cash Balance 6/30/16	Revenue	Expenditures	Adjustments/ Transfer/ Loans	Ending Cash Balance 6/30/17
Operational	11000	\$ 118,373	\$ 2,370,885	\$ 2,123,566	\$ 0	\$ 365,692
Transportation	13000	2,539	102,766	105,305	0	0
Instructional Materials	14000	14,374	10,184	22,406	0	2,152
Food Services	21000	36	76,201	75,993	0	244
Athletics	22000	2,287	28,266	28,579	0	1,974
Federal Flow-through Grants	24000	(55,814)	216,181	212,738	3,629	(48,742)
Federal Direct Grants	25000	5,291	25,875	31,817	0	(651)
Local Grants	26000	1,391	0	0	0	1,391
State Flow-through Grants	27000	(22,842)	61,617	56,297	1,367	(16,155)
State Directed Grants	28000	0	31,678	31,678	0	0
Local/State Grants	29000	178,449	37,193	12,866	(187,043)	15,733
Senate Bill Nine-State	31700	0	11,836	11,836	0	0
Senate Bill Nine-Local	31701	38,501	79,472	86,023	0	31,950
Ed Tech Equipment	31900	0	276,175	103,394	(20,000)	152,781
Debt Service	41000	25,370	202,228	203,469	0	24,129
Debt Service-Ed Tech	43000	6,132	73,196	73,780	0	5,548
Agency Funds	23000	220,474	125,638	77,543	0	268,569
Total		\$ <u>534,560</u>	\$ <u>3,729,391</u>	\$ <u>3,257,290</u>	\$ <u>(202,047)</u>	\$ <u>804,614</u>

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

De'Aun Willoughby CPA, PC

Certified Public Accountant

225 Innsdale Terrace Clovis, NM 88101

(855) 253-4313

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

Independent Auditor's Report

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

Mr. Keller and Members of the Board

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, the aggregate remaining fund information, the budgetary comparisons of the general fund and major special revenue funds, of Springer Municipal Schools (District) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Districts basic financial statements, and the combining and individual funds and related budgetary comparisons of the District, presented as supplemental information, and have issued our report thereon dated October 24, 2017.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses, that we consider to be significant deficiencies. 2016-001, 2016-002, 2016-004 and 2017-001


Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of it's 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 is described in the accompanying Schedule of Findings and Responses; 2016-001, 2016-002, 2016-004 and 2017-001

The District's Responses to Findings

The District's responses to the findings identified in our audit as described in the accompanying Schedule of Findings and Responses. The District's response was not subject to the auditing procedures applied in the audit of the financial statements and accordingly, we express no opinion on it.

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

 CPA PC

Clovis, New Mexico

October 24, 2017

Prior Year Audit Findings	Status
2014-001 Budget Violations	Resolved
2014-002 Cash Appropriations in Excess of Available Cash Balances	Resolved
2016-001 PED Cash Reports	Repeated & Modified
2016-002 Receipt Books	Repeated & Modified
2016-003 Certification of Inventory	Resolved
2016-004 Expenditure Issues	Repeated & Modified
2016-005 Overtime	Resolved
2016-006 Title I Payroll	Resolved

Current Year Audit Findings

2016-001 PED Cash Reports -Compliance and Internal Control-Significant Deficiency

Condition

The audited cash balances did not agree to the cash balances on the final cash report submitted to PED. The audited balance was \$804,613.82 and the PED report was \$736,054.71 for a difference of \$68,559.11 under reported to PED.

Management has not made progress resolving this issue.

Criteria

6.20.2.11 (B) (6) NMAC and Regulation SBE-6 states the reports sent to the New Mexico Public Education Department (PED) must agree to the District's general ledger and must be submitted quarterly and annually by July 31.

Cause

One payroll was dated outside the fiscal year making it impossible to reconcile.

Effect

The District is not in compliance with NMAC 6.20.2.11 (b) (6) and Regulation SBE-6. Noncompliance may result in impaired decision making by the District's governing board.

Recommendation

The Superintendent should initial beside the zero variance each month on every bank reconciliation. The Board should approve the bank reconciliations each month.

Response

Management has resolved this issue. While working with the software company used for the financial system, all reports have been amended with the New Mexico Public Education Department as well as a corrected file submitted for the 4th Quarter Unemployment Filing. In addition from the support the Auditors helped with during their onsite work, an additional day of telephonic communication with the software company was completed in order to fully resolve the problem and ensure all reports for the 2017/2018 Fiscal Year are correct. The Superintendent has begun reviewing and affixing his signature to monthly bank reconciliation statements. The actual under-reported amount is \$57,130.43. The latter is demonstrated by a Journal Entry completed 9/18/2017.

The Business Manager is responsible and is confident that this finding will be resolved by the end of FY18.

2016-002 Receipt Books-Internal Control-Significant Deficiency

Condition

Receipts were made out to activities rather than individuals.

Management has not made progress resolving this issue.

Criteria

NMAC 6.20.2.11 and NMAC 6.20.2.14 describe internal controls for receipting money.

Cause

The lack of training and oversight of the receipting process.

Effect

Money could be misappropriated and an individual could not be accountable because the receipts was issued to an activity.

Recommendation

Receipts should be given to the person paying the money. Training and emphasis on following procedures is necessary so that all personnel know and follow receipting procedures.

Response

Receipting issues have been resolved within all departments in our School District that collect and receipt money.

The Superintendent is responsible and is working with the individuals to get this resolved by the end of FY18.

2016-004 Expenditure Issues-Compliance and Internal Control-Significant Deficiency

Condition

Out of 77 expenditures sampled totaling \$404,858.20, we noted the following:

All purchase orders are not being signed by the individual who has the CPO license.

Fund 11000 - Of the 49 expenditures sampled totaling \$325,905.08, six had POs processed after fact totaling \$20,468.47 or 6.28%. One had no supporting documents totaling \$200.00 or .06%.

Fund 13000 - Of the 12 expenditures sampled totaling \$23,314.74, one had no supporting documentation totaling \$350.00 or 1.5%.

Management has not made progress resolving this issue.

Criteria

In accordance with 6.20.2.17 Purchasing, each school district shall establish and implement written policies and procedures for purchasing which shall be in compliance with the Procurement Code, Section 13-1-21 et seq, NMSA 1978. The individual who holds the CPO certificate should be the one signing the Purchase Orders. 1.4.1.94 NMAC (F)

Cause

There is a lack of enforcing existing policies by those with approval authority.

Effect

The results of these expenditure issues is over spending of public funds.

Recommendation

These expenditure issues should not be occurring. The Superintendent is ultimately responsible for these expenditure issues. Employees will have to be reprimanded for not following procurement procedures with a consequence of deducting the unapproved expenditure from the employee's pay.

Response

Our School District continues to monitor and audit all purchases on an ongoing basis and continues to identify findings and possible violations of procurement law. Written notifications and appropriate reprimands relatable to any finding(s) are issued to particular employees where discrepancies are found with regard to applicable purchasing policies and procedures. All employees have been apprised of procurement rules and regulations. Furthermore, all staff have been informed that violation of these purchasing policies and/or the commitment of any other unauthorized act(s) will be dealt with accordingly.

The Superintendent is responsible for enforcing the purchasing policy. The superintendent is hoping to have this resolved by the end of FY18.

2017-001 New Mexico New Hire Reporting - Compliance and Internal Control-Significant Deficiency

Condition

Out of 11 new hires sampled we noted 6 were not reported timely.

Criteria

Under New Mexico law (§50-13-1 to 50-13-4) and Federal law (42 USC §653.a.(b)(1)(A)), all public, private, non-profit, and government employers are required to report all newly hired employees within 20 days of hire or rehire to the New Mexico New Hires Directory.

Cause

Business Manager stated she was unaware that she had to report substitutes and coaches.

Effect

Pursuant to federal law, states have the option of imposing civil monetary penalties on employers who fail to report new hires. The fine can be up to \$20 per newly hired employee, and if there is a conspiracy between the employer and employee not to report, the penalty can be up to \$500 per newly hired employee.

Recommendation

Training and supervision should occur to assure the new hire reporting requirements are met.

Response

The Business Manager has resolved this issue and is currently running a New Hire Report every Pay Day to ensure all individuals hired are reported within the 20-day time frame.

The business manager is responsible for this finding and is confident this finding has been resolved.

Financial Statement Preparation

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

Exit Conference

An exit conference was held on October 24, 2017 with Eddie King-Superintendent, Ronnie Gurule-Board Secretary, Joe Apodaca-Board Member, Rebecca Rigoni-Business Manager, Lenore Montoya-Assistant Business Manager and De'Aun Willoughby, CPA.