



STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2018

INTRODUCTORY SECTION

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOL DISTRICT
FOR THE YEAR ENDED JUNE 30, 2018
TABLE OF CONTENTS

	<u>Exhibit</u>	<u>Page</u>
INTRODUCTORY SECTION		
Table of Contents		i
Official Roster		iii
FINANCIAL SECTION		
Independent Auditors' Report		vi
Basic Financial Statements		
Government-wide Financial Statements:		
Statement of Net Position	A-1	1
Statement of Activities	A-2	3
Fund Financial Statements:		
Balance Sheet – Governmental Funds	B-1	5
Reconciliation of the Balance Sheet to the Statement of Net Position		7
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	B-2	8
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities		10
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual –		
Operational Fund	C-1	11
Transportation Fund	C-2	12
Instructional Materials Fund	C-3	13
Title I – IASA Fund	C-4	14
Entitlement IDEA-B Fund	C-5	15
Statement of Fiduciary Assets and Liabilities	D-1	16
Notes to the Financial Statements		17
REQUIRED SUPPLEMENTARY INFORMATION		
	<u>Statement</u>	<u>Page</u>
Pension Schedules		48
OPEB Schedules		50
SUPPLEMENTARY INFORMATION		
	<u>Statement</u>	<u>Page</u>
Combining Balance Sheet – Nonmajor Funds	B-1	54
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Funds	B-2	60

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOL DISTRICT
FOR THE YEAR ENDED JUNE 30, 2018
TABLE OF CONTENTS
(Continued)

	<u>Statement/ Schedule</u>	<u>Page</u>
Combining Balance Sheet – Component Unit Funds	E-1	66
Reconciliation of the Balance Sheet to the Statement of Net Position		68
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Component Unit Funds	E-2	69
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities		71
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual:		
Operational Fund	E-3	72
Instructional Materials Fund	E-4	73
Entitlement IDEA-B Federal Stimulus Special Revenue Fund	E-5	74
Teacher/Principal Training Special Revenue Fund	E-6	75
NM Leads to Read Special Revenue Fund	E-7	76
Robot Systems for Math Competition Special Revenue Fund	E-8	77
Public Capital Outlay Capital Projects Fund	E-9	78
Capital Improvements SB-9 Capital Projects Fund	E-10	79
Cash Reconciliation Schedule	E-11	80
Statement of Fiduciary Net Position – Agency Funds	E-13	81
Statement of Changes in Fiduciary Net Position – Agency Funds	E-12	82
 OTHER SUPPLEMENTAL INFORMATION		
Schedule of Changes in Assets and Liabilities – Agency Funds	I	83
Schedule of Pledged Collateral	II	84
Schedule of Deposits	III	85
Cash Reconciliation Schedule	IV	86
 COMPLIANCE SECTION		
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>		90
Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with Uniform Guidance		92
Schedule of Expenditures of Federal Awards		93
Schedule of Findings and Questioned Costs		95
Other Disclosure and exit conference		99
Corrective Action Plan		100

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOL DISTRICT
OFFICIAL ROSTER
JUNE 30, 2018

<u>Name</u>		<u>Title</u>
	<u>Board of Education</u>	
Roger R. Collins		President
Jimmy Dusenbery		Vice-President
Fran Dobey		Secretary
Ryan Lane		Member
Wayne Ritter		Member
	<u>Administrative</u> <u>Officials</u>	
Kirk Carpenter		Superintendent
Evelyn Garcia		Business Manager

FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

Wayne Johnson
New Mexico State Auditor
The Office of Management and Budget
To the Board of Education
Aztec Municipal School District
Aztec, New Mexico

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component unit, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the general funds and major special revenue funds of Aztec Municipal School District, New Mexico, as of and for the year ended June 30, 2018, and related notes to the financial statements which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 these financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is the 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 risk 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information, and the respective budgetary comparisons for the general funds and major special revenue funds of Aztec Municipal School District, New Mexico, as of June 30, 2018, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplemental Information

Accounting principles generally accepted in the United States of America also require that the Schedule of Proportionate Share of the Net Pension Liability and Schedule of Contributions on page 48 and the Net OPEB Liability and Schedule of Contributions on page 50 be represented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the *Governmental Accounting Standard Board* who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. Our opinion on the basic financial statements is not affected by this missing information.

Management has omitted *Management's Discussion and Analysis* that accounting principles generally accepted in the United States of America requires to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Government 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.

Other Information

The combining and individual fund financial statements are the responsibility of management and were derived from and directly relate to the underlying accounting and other records used to prepare the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code Federal regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the financial statements. The additional schedules listed as "Other Supplemental Information" in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 5, 2018 on our consideration of Aztec Municipal School District, New Mexico'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.



Albuquerque, New Mexico
November 5, 2018

**BASIC
FINANCIAL STATEMENTS**

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOLS
STATEMENT OF NET POSITION
JUNE 30, 2018

Exhibit A-1
(Page 1 of 2)

	Governmental Activities	Component Unit
ASSETS		
Cash and cash equivalents	\$ 18,520,540	\$ 554,950
Receivables (net of allowance for uncollectibles)	1,596,679	54,185
Inventory	36,232	-
Capital assets (net of accumulated depreciation):		
Land and land improvements	6,574,447	-
Buildings and building improvements	103,880,421	297,466
Furniture, fixtures and equipment	13,001,822	65,561
Construction in Progress	-	-
Less: accumulated depreciation	(62,332,005)	(206,450)
Total assets	81,278,136	765,712
<i>Deferred Outflow of Resources</i>		
Related to pension	17,501,344	918,455
Related to OPEB	284,601	16,026
Total deferred outflow of resources	17,785,945	934,481
Total assets and deferred outflow of resources	99,064,081	1,700,193

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOLS
STATEMENT OF NET POSITION
JUNE 30, 2018

Exhibit A-1
(Page 2 of 2)

	Governmental Activities	Component Unit
LIABILITIES		
Accounts payable	\$ 105,842	\$ 1,090
Accrued expenses	683,102	32,693
Accrued interest	193,123	-
Due within one year - compensated absences	49,020	-
Noncurrent liabilities:		
Due in more than one year - compensated absences	245,098	-
Net pension	58,068,983	3,009,527
Net OPEB liability	15,673,244	813,888
Bond underwriter premiums	839,607	-
Due within one year - bonds payable	4,750,000	-
Due in more than one year - bonds payable	27,500,000	-
<i>Deferred Inflow of Resources</i>		
Property taxes	398,615	-
Related to pension	1,269,969	199,047
Related to OPEB	3,567,193	185,239
Total liabilities	113,343,796	4,241,484
NET POSITION		
Net investment in capital assets	28,035,078	156,577
Restricted for:		
Debt service	6,940,154	-
Capital projects	7,931,902	186,610
Special revenue funds	1,372,990	-
Unrestricted	(58,559,839)	(2,884,478)
Total net position	(14,279,715)	(2,541,291)

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOLS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>
Primary Government		Charges for Service
Governmental activities:		
Instruction	\$ 23,410,311	\$ 169,078
Support services:		
Students	2,438,176	-
Instruction	488,837	-
General Administration	589,040	-
School Administration	2,097,513	-
Other Support Services	1,865	-
Central Services	1,224,027	-
Operation & Maintenance of Plant	4,587,936	-
Student Transportation	1,227,806	-
Food Services Operation	1,636,988	245,251
Community Services	86,684	-
Interest on long-term debt	844,736	-
Capital outlay:		
Depreciation - unallocated	-	-
Total Primary Government	\$ 38,633,919	\$ 414,329
Component Unit		
Mosaic Academy Charter School	2,004,422	-

The accompanying notes are an integral part of these financial statements

Program Revenues			Net (Expenses) Revenues and Changes in Net Position	Component Unit
Operating Grants and Contributions	Capital Grants and Contributions			
\$ 2,027,540	\$ -		\$ (21,213,693)	\$ -
-	-		(2,438,176)	-
40,504	-		(448,333)	-
-	-		(589,040)	-
745,443	-		(1,352,070)	-
-	-		(1,865)	-
-	-		(1,224,027)	-
-	52,576		(4,535,360)	-
930,333	-		(297,473)	-
1,258,445	-		(133,292)	-
-	-		(86,684)	-
-	-		(844,736)	-
-	-		-	-
<u>\$ 5,002,265</u>	<u>\$ 52,576</u>		(33,164,749)	-
109,924	113,164			<u>\$ (1,781,334)</u>
General Revenues:				
Property taxes:				
Levied for general purposes		\$ 138,272	\$ -	
Levied for debt service		4,178,669	-	
Levied for capital projects		729,902	48,069	
Oil and gas taxes		2,520,642	22,296	
State Equalization Guarantee		20,978,778	1,318,010	
Interest income		133,347	2,052	
Loss on asset disposal		(3,939)		
Miscellaneous		61,627		
Total general revenues		<u>28,737,298</u>	<u>1,390,427</u>	
Change in net position		(4,427,451)	(390,907)	
Net position - beginning		8,765,058	(1,183,615)	
Restatement		(18,617,322)	(966,769)	
Net position - beginning - restated		<u>(9,852,264)</u>	<u>(2,150,384)</u>	
Net position - ending		<u>\$ (14,279,715)</u>	<u>\$ (2,541,291)</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOLS
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2018

	General Fund			Title I IASA 24101	Entitlement IDEA-B 24106
	Operational 11000	Transportation 13000	Instructional Materials 14000		
ASSETS					
<i>Current Assets</i>					
Cash and temporary investments	2,403,631	\$ 49,861	\$ 100,592	\$ -	\$ -
Accounts receivable					
Taxes	16,306	-	-	-	-
Due from other governments	-	-	-	111,633	462,850
Other receivables	19,832	-	-	-	-
Interfund receivables	867,903	-	-	-	-
Inventory	-	-	-	-	-
<i>Total assets</i>	<u>3,307,672</u>	<u>49,861</u>	<u>100,592</u>	<u>111,633</u>	<u>462,850</u>
LIABILITIES AND FUND BALANCES					
<i>Current Liabilities:</i>					
Accounts payable	41,372	-	-	-	-
Accrued liabilities	683,102	-	-	-	-
Interfund payables	-	-	-	111,633	462,850
Deferred revenue - property taxes	12,805	-	-	-	-
<i>Total liabilities</i>	<u>737,279</u>	<u>-</u>	<u>-</u>	<u>111,633</u>	<u>462,850</u>
<i>Fund balances</i>					
Fund Balance:					
Nonspendable	-	-	-	-	-
Restricted	1,200,000	49,861	100,592	-	-
Committed	1,100,000	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	270,393	-	-	-	-
<i>Total fund balance</i>	<u>2,570,393</u>	<u>49,861</u>	<u>100,592</u>	<u>-</u>	<u>-</u>
<i>Total liabilities and fund balance</i>	<u>\$ 3,307,672</u>	<u>\$ 49,861</u>	<u>\$ 100,592</u>	<u>\$ 111,633</u>	<u>\$ 462,850</u>

The accompanying notes are an integral part of these financial statements

Bond Building 31100	Capital Improvements SB-9 31700	Debt Service 41000	Other Governmental Funds	Total Primary Government
\$ 3,837,819	\$ 4,062,051	\$ 6,715,579	\$ 1,351,007	\$ 18,520,540
-	79,240	427,717	-	523,263
-	-	-	333,626	908,109
-	23,416	122,059	-	165,307
-	-	-	-	867,903
-	-	-	36,232	36,232
<u>3,837,819</u>	<u>4,164,707</u>	<u>7,265,355</u>	<u>1,720,865</u>	<u>21,021,354</u>
-	10,015	-	54,455	105,842
-	-	-	-	683,102
-	-	-	293,420	867,903
-	60,609	325,201	-	398,615
<u>-</u>	<u>70,624</u>	<u>325,201</u>	<u>347,875</u>	<u>2,055,462</u>
-	-	-	36,232	36,232
3,837,819	4,094,083	6,940,154	702,663	16,925,172
-	-	-	-	1,100,000
-	-	-	-	-
-	-	-	634,095	904,488
<u>3,837,819</u>	<u>4,094,083</u>	<u>6,940,154</u>	<u>1,372,990</u>	<u>18,965,892</u>
<u>\$ 3,837,819</u>	<u>\$ 4,164,707</u>	<u>\$ 7,265,355</u>	<u>\$ 1,720,865</u>	<u>\$ 21,021,354</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOLS
GOVERNMENTAL FUNDS

Exhibit B-1
 (Page 2 of 2)

RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET ASSETS
JUNE 30, 2018

	<u>Governmental Funds</u>
Amounts reported for governmental activities in the statement of net assets are different because:	
Fund balances - total governmental funds	\$ 18,965,892
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	61,124,685
Pension Liability	(58,068,983)
OPEB Liability	(15,673,244)
Deferred Outflow of Resources - Related to Pension	17,501,344
Deferred Inflow of Resources - Related to Pension	(1,269,969)
Deferred Outflow of Resources - Related to OPEB	284,601
Deferred Inflow of Resources - Related to OPEB	(3,567,193)
Long-term liabilities, including bonds payable, are not due and payable in	
Accrued compensated absences	(294,118)
Bond underwriter premium	(839,607)
Accrued interest payable	(193,123)
General obligation bonds	<u>(32,250,000)</u>
Net Position - Total Governmental Activities	<u>\$ (14,279,715)</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	General Fund			Title I IASA 24101	Entitlement IDEA-B 24106
	Operational 11000	Transportation 13000	Instructional Materials 14000		
<i>Revenues:</i>					
Taxes	\$ 236,061	\$ -	\$ -	\$ -	\$ -
State grants	21,205,059	930,333	91,564	-	-
Federal grants	86,443	-	-	311,135	745,443
Charges for services	66,736	-	-	-	-
Miscellaneous	164,579	-	395	-	-
<i>Total revenues</i>	<u>21,758,878</u>	<u>930,333</u>	<u>91,959</u>	<u>311,135</u>	<u>745,443</u>
<i>Expenditures:</i>					
Current:					
Instruction	12,996,421	-	37,998	282,948	393,968
Support Services					
Students	1,983,787	-	-	-	23,126
Instruction	339,139	-	-	856	-
General Administration	437,890	-	-	-	28,016
School Administration	1,798,431	-	-	27,331	155,589
Central Services	975,028	-	-	-	39,764
Operation & Maintenance of Plant	2,535,022	-	-	-	-
Student Transportation	130,705	930,333	-	-	104,980
Other Support Services	1,865	-	-	-	-
Food Services Operations	-	-	-	-	-
Community Service	68,886	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
<i>Total expenditures</i>	<u>21,267,174</u>	<u>930,333</u>	<u>37,998</u>	<u>311,135</u>	<u>745,443</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>491,704</u>	<u>-</u>	<u>53,961</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses):</i>					
Operating transfers	-	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net changes in fund balances</i>	491,704	-	53,961	-	-
<i>Fund balances - beginning of year</i>	2,078,689	49,861	46,631	-	-
<i>Fund balances - end of year</i>	<u>\$ 2,570,393</u>	<u>\$ 49,861</u>	<u>\$ 100,592</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

Bond Building 31100	Capital Improvements SB-9 31700	Debt Service 41000	Other Governmental Funds	Total Primary Government
\$ -	\$ 1,100,348	\$ 6,231,076	\$ -	\$ 7,567,485
-	52,576	-	1,069,085	23,348,617
-	-	-	1,541,981	2,685,002
-	-	-	377,593	444,329
-	-	-	-	164,974
-	1,152,924	6,231,076	2,988,659	34,210,407
-	-	1,988	617,085	14,330,408
-	-	-	307,110	2,314,023
-	-	-	148,842	488,837
-	7,289	41,676	74,169	589,040
-	-	-	40,072	2,021,423
-	-	-	202,773	1,217,565
-	-	-	3,349	2,538,371
-	-	-	1,939	1,167,957
-	-	-	-	1,865
-	-	-	1,416,154	1,416,154
-	-	-	17,798	86,684
689,193	1,308,513	-	-	1,997,706
-	-	4,450,000	-	4,450,000
-	-	915,027	-	915,027
689,193	1,315,802	5,408,691	2,829,291	33,535,060
(689,193)	(162,878)	822,385	159,368	675,347
-	-	-	-	-
-	-	-	-	-
(689,193)	(162,878)	822,385	159,368	675,347
4,527,012	4,256,961	6,117,769	1,213,622	18,290,545
\$ 3,837,819	\$ 4,094,083	\$ 6,940,154	\$ 1,372,990	18,965,892

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOLS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

Exhibit B-2
(Page 2 of 2)

	Governmental Funds
Amounts reported for governmental activities in the statement of activities are different because:	
Net change in fund balances - total governmental funds	\$ 675,347
Change in pension expense	(3,528,254)
Change in OPEB expense	(3,241,026)
Capital Outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net assets and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities. This is the amount by which depreciation exceeds capital outlays for the period.	
Depreciation expense	(3,350,337)
Capital Outlays	779,371
The issuance of long-term debt (e.g., bonds, notes, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities:	
Bonds principal payments	4,450,000
Accrued interest expense	70,291
Amortization of underwriter premiums	(251,174)
Increase in accrued compensated absences	<u>(31,669)</u>
Change in Net Position - Total Governmental Activities	<u><u>\$ (4,427,451)</u></u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOLS
OPERATIONAL FUND (11000)
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDING JUNE 30, 2018

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<i>Revenues:</i>				
Property taxes	\$ 238,657	\$ 238,657	\$ 237,449	\$ (1,208)
State grants	20,706,137	21,022,811	21,202,033	179,222
Federal grants	61,000	61,000	86,443	25,443
Miscellaneous	85,000	85,000	231,315	146,315
Interest	-	-	-	-
<i>Total revenues</i>	<u>21,090,794</u>	<u>21,407,468</u>	<u>21,757,240</u>	<u>349,772</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	13,957,075	14,108,827	12,996,559	1,112,268
Support Services				
Students	1,905,686	2,117,218	2,002,038	115,180
Instruction	415,095	415,095	339,139	75,956
General Administration	317,549	485,198	437,890	47,308
School Administration	1,675,194	1,796,290	1,798,431	(2,141)
Central Services	1,859,733	1,369,463	975,028	394,435
Operation & Maintenance of Plant	2,656,038	2,810,953	2,510,067	300,886
Student Transportation	160,500	160,500	130,705	29,795
Other Support Services	73,924	73,924	1,865	72,059
Food Services Operations	-	-	-	-
Community Services	70,000	70,000	68,886	1,114
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>23,090,794</u>	<u>23,407,468</u>	<u>21,260,608</u>	<u>2,146,860</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(2,000,000)</u>	<u>(2,000,000)</u>	<u>496,632</u>	<u>2,496,632</u>
<i>Other financing sources (uses):</i>				
Designated cash	2,000,000	2,000,000	-	(2,000,000)
Operating transfers	-	-	-	-
Proceeds from bond issues	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>2,000,000</u>	<u>2,000,000</u>	<u>-</u>	<u>(2,000,000)</u>
<i>Net changes in fund balances</i>	<u>-</u>	<u>-</u>	<u>496,632</u>	<u>496,632</u>
<i>Fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>2,774,902</u>	<u>2,774,902</u>
<i>Fund balance restatement</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances - beginning of year - restated</i>			<u>2,774,902</u>	
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,271,534</u>	<u>\$ 3,271,534</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues			1,638	
Adjustments to expenditures			(6,566)	
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)</i>			<u>\$ 491,704</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOLS
TRANSPORTATION FUND (13000)
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDING JUNE 30, 2018

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<i>Revenues:</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	930,333	930,333	930,333	-
Federal grants	-	-	-	-
Miscellaneous	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	<u>930,333</u>	<u>930,333</u>	<u>930,333</u>	<u>-</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	-	-	-	-
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Student Transportation	930,333	930,333	930,333	-
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Community Services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>930,333</u>	<u>930,333</u>	<u>930,333</u>	<u>-</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses):</i>				
Designated cash	-	-	-	-
Operating transfers	-	-	-	-
Proceeds from bond issues	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net changes in fund balances</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>49,861</u>	<u>49,861</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 49,861</u>	<u>\$ 49,861</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues			-	
Adjustments to expenditures			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ -</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOLS
INSTRUCTIONAL MATERIALS FUND (14000)
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDING JUNE 30, 2018

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<i>Revenues:</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	84,553	91,563	91,564	1
Federal grants	-	-	-	-
Miscellaneous	-	-	395	395
Interest	-	-	-	-
<i>Total revenues</i>	<u>84,553</u>	<u>91,563</u>	<u>91,959</u>	<u>396</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	84,553	138,194	37,998	100,196
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Community Services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>84,553</u>	<u>138,194</u>	<u>37,998</u>	<u>100,196</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>(46,631)</u>	<u>53,961</u>	<u>100,592</u>
<i>Other financing sources (uses):</i>				
Designated cash	-	46,631	-	(46,631)
Operating transfers	-	-	-	-
Proceeds from bond issues	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>46,631</u>	<u>-</u>	<u>(46,631)</u>
<i>Net changes in fund balances</i>	<u>-</u>	<u>-</u>	<u>53,961</u>	<u>53,961</u>
<i>Fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>46,631</u>	<u>46,631</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 100,592</u>	<u>\$ 100,592</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues			-	
Adjustments to expenditures			-	
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)</i>			<u>\$ 53,961</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOLS
TITLE I - IASA SPECIAL REVENUE FUND (24101)
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDING JUNE 30, 2018

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<i>Revenues:</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	-	-	-	-
Federal grants	311,880	329,628	251,593	(78,035)
Miscellaneous	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	<u>311,880</u>	<u>329,628</u>	<u>251,593</u>	<u>(78,035)</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	269,272	274,699	282,948	(8,249)
Support Services				
Students	-	-	-	-
Instruction	931	931	856	75
General Administration	-	24,201	-	24,201
School Administration	41,677	29,797	27,331	2,466
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Community Services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>311,880</u>	<u>329,628</u>	<u>311,135</u>	<u>18,493</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>(59,542)</u>	<u>(59,542)</u>
<i>Other financing sources (uses):</i>				
Designated cash	-	-	-	-
Operating transfers	-	-	-	-
Proceeds from bond issues	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net changes in fund balances</i>	<u>-</u>	<u>-</u>	<u>(59,542)</u>	<u>(59,542)</u>
<i>Fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(52,091)</u>	<u>(52,091)</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (111,633)</u>	<u>\$ (111,633)</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues			59,542	
Adjustments to expenditures			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ -</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOLS
 ENTITLEMENT IDEA-B SPECIAL REVENUE FUND (24106)
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL
 FOR THE YEAR ENDING JUNE 30, 2018

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<i>Revenues:</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	-	-	-	-
Federal grants	718,754	867,732	469,473	(398,259)
Miscellaneous	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	<u>718,754</u>	<u>867,732</u>	<u>469,473</u>	<u>(398,259)</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	347,000	390,679	393,968	(3,289)
Support Services				
Students	10,000	38,519	26,341	12,178
Instruction	-	-	-	-
General Administration	28,463	28,463	28,016	447
School Administration	196,000	244,763	155,589	89,174
Central Services	52,192	55,027	39,764	15,263
Operation & Maintenance of Plant	-	-	-	-
Student Transportation	85,099	110,281	104,980	5,301
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Community Services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>718,754</u>	<u>867,732</u>	<u>748,658</u>	<u>119,074</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>(279,185)</u>	<u>(279,185)</u>
<i>Other financing sources (uses):</i>				
Designated cash	-	-	-	-
Operating transfers	-	-	-	-
Proceeds from bond issues	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net changes in fund balances</i>	<u>-</u>	<u>-</u>	<u>(279,185)</u>	<u>(279,185)</u>
<i>Fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(183,665)</u>	<u>(183,665)</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (462,850)</u>	<u>\$ (462,850)</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues			275,970	
Adjustments to expenditures			3,215	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ -</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOLS
AGENCY FUNDS
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
JUNE 30, 2018

Exhibit D-1

	<u>Agency Funds</u>
ASSETS	
<i>Current Assets</i>	
Cash	<u>\$ 313,226</u>
<i>Total assets</i>	<u><u>313,226</u></u>
 LIABILITIES	
<i>Current Liabilities</i>	
Deposits held in trust for others	<u>313,226</u>
<i>Total liabilities</i>	<u><u>\$ 313,226</u></u>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1. Summary of Significant Accounting Policies

Aztec Municipal Public Schools (the “District”) is a special purpose government corporation governed by an elected five-member Board of Education. The Board of Education is the basic level of government, which has oversight responsibility and control over all activities related to public elementary and secondary school education within its jurisdiction. The District receives funding from local, state and federal government sources and must comply with the requirements of these funding source entities.

This summary of significant accounting policies of the District is presented to assist in the understanding of the District’s financial statements. The financial statements and notes are the representation of Aztec Municipal Public School’s management that is responsible for the financial statements. The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting financial reporting principles.

During the year ended June 30, 2018, the District adopted GASB Statements No. 72, *Fair Value Measurement and Application*, No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, No. 79, *Certain External Investment Pools and Pool Participants*, and a portion of No 73, *Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. GASB Statements Nos. 72, 76, and 79, as well as the implemented portion of Statement No. 73, are required to be implemented for the fiscal year ending June 30, 2018.

GASB Statement No. 72 addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The requirements of this Statement will enhance comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and accepted valuation techniques. This Statement also will enhance fair value application guidance and related disclosures in order to provide information to financial statement users about the impact of fair value measurements on a government’s financial position.

GASB Statement No. 73 establishes accounting and financial reporting standards for defined benefit pensions and defined contribution pensions that are not provided to employees of state and local government employers and are not within the scope of Statement 68. A portion of this pronouncement is effective for June 30, 2018 year end and a portion is effective for June 30, 2018 year end. Effective for June 30, 2018 are the amendments for Statement No.s 67 and 68 and assets accumulated for pensions not administered as trusts. The amendments of this pronouncement clarifies application of certain provisions of GASB 67 and 68 with regards to the following issues: (1) Information that is required to be presented as notes to the 10-year schedules of RSI about investment-related factors that significantly affect trends in reported amounts; (2) Accounting and financial reporting for separately financed specific liabilities of individual employers and nonemployer contributing entities for defined benefit pensions; and (3) Timing of employer recognition of revenue for the support of nonemployer contributing entities not in a special funding situation.

In addition, effective for June 30, 2018 year ends, the requirements of this Statement extend the approach to accounting and financial reporting established in Statement 68 to all pensions, with modifications as necessary to reflect that, for accounting and financial reporting purposes, any assets accumulated for pensions that are provided through pension plans that are not administered through trusts that meet the criteria specified in Statement 68 should not be considered pension plan assets. It also requires that information similar to that required by Statement 68 be included in notes to financial statements and required supplementary information by all similarly situated employers and nonemployer contributing entities.

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1. Summary of Significant Accounting Policies - (Continued)

The objective of GASB Statement No. 77 is to provide financial statement users with essential information about the nature and magnitude of the reduction in tax revenues through tax abatement programs in order to better assess (a) whether current year revenues were sufficient to pay for current year services, (b) compliance with financial-related legal or contractual requirements, (c) where a government's financial resources come from and how it uses them and (d) financial position and economic condition and how they have changed over time. The pronouncement is effective as of June 30, 2018. The District is a recipient of property tax revenues assessed, calculated and collected by San Juan County. The County is responsible and makes the determination of all individual tax abatements, if any; therefore, the District's current and future revenues that may be affected by any such abatement agreements entered by the County. The District has made sufficient attempts to obtain abatement information required by GASB 77 entered by the County. As of June 30, 2018, the District is not aware of tax abatement entered by the County which would have a financial effect on the property tax revenue received and due the District.

GASB Statement No. 79 addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. An external investment pool qualifies for that reporting if it meets all of the applicable criteria established in this Statement. The specific criteria address (1) how the external investment pool transacts with participants; (2) requirements for portfolio maturity, quality, diversification, and liquidity; and (3) calculation and requirements of a shadow price. Significant noncompliance prevents the external investment pool for measuring all of its investments at amortized cost for financial reporting purposes. Professional judgement is required to determine if instances of noncompliance with the criteria established by this Statement during the reporting period, individually or in the aggregate, were significant. This Statement will enhance comparability of financial statements among governments by establishing specific criteria used to determine whether a qualifying external investment pool may elect to use an amortized cost exception to fair value measurement. Those criteria will provide for qualifying external investment pools and participants in those pools with consistent application of an amortized cost-based measurement for financial reporting purposes. That measurement approximates fair value and mirrors the operations of external investment pools that transact with participants at a stable net asset value per share.

GASB Statement No. 82 objective is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information; (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and; (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements

A. *Financial Reporting Entity*

In evaluating how to define the District, for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB Statements No. 14 and No. 39. Blended component unites, although legally separate entities, are in substance part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1. Summary of Significant Accounting Policies - (Continued)

The basis, but not the only criterion for including a potential component unit within the reporting entity, is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criteria used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Finally, the nature and significance of a potential component unit to the primary government could warrant its inclusion within the reporting entity.

The District's Board of Education approved Mosaic Academy Charter School for operations in accordance with the criteria listed above. The charter school is deemed to be fiscally dependent upon the District and has been deemed to be a separate legal entity based on state statute and is presented as a discrete component unit.

B. Government-wide and fund financial statements

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

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

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

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

C. Measurement focus, basis of accounting, and financial statement presentation

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

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1. Summary of Significant Accounting Policies - (Continued)

C. Measurement focus, basis of accounting, and financial statement presentation (continued)

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

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

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

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

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

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

Ad valorem taxes (property taxes), and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met and the susceptible to accrual criteria have been met. All other revenue items are considered to be measurable and available only when cash is received by the government.

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

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 general fixed assets, and the servicing of general long-term debt. Governmental funds include:

The *General Fund* is the primary operating fund of the District, and accounts for all financial resources, except those required to be accounted for in other funds.

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

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1. Summary of Significant Accounting Policies - (Continued)

C. Measurement focus, basis of accounting, and financial statement presentation (continued)

The *Debt Service Funds* account for the services of general long-term debt not being financed by proprietary or nonexpendable trust funds.

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

Under the requirements of GASB #34, the District is required to present certain of its governmental funds as major funds based upon certain criteria. The major funds presented in the fund financial statements include the following (in addition to the General Fund), which may include funds that were not required to be presented as major but were at the discretion of management:

The *Transportation Fund* accounts for State Equalization – Transportation funds authorized by Section 22-8-26, NMSA, 1978 designated for the costs of transporting school-age children who are students within the District. This fund is considered by PED to be a sub-fund of the General Fund.

The *Instructional Materials Fund* accounts for Funding designated for instructional materials purchases as authorized by Sections 22-15-1 through 22-15-14, NMSA, 1978 for the purposes of purchasing instructional materials (books, manuals, periodicals, etc.) used in the education of students. This is considered by PED to be a sub-fund of the General Fund.

The *Title I Fund* is used to provide supplemental education opportunity for academically disadvantaged children. Authority for creation of this fund is Part A of Chapter I of Title I of Elementary and Secondary Education Act (ESEA) of 1965. As amended, Public Law 103-383.

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

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

The *Debt Service Fund* is used to account for the accumulation of resources for the payment of General Long-Term Debt principal and interest.

Additionally, the government reports the following fund types:

The fiduciary funds account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds. The fiduciary funds are for student activities.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1. Summary of Significant Accounting Policies - (Continued)

D. Assets, Liabilities and Net Position or Equity

Cash and Temporary Investments: The District's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. State statutes authorize the District to invest in Certificates of Deposit, obligations of the U.S. Government, and the State Treasurer's Investment Pool.

Restricted Assets: The Debt Service Fund is used to report resources set aside as restricted to make up potential future deficiencies in the revenue bond current debt service account.

Receivables and Payables: Interfund activity is reported as either loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental funds are netted as part of the reconciliation to the government-wide financial statements.

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

The District receives monthly income from a tax levy in San Juan County. The funds are collected by the County Treasurer and are remitted to the School District the following month. Under the modified accrual method of accounting, the amount remitted by the San Juan County Treasurer in July and August 2012 is considered 'measurable and available' and, accordingly, is recorded as revenue during the year ended June 30, 2018.

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

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

Inventory: The District accounts for its inventories under the consumption method, reporting inventories purchased as an asset. The recognition of the expenditures is deferred until the period in which the inventories are actually consumed. Inventory in the Cafeteria Fund consists of U.S.D.A. commodities and other purchased food and non-food supplies. The cost of purchased food is recorded as an expenditure at the time individual inventory items are consumed.

Capital Assets: Capital assets, which include property, plant, and equipment, are reported in the applicable governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Information Technology Equipment, including software, is being capitalized and included in furniture and equipment in accordance with NMAC 2.20.1.9 C (5). Capital expenditures made by the NM Public Schools Facilities Authority are appropriately included in the District's capital assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. The District expenses the cost of library books when purchased because their estimated useful life is less than one year.

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1. Summary of Significant Accounting Policies - (Continued)

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. No interest was included as part of the cost of capital assets under construction during the year ended June 30, 2018.

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

Land improvements	20-40 years
Buildings/building improvements	20-40 years
Furniture and equipment	3-20 years

Deferred Revenues: There are two types of deferred revenue. Under both the accrual and modified accrual basis of accounting, revenue may be recognized only when it is earned. If assets are recognized in connection with a transaction before the earnings process is complete, those assets must be offset by a corresponding liability for deferred revenue (commonly referred to as unearned revenue). The other type of deferred revenue is “unavailable revenue.” Under the modified accrual basis of accounting, it is not enough that revenue has been earned if it is to be recognized as revenue of the current period. It must also be susceptible to accrual (measurable and available to finance expenditures of the current fiscal period). If assets are recognized in connection with a transaction, but those assets are not yet available to finance expenditures of the current fiscal period, then the assets must be off-set by a corresponding liability for deferred revenue.

Compensated Absences: District employees earn various types of leave based on the category of employee and the length of service. All employees earn personal leave while 12 month employees earn additional vacation days.

The specific amount of personal leave earned each year is based on the length of the contract, and the accumulated balance of personal and sick leave.

Annually, unused personal leave is converted to sick leave and remains available to the employee. The accumulated balance on unused sick leave is paid to the employee upon ending employment with the District provided the employee has met the following eligibility criteria; ten years of service with the District and an accumulated sick leave balance of at least 75 days. Eligible employees will receive \$25 per day for each day up to 150 days and \$10 per day for every day of unused personal leave over 150 days up to 200 days.

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported in the district-wide statement of net position.

Long-term Obligations: In the government-wide fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. For bonds issued after the fiscal year ended June 30, 2004, bond premiums and discounts, as well as issuance costs, will be deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs will be reported as deferred charges and amortized over the term of the related debt.

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1. Summary of Significant Accounting Policies - (Continued)

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

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

Net Position or Fund Equity: Governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the

specific purposes for which amounts in those funds can be spent. The detail of the District's fund balances is presented in Note 16.

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

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

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

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

The District maintains a policy which requires it to maintain a minimum fund balance of \$1,200,000 to minimize any sudden and unplanned discontinuity to programs and operations and for unforeseen contingencies.

E. Revenues

Reclassifications: Certain amounts included in the financial statements have been reclassified to conform to the current year presentation.

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

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

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

estimates. Significant estimates affecting the District's financials include management's estimate of the useful lives of capital assets.

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

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1. Summary of Significant Accounting Policies - (Continued)

E. Revenues - (continued)

A school district's program costs are determined through the use of various formulas using 'program units' which take into consideration 1) early childhood education; 2) basic education; 3) special education; 4) bilingual-multicultural education; 5) size, etc. Payment is made from the public school fund under the authority of the Director of Public School Finance. The District received \$20,978,778 in state equalization guarantee distributions during the year ended June 30, 2018.

Tax Revenues: The District receives mill levy and ad-valorem tax revenues primarily for debt service and capital outlay purposes. Property taxes are assessed on January 1 of each year and are payable in two equal installments, on November 10th of the year in which the tax bill is prepared and April 10th of the following year with the levies becoming delinquent 30 days (one month) thereafter. In the government-wide financial statements, the District recognizes property tax revenues in the period for which they are levied, net of estimated refunds and uncollectible amounts. The District records only the portion of the taxes considered to be 'measurable' and 'available' in the government fund financial statements. Descriptions of the individual debt service and capital outlay funds contained in these financial statements include information regarding the authority for the collection and use of these taxes.

In the financial statements, the mill levy and ad-valorem taxes are broken out into two types: property taxes – residential and commercial and property taxes – oil and gas. Amounts collected from residential and commercial property taxes at June 30, 2018 were \$5,046,843. Amounts collected from oil and gas taxes were \$2,520,642.

Transportation Distribution: School districts in the State of New Mexico receive student transportation distributions. The transportation distribution is allocated to each school district in accordance with formulas developed by the State Transportation Director and the Director of Public School Finance. The funds shall be used only for the purpose of making payments to each school district for the to-and-from school transportation costs of students in grades K through twelve attending public school within the school district. The District received \$930,333 in transportation distributions during the year ended June 30, 2018.

Instructional Materials: The New Mexico Public Education Department (PED) receives federal material leasing funds from which it makes annual allocations to the various school districts for the purchase of educational materials. Of each allocation, fifty percent is restricted to the requisition of materials listed in the State Board of Education "State Adopted Instructional Material" list, while fifty percent of each allocation is available for purchases directly from vendors. Allocations received from the State for the year ended June 30, 2018 totaled \$91,564.

SB-9 State Match: The Director shall distribute to any school district that has imposed a tax under the Public School Capital Improvements Act (22-25-1 to 22-25-10 NMSA 1978) an amount from the public school capital improvements fund that is equal to the amount by which the revenue estimated to be received from the imposed tax as specified in Subsection B of Section 22-25-3 NMSA 1978, assuming a one hundred percent collection rate, is less than an amount calculated by multiplying the product obtained by the rate imposed in the District under the Public School Capital Improvements Act. The distribution shall be made by December 1, of each year that the tax is imposed in accordance with Section 22-25-3 NMSA 1978. Provided, however, in the event that sufficient funds are not available in the public school capital

improvement funds to make the state distribution provided for in this section, the dollar per program unit figure shall be reduced as necessary.

The District received \$52,576 in state SB-9 matching during the year ended June 30, 2018.

Public School Capital Outlay: Under the provisions of Chapter 22, Article 24, NMSA 1978. The money in the fund may be used only for capital expenditures deemed by the public school capital outlay council necessary for an adequate educational program per Section 22-24-4.

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1. Summary of Significant Accounting Policies - (Continued)

E. Revenues - (continued)

The council shall approve an application for grant assistance from the fund when the council determines that:

1. A critical need exists requiring action;
2. The residents of the school districts have provided all available resources to the district to meet its capital outlay requirements;
3. The school district has used its resources in a prudent manner;
4. The District is in a county or counties which have participated in the reappraisal program and the reappraised values are on the tax rolls, or will be used for the tax year 1979 as certified by the property tax division; and
5. The school district has provided insurance for buildings of the school district in accordance with the provisions of Section 13-5-3 NMSA 1978.

The council shall consider all applications for assistance from the fund and after public hearing shall either approve or deny the application. Applications for grant assistance shall only be accepted by the council after a district has complied with the provisions of this section. The council shall list all applications in order of priority and all allocations shall be made on a priority basis.(B); core administrative functions of the public school facilities authority and for project management expenses upon approval of the council per Section 22-24-4(G); and for the purpose of demolishing abandoned school district facilities, upon application by a school district to the council, per Section 22-24-4(L).

Money in the fund shall be disbursed by warrant of the Department of Finance and Administration on vouchers signed by the Secretary of Finance and Administration following certification by the council that the application has been approved.

During the year ended June 30, 2018, the District received no special capital outlay funds.

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

The District also receives reimbursement under the National School Lunch and Breakfast Programs for its food services operations, and the distributions of commodities through the New Mexico Human Services Department.

NOTE 2. Stewardship, Compliance and Accountability

Budgetary Information

Budgets for the General, Special Revenue, Capital Projects, and Debt Service Funds are prepared by management and are approved by the local Board of Education and the School Budget and Planning Unit of the Public Education Department. Auxiliary student activity accounts are not budgeted. Public School Capital Outlay Council expenditures in the Public School Capital Outlay fund are not budgeted at the District level, so there is no budgetary comparison presented.

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 2. Stewardship, Compliance and Accountability - (Continued)

Budgetary Information (Continued)

These budgets are prepared on the Non-GAAP cash basis, excluding encumbrances, and secure appropriation of funds for only one year. Carryover funds must be re-appropriated in the budget of the subsequent fiscal year. The budget process in the State of New Mexico requires that the ending cash balance be appropriated in the budget of the subsequent fiscal year.

Actual expenditures may not exceed the budget at the function level. Budgets may be amended in two ways. If a budget transfer is necessary within a major category called a 'series,' this may be accomplished with only local Board of Education approval. If a transfer between 'series' or a budget increase is required, approval must also be obtained from Public School Finance Division.

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

1. In April or May, the local school board submits to the District Budget Planning Unit (DBPU) of the New Mexico Public Education Department (100%) a proposed operating budget for the ensuing fiscal year commencing July 1. The operating budget includes proposed expenditures and the means of financing them. All budgets submitted to the State of New Mexico Public Education Department.
2. In May or June of each year, the proposed "operating" budget will be reviewed and approved by the DBPU and certified and approved by the local school board at a public hearing of which notice has been published by the local school board which fixes the estimated budget for the school district for the ensuing fiscal year.
3. The school board meeting, while not intended for the general public, is open for the general public unless a closed meeting has been called.
4. The "operating" budget will be used by the District until they have been notified that the budget has been approved by the DBPU and the local school board. The budget shall be integrated formally into the accounting system. Encumbrances shall be used as an element of control and shall be integrated into the budget system.
5. The District shall make corrections, revisions and amendments to the estimated budgets fixed by the local school board to recognize actual cash balances and carryover funds, if any. These adjustments shall be reviewed and approved by the DBPU.
6. The superintendent is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the school board and the State of New Mexico Public Education Department.
7. Budget change requests are processed in accordance with Supplement 1 (Budget Preparation and Maintenance) of the Manual of Procedures Public School Accounting and Budgeting. Such changes are initiated by the school district and approved by the DBPU.
8. Legal budget control for expenditures is by function.
9. 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 schedules included in the accompanying financial statements reflect the approved budget and amendments thereto.
10. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Funds.

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

The accompanying Statements of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual present comparisons of the legally adopted budget with actual data on a budgetary basis.

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 2. Stewardship, Compliance and Accountability

Budgetary Information (Continued)

Since accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with generally accepted accounting principles, a reconciliation of resultant basis, perspective, equity, and timing differences in the excess (deficiency) of revenues and other sources of financial resources for the year ended June 30, 2018, is presented on each funds' Statement of Revenue, Expenditures and Changes in Fund Balance – Budget (non-GAAP Budgetary Basis) and Actual.

NOTE 3. Cash and temporary Investments

Deposits

State statutes authorize the investment of District funds in a wide variety of instruments including certificates of deposit and other similar obligations, state investment pool, money market accounts, and United States Government obligations. All invested funds of the District properly followed State investment requirements as of June 30, 2018.

Deposits of funds may be made in interest or non-interest bearing checking accounts in one or more banks or savings and loan associations within the geographical boundaries of the District. Deposits may be made to the extent that they are insured by an agency of the United States or by collateralized as required by the statute. The rate of interest in non-demand interest-bearing accounts shall be set by the State Board of Finance, but in no case shall the rate of interest be less than one hundred percent of the asked price on United States treasury bills of the same maturity on the day of deposit.

Excess of funds may be temporarily invested in securities which are issued by the State or by the United States government, or by their departments or agencies, and which are either direct obligations of the State or the United States or are backed by the full faith and credit of those governments. The types of collateral allowed are limited to direct obligations of the United States Government and all bonds issued by any agency, district or political subdivision of the State of New Mexico.

According to the Federal Deposit Insurance Corporation, public unit deposits are funds owned by the public unit. Time deposits, savings deposits and interest bearing NOW accounts of a public unit in an institution in the same state will be insured up to \$250,000 in aggregate and separate from the \$250,000 coverage for public unit demand deposits at the same institution. Additionally, until December 31, 2018, all deposits in non-interest bearing transaction accounts (such as non-interest bearing checking accounts) at participating institutions are fully guaranteed, regardless of dollar amount.

NM State Statutes require collateral pledged for deposits in excess of the federal deposit insurance to be delivered, or a joint safekeeping receipt be issued, to the District for a least one half of the amount on deposit with the institution in excess of federal deposit insurance. The schedule listed below will meet the State of New Mexico, Office of the State Auditor's requirements in reporting the insured portion of the deposits.

	Wells Fargo	Citizen's Bank	Total
Total amounts of deposits	\$ 877,419	\$ 4,914,329	\$ 5,791,748
FDIC coverage	<u>(250,000)</u>	<u>(250,000)</u>	<u>(500,000)</u>
Total uninsured public funds	<u>\$ 627,419</u>	<u>\$ 4,664,329</u>	<u>\$ 5,291,748</u>
Collateral requirement (50% of uninsured public funds)	\$ 313,710	\$ 2,332,165	\$ 2,645,875
Pledged security	<u>377,022</u>	<u>9,028,800</u>	<u>9,405,822</u>
Total under (over) collateralized	<u>\$ (163,312)</u>	<u>\$ (6,696,635)</u>	<u>\$ (6,859,947)</u>

The types of collateral allowed are limited by the section 6-10-16, NMSA 1978.
Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk, other than following state statutes as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978). At June 30, 2018, \$5,291,748 of the District's bank balance of \$5,791,748 was exposed to custodial credit risk as the entirety of the District's balance was held in non-interest bearing accounts and as such was covered by the FDIC.

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 3. Cash and Temporary Investments - (Continued)

Investments Custodial Credit Risk – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District does not have an investment policy for custodial credit risk. New Mexico State Statutes require collateral pledged to be delivered for securities underlying an overnight repurchase agreement, or a joint safekeeping receipt be issued to the District for at least one hundred two percent of the fair value of the securities underlying overnight repurchase accounts invested with the institution. At June 30, 2018, The District’s investment balances were expected to custodial credit risk as follows:

	Citizens Bank
Total amounts of deposits	\$ 13,068,137
FDIC coverage	(250,000)
Total uninsured public funds	<u>12,818,137</u>
Collateral requirement (102% of uninsured public funds)	\$ 13,074,500
Pledged security	<u>13,068,222</u>
Total under (over) collateralized	<u>\$ 6,278</u>

<u>Investment Types</u>	<u>Maturities</u>	<u>Fair Value</u>	<u>Rating</u>
U.S. Treasury MM Mutual Funds	>365 days	\$ 13,068,137	Aaa*

*Based on Moody’s Rating

Interest Rate Risk – Investments. The District does not have a formal policy limiting investment maturities that would help manage its exposure to fair value losses from increasing interest rates.

Custodial credit risk - Investments. For an investment, concentration credit risk is when any one issuer is 5% or more of the investment portfolio of the District. The investments in US Treasury Money Market Mutual Funds represent 100% of the District’s investment portfolio. Since the District only purchases investments with the highest credit rating, the additional concentration is not viewed to be an additional risk by the District. The District’s policy related to concentration credit risk is to comply with the state statute as put forth in the Public Money Act (Section 6-10 to 6-10-63, NMSA 1978).

NOTE 4. Receivables

Receivables as of June 30, 2018 are as follows:

	<u>Operational</u>	<u>Title I</u>	<u>Entitlement IDEA-B</u>	<u>Capital Improvement SB-9</u>
Property taxes	\$ 16,306	\$ —	\$ —	\$ 79,240
Intergovernmental grants	—	111,633	462,850	—
Other	19,832	—	—	23,416
Totals by fund	<u>\$ 36,138</u>	<u>\$ 111,633</u>	<u>\$ 462,850</u>	<u>\$ 102,656</u>

	<u>Debt Service</u>	<u>Other Governmental</u>	<u>Total</u>
Property taxes	\$ 427,717	\$ —	\$ 523,263
Intergovernmental grants	—	333,626	908,109
Other	122,059	—	165,307
Totals by fund	<u>\$ 549,776</u>	<u>\$ 333,626</u>	<u>\$ 1,596,679</u>

The above receivables are deemed 100% collectible. In accordance with GASB No. 33, property tax receivables are presented net of deferred revenues in the governmental balance sheet. The District recorded deferred revenue for property taxes in the amount of \$398,615.

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 5. Interfund Receivables, Payables, and Transfers

“Interfund balances” have primarily been recorded when funds overdraw their share of pooled cash when the District is waiting for grant reimbursements. Interfund balances due to overdrawn cash balances by fund are equal to the amounts of funds with negative cash listed in Note 3. Balances in excess of the amounts in Note 3 are due to prior year interfund loans remaining unpaid. The composition of interfund balances at June 30, 2018 is as follows:

	Interfund Receivables	Interfund Payables
Major Funds:		
General	\$ 867,906	\$ —
Title I - IASA	—	111,837
Entitlement IDEA-B	—	462,850
Nonmajor Funds:		
Nonmajor Funds	—	293,420
Total Governmental Activities	\$ 867,906	\$ 867,906

All interfund balances are expected to be repaid within one year.

NOTE 6. Capital Assets

A summary of capital assets and changes occurring during the year ended June 30, 2018 follows. Land is not subject to depreciation.

	Balance June 30, 2017	Additions	Deletions	Adjustments	Balance June 30, 2018
Capital Assets used in Governmental Activities:					
Capital assets not being depreciated:					
Land	\$ 6,105,691	\$ —	\$ —	\$ —	\$ 6,105,691
Construction in progress	53,213	—	—	(53,213)	—
Land improvements	468,759	—	—	—	468,756
Buildings and building improvements	103,094,764	739,681	(7,237)	53,213	103,880,421
Furniture, fixtures & equipment	13,239,264	39,690	(277,132)	—	13,001,822
Total assets being depreciated	116,802,784	779,371	(284,369)	53,213	117,350,999
Total assets	\$ 122,961,688	\$ 779,371	\$ (284,369)	\$ —	\$ 123,456,690
Less Accumulated Depreciation:					
Land improvements	133,833	19,793	—	—	153,626
Buildings / building improvements	51,423,114	2,334,289	(7,237)	—	53,750,166
Furniture, fixtures & equipment	7,705,151	996,255	(273,193)	—	8,428,213
Total accumulated depreciation	\$ 59,262,098	\$ 3,350,337	\$ (280,430)	\$ —	\$ 62,332,005
Net Capital Assets	\$ 63,699,590	\$ (2,570,966)	\$ (3,939)	\$ —	\$ 61,124,685

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 6. Capital Assets (continued)

Depreciation expense for the year ended June 30, 2018 was charged to governmental activities as follows:

Instruction	\$ 2,559,916
Support Services: Instruction	124,153
Support Services: Administration	76,090
Central Services	6,462
Operations & Maintenance of Plant	303,033
Transportation	59,849
Capital Outlay	<u>220,834</u>
 Total	 <u>\$ 3,350,337</u>

NOTE 7. Long-term Debt

During the year ended June 30, 2018 the following changes occurred in the liabilities reported in the government-wide statement of net position:

	<u>Balance</u> <u>June 30, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Adjustments</u>	<u>Balance</u> <u>June 30, 2018</u>	<u>Due within</u> <u>One Year</u>
General Obligation Bonds \$	36,700,000	\$ —	\$ 4,450,000	—	\$ 32,250,000	\$ 4,750,000
Compensated Absences	<u>262,449</u>	<u>100,742</u>	<u>69,073</u>	<u>—</u>	<u>294,118</u>	<u>49,020</u>
Total	<u>\$ 36,962,449</u>	<u>\$ 100,742</u>	<u>\$ 4,519,073</u>	<u>\$ —</u>	<u>\$ 32,544,118</u>	<u>\$ 4,799,020</u>

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

General Obligations Bonds

The District's general obligation bonds were issued for the purposes of creating, remodeling, making additions to and furnishing school buildings, and purchasing and improving school grounds and are payable solely from general property taxes that are levied against all taxable property in the District. The bonds are payable out of the Debt Service Fund (Fund 41000). Interest payments are due semi-annually dependent on maturity dates. Interest rates on the bonds range from 3.00 % to 5.69%. Principal payments in varying amounts are due annually through August 2027.

The annual requirements to amortize the General Obligation Bonds as of June 30, 2018, including interest payments are as follows:

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt</u> <u>Service</u>
2019	\$ 4,750,000	\$ 763,974	\$ 5,513,974
2020	5,150,000	602,974	5,752,974
2021	4,950,000	443,974	5,393,974
2022	3,000,000	346,474	3,346,474
2023	3,000,000	306,474	3,306,474
2024-2028	10,400,000	1,004,133	11,404,133
2029-2033	<u>1,000,000</u>	<u>15,000</u>	<u>1,015,000</u>
Totals	<u>\$ 32,250,000</u>	<u>\$ 3,483,003</u>	<u>\$ 35,733,003</u>

Compensated Absences – Administrative employees of the District are able to accrue a limited amount of vacation and other compensatory time during the year. During fiscal year June 30, 2018, compensated absences increased \$31,669 over the prior year accrual. See Note 1 for more details.

Operating Leases – The District leases office equipment, including copy machines and postage meter machines, under short-term cancelable operating leases.

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 9. Deferred Revenue

In accordance with the terms of the various grant agreements within the Special Revenue Funds, revenues received in excess of expenditures carry over to the subsequent years, unless such excess revenues are requested to be returned to the grantor.

NOTE 10. Risk Management

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

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

In case the NMPSIA's assets are not sufficient to meet its liability claims, the agreement provides that subscribers, including the District, cannot be assessed additional premiums to cover the shortfall. As of June 30, 2018, there have been no claims that have exceeded insurance coverage.

NOTE 11. Other Required Individual Fund Disclosures

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

A. Deficit fund balance of individual funds. The following funds reported a deficit fund balance at June 30, 2018:

Dual Credit Instr. Materials	\$ 1,263
Youth Conservation Corp.	<u>1,738</u>
Total	<u>\$ 3,001</u>

B. Excess of expenditures over appropriations. The following funds exceeded approved budgetary authority for the year ended June 30, 2018.

Title I - Instruction	\$ 8,249
IDEA-B - Instruction	3,289
Title II – Support Services	3,703
Indian Education – Support Services	3,078
Indian Education – Student Transportation	435
After School Enrichment – Instruction	13,440
IDEA-B Preschool – Support Services	3,155
Carl D. Perkins – Support Services	640
PreK Initiative – Support Services	3,019
Capital Improvement SB-9 – Support Services	1,288
Debt Service – Support Services	<u>11,675</u>
Total	<u>\$ 51,971</u>

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 12. Pension Plan – Educational Retirement Board

Plan Description. Substantially all of Aztec Municipal School District's full-time employees participate in a public employee retirement system authorized under the Educational Retirement Act (Chapter 22, Article 11, NMSA 1978.) The Educational Retirement Board (ERB) is the administrator of the plan, which is a cost-sharing multiple-employer defined benefit retirement plan. The plan provides for retirement benefits, disability benefits, survivor benefits and cost-of-living adjustments to plan members (certified teachers, and other employees of State public school districts, colleges and universities, and some state agency employees) and beneficiaries. ERB issues a separate, publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to ERB, P.O. Box 26129, Santa Fe, NM 87502. The report is also available on ERB's website at www.nmerb.org.

Membership in the Plan is a condition of employment. Employees of public schools, universities, regional cooperatives, special schools and state agencies providing educational programs, who are employed at more than 25% of a full-time equivalency, are required to be members of the Plan. There were 146,089 active, retired and inactive members in fiscal year 2017; there were 146,089 active, retired and inactive members in fiscal year 2016.

Benefits provided. The Plan provides for retirement benefits, disability benefits, survivor benefits and cost-of-living adjustments to plan members (certified teachers, and other employees of State public school districts, colleges and universities) and beneficiaries. Benefits are based on three components: the member's final average salary (FAS), the number of years of service credit, and a 2.35% factor. The gross annual benefit is determined by multiplying the three components together. The FAS is the average of the member's salaries for the previous 20 quarters of service prior to retirement or the highest average annual earnings for any 20 consecutive calendar quarters.

For members employed before July 1, 2010, a member is eligible to retire when one of the following events occurs: the member's age and earned service credit add up to the sum of 75 or more; the member is at least sixty-five years of age and has five or more years of earned service credit; or the member has service credit totaling 25 years or more. Chapter 288, Laws of 2009 changed the eligibility requirements for new members first employed on or after July 1, 2010. The eligibility for a member who either becomes a new member on or after July 1, 2010, or at any time prior to that date refunded all member contributions and then became, or becomes, reemployed after that date is as follows: the member's age and earned service credit add up to the sum of 80 or more; the member is at least sixty-seven years of age and has five or more years of earned service credit; or the member has service credit totaling 30 years or more.

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

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

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 12. Pension Plan – Educational Retirement Board – (Continued)

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

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

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

Option B – If the member elects Option B, the monthly benefit is reduced to provide for a 100% survivor's benefit. The reduced benefit is payable during the life of the member and upon the retiree's death, the same benefit is paid to the beneficiary for his or her lifetime. The named beneficiary may not be changed after the effective date of retirement since the amount of the option is calculated using both the age of the member and the beneficiary. If the beneficiary predeceases the member, the member's benefit will be adjusted by returning to Option A benefit amount. The IRS prohibits the selection of Option B for a non-spouse beneficiary more than 10 years younger than the member.

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

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

Contributions. The contribution requirements of defined benefit plan members and the District are established in state statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. For the fiscal year ended June 30, 2018 employers contributed 13.15% of employees' gross annual salary to the Plan. Employees earning \$20,000 or less contributed 7.90% and employees earning more than \$20,000 contributed 10.70% of their gross annual salary. For fiscal year ended June 30, 2017 employers contributed 13.90%, and employees earning \$20,000 or less continued to contribute 7.90% and employees earning more than \$20,000 contributed an increased amount of 10.70% of their gross annual salary. Contributions to the pension plan from the District for the year ended June 30, 2018 and 2017 were \$2,068,485 and \$2,050,211.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: The total ERB pension liability, net pension liability, and sensitivity information were based on an annual actuarial valuation performed as of June 30, 2017. The total ERB pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2017, using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date June 30, 2017. At June 30, 2018, the District reported a liability of \$58,068,983 for its proportionate share of the net pension liability. The District's proportion of the net pension liability is based on the employer contributing entity's percentage of total employer contributions for the fiscal year ended June 30, 2016. At June 30, 2017, the District's proportion was .52251 percent, which was an increase of .00607% from its proportion measured as of June 30, 2016.

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 12. Pension Plan – Educational Retirement Board – (Continued)

For the year ended June 30, 2018, the District recognized pension expense of \$8,997,502. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between expected and actual experience	\$ 104,239	\$ 894,607
Changes of assumptions	16,951,477	—
Net difference between projected and actual Earnings on pension plan investments	—	7,966
Changes in proportion and differences between the District’s contributions and proportionate Share of contributions	445,628	367,396
District’s contributions subsequent to the measurement date	—	—
Total	<u>\$ 17,501,344</u>	<u>\$ 1,269,969</u>

\$17,501,344 reported as deferred outflows of resources related to pensions resulting from the District contributions subsequent to the measurement date June 30, 2018 will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year Ending June 30,</u>	
2018	\$ 4,617,030
2019	5,422,215
2020	3,509,965
2021	(438,319)
2022	—

Actuarial assumptions. As described above, the total ERB pension liability and net pension liability are based on an actuarial valuation performed as of June 30, 2016. The total ERB pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2016 using generally accepted actuarial principles. The liabilities reflect the impact of Senate Bill 115, signed into law March 29, 2013, and new assumptions adopted by the Board of Trustees on June 12, 2015 in conjunction with the six-year experience study period ended June 30, 2014. Specifically, the liabilities measured as of June 30, 2016 incorporate the following assumptions:

1. All members with an annual salary of more than \$20,000 will contribute 10.7% during the fiscal year ending June 30, 2015 and 10.7% thereafter.
2. Members hired after June 30, 2013 will have an actuarially reduced retirement benefit if they retire before age 55 and their COLA will be deferred until age 67.
3. COLAs for most retirees are reduced until ERB attains a 100% funded status.
4. These assumptions were adopted by ERB on June 14, 2016 in conjunction with the six-year experience study period ending June 30, 2016.

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 12. Pension Plan – Educational Retirement Board – (Continued)

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

Actuarial Cost Method	Normal
Entry Age	Level Percentage of Payroll
Amortization Method	Amortized – closed 30 years from June 30, 2012 to June 30, 2042
Remaining Period	5 year smoothed market for funding valuation (fair value for financial valuation)
Asset Valuation Method	3.00%
valuation)	Composition: 3% inflation, plus 0.75% productivity increase rate, plus step-rate promotional increases for less than 10 years of service
Inflation	7.25%
Salary Increases	5.90%
Investment Rate of Return	Experience based table of age and service rates.
Single Discount Rate	Healthy Male RP-2000 Combined Mortality Table with White Collar Adjustment, generational mortality improvements with scale BB
Retirement Age	Healthy Females GRS Southwest Region Teacher Mortality Table, set back one year, generational mortality improvements in accordance with scale BB from table's base year of 2012
Mortality	

The long-term expected rate of return on pension plan investments is determined annually using a building-block approach that includes the following: 1) rate of return projections are the sum of current yield plus projected changes in price (valuation, defaults, etc.), 2) application of key economic projections (inflation, real growth, dividends, etc.), and 3) structural themes (supply and demand imbalances, capital flows, etc.). These items are developed for each major asset class. The following schedule shows the asset allocation policy adopted on August 26, 2016 as well as the prior allocation targets:

<u>Asset Class</u>	2017 Long-term Expected <u>Real Rate of Return</u>	2016 Long-term Expected <u>Real Rate of Return</u>
Cash	1.00%	1.00%
Opportunistic Credit	18.0%	20.0%
Core Bonds	6.00%	2.00%
Emerging Market Debt	2.00%	0.75%
Large Cap Equities	16.0%	18.0%
Small/Mid Cap	3.00%	2.00%
International Equities (Developed)	5.00%	5.00%
International Equities (Emerging Markets)	9.00%	10.00%
Real Estate/REITS	7.00%	7.00%
Private Equity	13.0%	11.0%
Real Assets	8.00%	8.00%
Global Asset Allocation	4.00%	5.00%
Risk Parity	3.00%	5.00%
Other	5.00%	0.00%

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 12. Pension Plan – Educational Retirement Board – (Continued)

Discount rate: A single discount rate of 5.90% was used to measure the total ERB pension liability as of June 30, 2017. This discount rate was based on the expected rate of return on pension plan investments of 7.25% and municipal bond rate of 3.56%. Based on the stated assumptions and the projection of cash flows, the Plan’s fiduciary net position and future contributions were sufficient to finance the benefit payments through the year 2053. As a result, the long term expected rate of return on pension plan investments was applied to projected benefit payments through the 2053 fiscal year, and the municipal bond rate was applied to all benefit payments after that date.

The following table 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-percentage-point lower (4.90 percent) or 1-percentage-point higher (8.75 percent) than the current rate.

Fiscal Year <u>Ending June 30,</u>	1% Decrease <u>(4.90%)</u>	Current Discount <u>Rate (5.90%)</u>	1% Increase <u>(6.90%)</u>
District’s proportionate share of the net pension liability	\$ 75,591,375	\$ 58,068,983	\$ 43,745,853

Component Unit, Mosaic Academy Charter School – Pension Plan – Educational Retirement Board

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: The total ERB pension liability, net pension liability, and sensitivity information were based on an annual actuarial valuation performed as of June 30, 2017. The total ERB pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2017, using generally accepted actuarial principles. Therefore, the employer’s portion was established as of the measurement date June 30, 2017. At June 30, 2018, the School reported a liability of \$3,009,527 for its proportionate share of the net pension liability. The School’s proportion of the net pension liability is based on the employer contributing entity’s percentage of total employer contributions for the fiscal year ended June 30, 2017. At June 30, 2016, the School’s proportion was .02708 percent, which was an decrease of .00315% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the School recognized pension expense of \$442,017. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 12. Pension Plan – Educational Retirement Board – (Continued)

Component Unit, Mosaic Academy Charter School – Pension Plan – Educational Retirement Board

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between expected and actual experience	\$ 5,402	\$ 46,365
Changes of assumptions	878,540	—
Net difference between projected and actual Earnings on pension plan investments	—	413
Changes in proportion and differences between the School’s contributions and proportionate Share of contributions	34,513	152,269
School’s contributions subsequent to the measurement date	—	—
Total	<u>\$ 918,455</u>	<u>\$ 199,047</u>

\$918,455 reported as deferred outflows of resources related to pensions resulting from the District contributions subsequent to the measurement date June 30, 2018 will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year Ending June 30,</u>	
2018	\$ 282,160
2019	294,983
2020	167,047
2021	(24,781)
2022	—

The following table presents the School’s proportionate share of the net pension liability calculated using the discount rate of 5.90 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-percentage-point lower (4.90 percent) or 1-percentage-point higher (6.90 percent) than the current rate.

<u>Fiscal Year Ending June 30,</u>	<u>1% Decrease (4.90%)</u>	<u>Current Discount Rate (5.90%)</u>	<u>1% Increase (6.90%)</u>
School’s proportionate share of the net pension liability	\$ 3,917,656	\$ 3,009,527	\$ 2,267,206

NOTE 13. Post-Employment Benefits – State Retiree Health Care Plan

Plan description. Employees of the District are provided with OPEB through the Retiree Health Care Fund (the Fund) – a cost-sharing multiple-employer defined benefit OPEB plan administered by the New Mexico Retiree Health Care Authority (NMHRCA). NMHRCA was formed February 13, 1990, under the New Mexico Retiree Health Care Act (the Act) of New Mexico Statutes Annotated, as amended (NMSA 1978, to administer the Fund under Section 10-7CV-1-19 NMSA 1978. The Fund was created to provide comprehensive group health insurance coverage for individuals (and their spouses, dependents and surviving spouses) who have retired or will retire from public service in New Mexico.

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 13. Post-Employment Benefits – State Retiree Health Care Plan (continued)

NMHRCA is an independent agency of the State of New Mexico. The funds administered by NMHRCA are considered part of the State of New Mexico financial reporting entity and are OPEB trust funds of the State of New Mexico. NMHRCA’s financial information is included with the financial presentation of the State of New Mexico.

Benefits provided. The fund is a multiple employer cost sharing defined benefit healthcare plan that provides eligible retirees (including terminated employees who have accumulated benefits but are not yet receiving them), their spouses, dependents and surviving spouses and dependents with health insurance and prescription drug benefits consisting of a plan, or optional plans of benefits, that can be contributions to the Fund and by co-payments or out-of-pocket payments of eligible retirees.

Employees covered by benefit terms – At June 30, 2018, the Fund’s measurement date, the following employees were covered by the benefit terms:

Plans membership	
Current retirees and surviving spouses	51,208
Inactive and eligible for deferred benefit	11,478
Current active members	<u>97,379</u>
	<u>160,035</u>
Active membership	
State general	19,593
State police and corrections	1,886
Municipal general	21,004
Municipal police	3,820
Municipal FTRE	2,290
Educational Retirement Board	<u>48,756</u>
	<u>97,349</u>

Contributions – Employer and employee contributions to the Fund total 3% for non-enhanced retirement plans and 3.75% of enhanced retirement plans of each participating employee’s salary as required by Section 10-7C-15 NMSA 1978. The contributions are established by statute and are not based on an actuarial calculation. All employer and employee contributions are non-refundable under any circumstance, including termination of the employer’s participation in the Fund. Contributions to the Fund from the District were \$296,948 for the year ended June 30, 2018.

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

At June 30, 2018, the District reported a liability of \$15,673,244 for its production share of net OPEB liability. The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The District’s proportion of the net OPEB liability was based on actual contributions provided to the Fund for the year ending June 20, 2017. At June 30, 2017, the District’s proportion was 0.34586 percent.

For the year ended June 30, 2018, the District recognized OPEB expense of \$623,118. At June 30, 2018 the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 13. Post-Employment Benefits – State Retiree Health Care Plan (continued)

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between expected and actual experience	\$ —	\$ 601,456
Changes of assumptions	—	2,740,267
Net difference between projected and actual Earnings on pension plan investments	—	225,470
Changes in proportion and differences between the County's contributions and proportionate Share of contributions	—	—
County's contributions subsequent to the measurement date	<u>284,601</u>	<u>—</u>
Total	<u>\$ 284,601</u>	<u>\$ 3,567,193</u>

Deferred outflows of resources totaling \$284,601 represent District contributions to the Fund made subsequent to the measurement date and will be recognized as a reduction of net OPEB liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

<u>Fiscal Year Ending June 30,</u>	
2019	\$ (758,410)
2020	(758,410)
2021	(758,410)
2022	(758,410)
2023	<u>(533,553)</u>
Total	\$ (3,567,193)

Actuarial assumptions. The total OPEB liability was determined by an actuarial valuation using the following actuarial assumptions.

Valuation Date	June 30, 2018
Actuarial cost method	Entry age normal, lever percent of pay, calculated on individual employee basis
Asset valuation method	Market value of assets
Actuarial assumptions:	
Inflation	2.50% for ERB, 2.25% for PERA
Projected payroll increases	3.50%
Investment rate of return	7.25% net of OPEB plan investment expense and margin for adverse deviation including inflation
Health care cost trend rate	8% graded down to 4.5% over 14 years for non-Medicare medical plan costs and 7.5% graded down to 4.5% over 12 for Medicare medical plan costs

Rate of Return. The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which the expected future real rates of return (net of investment fees and inflation) are developed for each major asset class. These returns are combined to produce the long-term expected rate of return by weighting the expected inflation and subtraction expected investment expenses and a risk margin. The target allocation and projected arithmetic real rated of return for each major asset class, after deduction inflation, but before investment expenses, used in the derivation of the long-term expected investment rate of return assumptions.

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 13. Post-Employment Benefits – State Retiree Health Care Plan (continued)

The best estimates for the long-term expected rate of return is summarized as follows:

Asset Class	Long-term Real Rate of Return
U.S. core fixed income	4.10%
U.S. equity – large cap	9.10%
Non U.S. emerging markets	12.2%
Non U.S. developed equities	9.80%
Private equity	13.8%
Credit and structured finance	7.30%
Real estate	6.90%
Absolute return	6.10%
U.S. equity – small/mid cap	9.10%

Discount Rate. The discount rate used to measure the Fund’s total OPEB liability is 3.81% as of June 30, 2018. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at rates proportional to the actuary determined contribution rates. For this purpose, employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plans members and their beneficiaries are not included. Based on those assumptions, the Fund’s fiduciary net position was projected to be available to make all projected future benefit payments for current plan members through the fiscal year ending June 30, 2028. Thus, the 7.25% discount rate was used to calculate the net OPEB liability through 2029. Beyond 2029, the index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher. Thus, 3.81% is the blended discount rate.

Sensitivity of the net OPEB liability to changes in the discount rate and healthcare cost trend rates. The following presents the net OPEB liability of the District, as well as what the District’s net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.81 percent) or 1-percentage-point higher (4.81 percent) than the current discount rate:

Fiscal Year Ending June 30,	1% Decrease (2.81%)	Current Discount Rate (3.81%)	1% Increase (4.81%)
District’s proportionate share of the net pension liability	\$ 19,011,401	\$ 15,673,244	\$ 13,054,160

The following presents the net OPEB liability of the District, as well as what the District’s net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

1% Decrease	Current Trend Rates	1% Increase
\$ 19,011,401	\$ 15,673,244	\$ 13,054,160

OPEB plan fiduciary net position. Detailed information about the OPEB plan’s fiduciary net position is available in NMRHCA’s audited financial statements for the year ended June 30, 2018.

Payable Changes in the Net OPEB Liability. At June 30, 2018, the District did not report a payable for outstanding contributions due to NMRHCA for the year ended June 30, 2018.

Component Unit, Mosaic Academy Charter School – State Retiree Health Care Plan

Contributions – Employer and employee contributions to the Fund total 3% for non-enhanced retirement plans and 3.75% of enhanced retirement plans of each participating employee’s salary as required by Section 10-7C-15 NMSA 1978. The contributions are established by statute and are not based on an actuarial calculation. All employer and employee contributions are non-refundable under any circumstance, including termination of the employer’s participation in the Fund. Contributions to the Fund from the School were \$32,358 for the year ended June 30, 2018.

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 13. Post-Employment Benefits – State Retiree Health Care Plan (continued)

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

At June 30, 2018, the School reported a liability of \$813,888 for its production share of net OPEB liability. The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The School's proportion of the net OPEB liability was based on actual contributions provided to the Fund for the year ending June 20, 2017. At June 30, 2017, the School's proportion was 0.01796 percent.

For the year ended June 30, 2018, the School recognized OPEB expense of \$16,026. At June 30, 2018 the School reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between expected and actual experience	\$ —	\$ 31,233
Changes of assumptions	—	142,298
Net difference between projected and actual Earnings on pension plan investments	—	11,708
Changes in proportion and differences between the County's contributions and proportionate Share of contributions	—	—
County's contributions subsequent to the measurement date	<u>16,026</u>	<u>—</u>
Total	<u>\$ 16,026</u>	<u>\$ 185,239</u>

Deferred outflows of resources totaling \$16,026 represent School contributions to the Fund made subsequent to the measurement date and will be recognized as a reduction of net OPEB liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

Fiscal Year	
<u>Ending June 30,</u>	
2019	\$ (39,383)
2020	(39,383)
2021	(39,383)
2022	(39,383)
2023	<u>(27,707)</u>
Total	\$ (185,239)

Sensitivity of the net OPEB liability to changes in the discount rate and healthcare cost trend rates. The following presents the net OPEB liability of the School, as well as what the School's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.81 percent) or 1-percentage-point higher (4.81 percent) than the current discount rate:

Fiscal Year	1% Decrease		Current Discount		1% Increase
<u>Ending June 30,</u>	<u>(2.81%)</u>		<u>Rate (3.81%)</u>		<u>(4.81%)</u>
School's proportionate share of the net pension liability	\$ 987,234	\$	813,888	\$	677,883

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 13. Post-Employment Benefits – State Retiree Health Care Plan (continued)

The following presents the net OPEB liability of the School, as well as what the School’s net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

1% Decrease	Current Trend Rates	1% Increase
\$ 987,234	\$ 813,888	\$ 677,883

OPEB plan fiduciary net position. Detailed information about the OPEB plan’s fiduciary net position is available in NMRHCA’s audited financial statements for the year ended June 30, 2018.

Payable Changes in the Net OPEB Liability. At June 30, 2018, the School did not report a payable for outstanding contributions due to NMRHCA for the year ended June 30, 2018.

NOTE 14. Contingent Liabilities

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

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

NOTE 15. Subsequent Accounting Standard Pronouncements

In November 2016, GASB Statement No. 83 *Certain Asset Retirement Obligations*, was issued. Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2018. Earlier application is encouraged. The District is still evaluating how this pronouncement will affect the financial statements.

In June 2017, GASB Statement No. 87 *Leases*, was issued. Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2019. Earlier application is encouraged. The District is still evaluating how this pronouncement will affect the financial statements.

In April 2018, GASB Statement No. 88 *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, was issued. Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2018. Earlier application is encouraged. The District is still evaluating how this pronouncement will affect the financial statements.

In June 2018, GASB Statement No. 89 *Accounting for Interest Cost Incurred before the End of a Construction Period*, was issued. Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2019. Earlier application is encouraged. The District is still evaluating how this pronouncement will affect the financial statements.

In August 2018, GASB Statement No. 90 *Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61*, was issued. Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2018. Earlier application is encouraged. The District is still evaluating how this pronouncement will affect the financial statements.

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 16. Restatement of Net Position

Beginning balances required adjustment related to the Retiree Health Care Plan which were recorded as a result of GASB 75 implementation. As a result, adjustments totaling \$18,617,322 relating to the District and \$966,769 relating to the charter school, were required to restate prior year beginning net position for the Government-wide financial statements.

NOTE 17. Governmental Fund Balance

Fund Balance: In the fund financial statements, governmental funds are reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Some governments may not have policies or procedures that are comparable to those policies that underlie the classifications and therefore would not report amounts in all possible fund balance classifications.

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

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

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

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

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

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

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

Aztec Municipal Schools					
	General Fund				
	Operational	Transportation	Instructional Materials	Title I IASA	Entitlement IDEA-B
<i>Fund balance:</i>	11000	13000	14000	24101	24106
Nonspendable	-	-	-	-	-
Restricted:					
Instruction	1,200,000	49,861	100,592	-	-
Special Revenue	-	-	-	-	-
Capital Projects	-	-	-	-	-
Debt Service	-	-	-	-	-
Committed	1,100,000	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	270,393	-	-	-	-
<i>Total fund balance</i>	<u>2,570,393</u>	<u>49,861</u>	<u>100,592</u>	<u>-</u>	<u>-</u>
		Capital			
	Bond Building	Improvements SB-9	Debt Service	Other Governmental Funds	Total Primary Government
<i>Fund balance:</i>	31100	31700	41000		
Nonspendable	-	-	-	36,232	36,232
Restricted					
Instruction	-	-	-	-	1,350,453
Special Revenue	-	-	-	702,663	702,663
Capital Projects	3,837,819	4,094,083	-	-	7,931,902
Debt Service	-	-	6,940,154	-	6,940,154
Committed	-	-	-	-	1,100,000
Assigned	-	-	-	-	-
Unassigned	-	-	-	634,095	904,488
<i>Total fund balance</i>	<u>3,837,819</u>	<u>4,094,083</u>	<u>6,940,154</u>	<u>1,372,990</u>	<u>\$ 18,965,892</u>
Mosaic Academy Charter School - Component Unit					
	General Fund			Capital Improvements	
	Operational	Instructional Materials	Special Revenue Funds	SB-9	Total
<i>Fund Balance:</i>	11000	14000		31700	
Nonspendable	-	-	-	-	-
Restricted					
Student Instruction	-	25,049	-	-	25,049
Capital Projects	-	-	-	186,610	186,610
Committed	206,808	-	-	-	206,808
Assigned	-	-	-	-	-
Unassigned	156,885	-	-	-	156,885
<i>Total fund balance</i>	<u>363,693</u>	<u>25,049</u>	<u>-</u>	<u>186,610</u>	<u>575,352</u>

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 17. Component Unit, Mosaic Academy Charter School

Mosaic Academy Charter School (MACS) is a dependent charter school formed under NMSA 22-8A and as such is presented here as a discrete component unit of Aztec Municipal School District. MACS is presented as a component unit since its operating budget and charter are annually presented and approved by the District's board. The New Mexico State Auditor has determined that charter schools are major component units of their respective Districts. Refer to Notes 1 through 13 for significant policies of MACS, as the charter school is subject to the same State and Federal regulations and follows the same policies as the District. The following are summarized details of the charter school's balances and transactions as of June 30, 2018 and for the year then ended:

A. Revenues

State Equalization Guarantee: MACS received \$1,318,052 in state equalization guarantee distributions during the year ended June 30, 2018.

Instructional Materials: Allocations received by MACS from the State for the year ended June 30, 2018 totaled \$5,697.

B. Cash and Temporary Investment

Deposits:

NM State Statutes require collateral pledged for deposits in excess of the federal deposit insurance to be delivered, or a joint safekeeping receipt be issued, to the Schools for a least one half of the amount on deposit with the institution. The schedule listed below will meet the State of New Mexico, Office of the State Auditor's requirements in reporting the insured portion of the deposits.

	Citizens Bank
Total amounts of deposits	\$ 483,867
FDIC coverage	<u>(450,000)</u>
Total uninsured public funds	<u>33,867</u>
Collateral requirement (50% of uninsured public funds)	\$ 16,934
Pledged security	<u>571,706</u>
Total under (over) collateralized	<u><u>\$ (554,772)</u></u>

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the Mosaic Academy School's deposits may not be returned to it. The School does not have a deposit policy for custodial credit risk, other than following state statutes as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978). State law limits deposits of public monies to certain banks or credit unions. In addition, the depository must pledge eligible collateral to the extent of 50% of the balance of uninsured funds. At June 30, 2018, \$33,867 of the Charter's bank balance of \$483,867 was exposed to custodial credit risk.

Reconciliation of Cash and Temporary Investments

The carrying amount of deposits and investments shown above are included in the District's statement of net position as follows:

Reconciliation to Statement of Net Position

Governmental Funds – Balance Sheet	
Cash and cash equivalents per Exhibit A-1	\$ 554,950
Statement of Fiduciary Net Position – cash per Statement E-13	<u>22,567</u>
Total per financial statements	577,517
Add outstanding checks and other reconciling items	<u>(93,650)</u>
Bank balance of deposits	<u><u>\$ 483,867</u></u>

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 17. Component Unit, Mosaic Academy Charter School – (Continued)

C. Receivables

MACS had receivables of \$47,828 in the (\$20,204) IDEA-B Entitlement, (\$2,772) Teacher/Principal Training and (\$24,852) Public School Capital Outlay funds. The receivable was due to reimbursements outstanding.

D. Capital Assets

A summary of capital assets and changes occurring during the year ended June 30, 2018 follows:

	Balance June 30, 2017	Additions	Deletions	Balance June 30, 2018
Capital Assets used in Governmental Activities:				
Buildings and improvements	297,466	—	—	297,466
Furniture, fixtures & equipment	65,561	—	—	65,561
Total assets	<u>\$ 363,027</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 363,027</u>
Less Accumulated Depreciation:				
Buildings and improvements	136,840	8,925	—	145,765
Furniture, fixtures & equipment	52,624	8,061	—	60,435
Total accumulated depreciation	<u>\$ 189,464</u>	<u>\$ 16,986</u>	<u>\$ —</u>	<u>\$ 206,200</u>
Net Capital Assets	<u>\$ 173,563</u>	<u>\$ (16,986)</u>	<u>\$ —</u>	<u>\$ 156,827</u>

Depreciation expense for the year ended June 30, 2018 was:

Instruction	\$ 2,718
Operations and Maintenance	14,268
Total	<u>\$ 16,986</u>

E. Other Required Individual Fund Disclosures

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

1. There were no deficit fund balance of individual funds at June 30, 2018.
2. Excess of expenditures over appropriations at June 30, 2018, no funds exceeded budgetary authority.

G. Post-Employment Benefits

The School's contributions to Retiree Healthcare for the year ended June 30, 2018 was \$16,026.

REQUIRED SUPPLEMENTARY INFORMATION

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOLS
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
Educational Retirement Board (ERB) Plan
Last 10 Fiscal Years*
JUNE 30, 2018

	District			
	2018	2017	2016	2015
Proportion of the net pension liability	0.52251%	0.51644%	0.52870%	0.51840%
Proportionate share of the net pension liability	58,068,983	37,165,261	34,242,716	29,577,358
Covered-employee payroll	14,749,822	15,478,052	15,025,705	14,285,439
Proportionate share of the net pension liability (asset) as a percentage of it's covered-employee payroll	394%	240%	228%	207%
Plan fiduciary net position as a percentage of the total pension liability	52.95%	63.97%	63.97%	66.54%

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

SCHEDULE OF DISTRICT'S CONTRIBUTIONS
Educational Retirement Board (ERB) Plan

	Last 10 Fiscal Years**			
	2018	2017	2016	2015
Contractually required contribution	8,997,502	2,068,485	2,050,211	2,088,885
Contributions in relation to the contractually required contribution	8,997,502	2,068,485	2,050,211	2,088,885
Contribution deficiency (excess)	-	-	-	-
County's covered-employee payroll	14,749,822	15,478,052	15,025,705	14,285,439
Contributions as a percentage of covered-employee payroll	61.00%	13.36%	13.64%	14.62%

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

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

Changes of Assumptions. ERB conducts an actuarial experience study for the Plan on a biennial basis. Based on the six-year actuarial experience study presented to the Board of Trustees on June 12, 2015, ERB implemented the following changes in assumption for fiscal years 2016. 1) valuation assumptions that changed based on this study: a) Lower wage inflation from 3.75% to 3.00%, b) Investment return will change from 7.75% to 7.25%, c) Minor changes to demographic assumptions, d) Discount rate changed to 5.90% with lower and hier sensitivity rates established at 4.90% and 6.90%, e) members hired after 6/30/2013 will have reduced retirement benefit if they retire before age 55 and their COLA deferred until age 67, f) COLAs for most retirees reduced until NMERB attains 100% funded status, g) assumed full COLA paid in future years, h) rate of return on pension plan investments to be determined annually.

2) Assumptions that were not changed: a) Inflation will remain at 3.00%

See also the Note IV (B) Actuarial Assumptions of the financial statement disclosure on the Pension Plan

Charter

2018	2017	2016	2015
0.02708%	0.03023%	0.02922%	0.02894%
3,009,527	2,175,482	1,892,657	1,651,229
821,356	789,063	830,698	797,569
366%	276%	228%	207%
52.95%	63.97%	63.97%	66.54%
442,017	107,137	119,992	115,467
442,017	107,137	119,992	115,467
-	-	-	-
821,356	789,063	830,698	797,569
53.82%	13.58%	14.44%	14.48%

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOL DISTRICT
SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
OF RHCA
Retiree Health Care (RHCA) Plan
Last 10 Fiscal Years*
JUNE 30, 2018

	District	Charter
	2018	2018
Proportion of the net pension liability	0.345860%	0.14935%
Proportionate share of the net pension liability	15,673,244	813,888
Covered-employee payroll	14,749,822	821,356
Proportionate share of the net pension liability (asset) as a percentage of it's covered-employee payroll	106%	99%
Plan fiduciary net position as a percentage of the total pension liability	11.34%	63.97%

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

SCHEDULE OF DISTRICT'S CONTRIBUTIONS
Retiree Health Care (RHCA) Plan

Last 10 Fiscal Years**

Contractually required contribution	296,948	15,421
Contributions in relation to the contractually required contribution	623,118	32,358
Contribution deficiency (excess)	(326,170)	(16,937)
County's covered-employee payroll	14,749,822	821,356
Contributions as a percentage of covered-employee payroll	2.01%	1.88%

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

Changes of benefit terms. In the June 30, 2017 actuarial valuation, there was a change of benefit terms as 2017 was the initial valuation.

Changes of Assumptions. In the June 30, 2017 actuarial valuation, the expectation of life after disability was adjusted to more closely reflect actual experience. Additional changes of assumptions may occur after the initial 2017 valuation.

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

Food Services (21000) - This fund is utilized to account for Federal and Local sources of income relating to the food service programs. The Food Service Fund is segregated into two categories, one being the Federal funds and the other being Non-Federal funds. Federal funds consist of National School Lunch Program, which is administered by the State of New Mexico for the purpose of making breakfast and lunch available to all school children and to encourage the domestic consumption of agricultural commodities and other food components. Authority for the creation of this fund is NMSA 22-13-13.

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

New Mexico Autism Project (24108) – The purpose of this fund is to support the implementation of the NMAP’s researched based model to improve outcomes for students with Autism Spectrum Disorders (ASD). Authority for creation of this fund is New Mexico State Autism Spectrum Disorder Project.

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

IDEA-B Risk Pool (24120) – Funding for students with disabilities who are parentally placed in private elementary and secondary schools (“equitable participation services”) located in the school district.

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

Teacher II Teacher Quality (24154) – To improve the skills of teachers and the quality of instruction in mathematics and science, and also to increase the accessibility of such instruction to all students.

Carl D. Perkins Career and Technical Education Act (24174) – To improve accessibility of vocational education to all students.

Teacher / Principal Training / Recruiting (24183) – To provide grants to State Education Agencies (SEAs) on a formula basis to increase student academic achievement through strategies such as improving teacher and principle quality and increasing the number of highly qualified teachers in the classroom and highly qualified principles and assistant principals in schools. Authorization is granted through the Elementary and Secondary Education Act of 1965, as amended, Title II, Part A, Public Law 107-110.

Johnson O’Malley (25131) – To provide funding for supplemental programs in special education and the other needs of eligible Native American Indian children. Funding is provided by the Johnson-O’Malley Act of 1934 as amended, Public Law 930638.

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

BP Educational Grants (26150) - To account for funds received from British Petroleum supporting educations programs/activities. Authority for creation of this fund is NMPED.

Conoco Phillips Education Grant (26200) - To account for funds received from Conoco Phillips supporting educations programs/activities. Authority for creation of this fund is NMPED.

Dual Credit Instructional Materials/HB2 (27103) –To account for House Bill2, 2009 which makes an appropriation for Dual Credit Instructional materials. The dual credit instructional materials must be for a course approved by Higher Education department and through a college-university for which the District has an approved agreement.

2010 GO Bond Public School Acquisition (27106) – This award allows schools to acquire library books, equipment and library resources for public school library resources for public school libraries statewide. The funding was made available through Senate Bill 1. Laws of 2010, 2nd Special Session B3.

2012 GO Bonds – Student Library Fund (SB66) (27107) – Funds used to purchase library books and library supplies for all school sites. Program is authorized by state statute.

Instructional Materials Adoption Support (27113) – To account for financials activity associated with contract between the NMPED supporting the annual review of instructional material submitted to the NMPED for acceptance in use for public schools in New Mexico.

NM Reads Lead K-3 Reading Initiative (27114) – Provides an aligned approach for districts and schools to ensure that children read by the end of the third grade – giving them essential skills for future career and college success. It also provides regional and district reading coaches, support for intervention and professional development for parents, teachers, reading coaches and administrators.

Pre-K (27149) – To account and provide Pre-K literacy for early childhood programs at the District.

Indian Education Act (27150) - To increase academic achievement and provide culturally relevant learning experiences for American Indian students, to establish collaborative partnerships that engage active participation of American Indian parents, students, tribes, community based organizations, universities, private sector and/or other entities who work with American Indian Students; to establish a parent community advisory committee to participate in the development of an Indigenous curriculum framework and the profile Indigenous best practices.

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

Afterschool and Summer Enrichment Programs (27168) –Funds to public school districts to implement afterschool and enrichment programs.

2013 School Bus (27178) –Funds to public school districts to replace public school buses. Authority for the creation of the fund is Senate Bill 60, Severance Tax Bond Projects 2013.

STEM Teacher Initiative (27181) - The purpose of this fund is to provide a \$5,000 stipend per year to 15 highly effective STEM teachers to teach science, technology engineering or mathematics (grades 7-12) for two year to selve in hard to staff schools.

College Counselor Initiative (27189) – The fund establishes a cohort of high school advisors whose role is dedicated to college and career readiness.

Teachers Hard to Staff (27195) –Funds to public school districts to incentivize teacher in rural areas. Authority for the creation of the fund is the New Mexico Public Education Department.

Youth Conservation Corp NMEMNR (28133) - The Youth Conservation Corps (YCC) is administratively attached to the Energy, Minerals and Natural Resources Department. YCC was created in 1992 to provide a process to employ the youth in public projects. Participants learn employment skills, work ethics, as well as self-discipline and self-esteem.

Medicaid Support - HSD (28144) – To assist schools in offering key health and health-related services that are designed to integrate and maintain active learning for Medicaid-eligible children with disabilities and special health care needs.

Private Dir. Grants (29102) –To provide additional classroom time at Gallup Central High for seniors to meet graduation requirements. Funding authority is the New Mexico Public Education Department.

CAPITAL PROJECTS FUNDS

Charter School Capital Project Funds

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

Public School Capital Outlay (31200) – To account for the 20 percent of the operational property tax revenues that have been set aside for capital outlay projects. Funding authority is the New Mexico Public Education Department.

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOLS
COMBINING BALANCE SHEET
NONMAJOR FUNDS
JUNE 30, 2018

	Food Services 21000	Athletics 22000	NM Autism Project 24108	Preschool IDEA-B 24109
ASSETS				
<i>Current Assets</i>				
Cash and temporary investments	\$ 674,894	\$ 21,957	\$ -	\$ -
Accounts receivable				
Taxes	-	-	-	-
Due from other governments	41,944	-	7,689	3,836
Interfund receivables	-	-	-	-
Inventory	36,232	-	-	-
<i>Total assets</i>	<u>753,070</u>	<u>21,957</u>	<u>7,689</u>	<u>3,836</u>
LIABILITIES AND FUND BALANCES				
<i>Current Liabilities:</i>				
Accounts payable	54,455	-	-	-
Accrued expenses	-	-	-	-
Accrued compensated absences	-	-	-	-
Interfund payables	-	-	7,689	3,836
<i>Total liabilities</i>	<u>54,455</u>	<u>-</u>	<u>7,689</u>	<u>3,836</u>
<i>Fund Balance:</i>				
Fund Balance:				
Nonspendable	36,232	-	-	-
Restricted	662,383	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	21,957	-	-
<i>Total fund balance</i>	<u>698,615</u>	<u>21,957</u>	<u>-</u>	<u>-</u>
<i>Total liabilities and fund balance</i>	<u>\$ 753,070</u>	<u>\$ 21,957</u>	<u>\$ 7,689</u>	<u>\$ 3,836</u>

The accompanying notes are an integral part of these financial statements.

IDEA-B "Risk Pool" 24120	IDEA-B Plan Results 24132	Teacher / Principal Training & Recruiting 24154	Carl Perkins Program 24174	Teacher/Principal Training/ Recruiting 24183	Johnson O'Malley 25131	Indian Ed Formula Grant 25184
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	1,895	21,265	1,275	-	11,857	24,986
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	1,895	21,265	1,275	-	11,857	24,986
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	1,895	21,265	1,275	-	11,857	24,986
-	1,895	21,265	1,275	-	11,857	24,986
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
\$ -	\$ 1,895	\$ 21,265	\$ 1,275	\$ -	\$ 11,857	\$ 24,986

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOLS
COMBINING BALANCE SHEET
NONMAJOR FUNDS
JUNE 30, 2018

	BP Educational 26150	Conoco Phillips 26200	Dual Credit Inst. Materials 27103	2010 GO Bonds - Public School Acquisition 27106	2012 GO Bonds - Student Library Fund (SB66) 27107
ASSETS					
<i>Current Assets</i>					
Cash and temporary investments	\$ 11,611	\$ 7,220	\$ -	\$ -	\$ -
Accounts receivable					
Taxes	-	-	-	-	-
Due from other governments	-	-	-	1,263	23,503
Interfund receivables	-	-	-	-	-
Inventory	-	-	-	-	-
<i>Total assets</i>	<u>11,611</u>	<u>7,220</u>	<u>-</u>	<u>1,263</u>	<u>23,503</u>
LIABILITIES AND FUND BALANCES					
<i>Current Liabilities:</i>					
Accounts payable	-	-	-	-	-
Accrued expenses	-	-	-	-	-
Accrued compensated absences	-	-	-	-	-
Interfund payables	-	-	1,263	-	23,503
<i>Total liabilities</i>	<u>-</u>	<u>-</u>	<u>1,263</u>	<u>-</u>	<u>23,503</u>
<i>Fund Balance:</i>					
Fund Balance:					
Nonspendable	-	-	-	-	-
Restricted	11,611	7,220	-	-	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	(1,263)	1,263	-
<i>Total fund balance</i>	<u>11,611</u>	<u>7,220</u>	<u>(1,263)</u>	<u>1,263</u>	<u>-</u>
<i>Total liabilities and fund balance</i>	<u>\$ 11,611</u>	<u>\$ 7,220</u>	<u>\$ -</u>	<u>\$ 1,263</u>	<u>\$ 23,503</u>

The accompanying notes are an integral part of these financial statements.

Instructional Material Adoption to Support 27113	NM Reads Lead K-3 Reading Initiative 27114	Pre-K Program 27149	Indian Education Act 27150	Breakfast for Elementary Students 27155	Afterschool and Enrichment Program 27168	2013 School Buses 27178
\$ 21,449	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	121,985	37,185	22,584	-	12,359	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>21,449</u>	<u>121,985</u>	<u>37,185</u>	<u>22,584</u>	<u>-</u>	<u>12,359</u>	<u>-</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	121,985	37,185	22,584	-	12,359	-
-	121,985	37,185	22,584	-	12,359	-
-	-	-	-	-	-	-
21,449	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>21,449</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 21,449</u>	<u>\$ 121,985</u>	<u>\$ 37,185</u>	<u>\$ 22,584</u>	<u>\$ -</u>	<u>\$ 12,359</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOLS
COMBINING BALANCE SHEET
NONMAJOR FUNDS
JUNE 30, 2018

	STEM Teacher Initiative 27181	College Counselor Initiative 27183	College Counselor Initiative 27189	Teachers Hard to Staff Stipends 27195
ASSETS				
<i>Current Assets</i>				
Cash and temporary investments	\$ -	\$ -	\$ -	\$ -
Accounts receivable				
Taxes	-	-	-	-
Due from other governments	-	-	-	-
Interfund receivables	-	-	-	-
Inventory	-	-	-	-
	-	-	-	-
<i>Total assets</i>	-	-	-	-
LIABILITIES AND FUND BALANCES				
<i>Current Liabilities:</i>				
Accounts payable	-	-	-	-
Accrued expenses	-	-	-	-
Accrued compensated absences	-	-	-	-
Interfund payables	-	-	-	-
	-	-	-	-
<i>Total liabilities</i>	-	-	-	-
<i>Fund Balance:</i>				
Fund Balance:				
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
	-	-	-	-
<i>Total fund balance</i>	-	-	-	-
<i>Total liabilities and fund balance</i>	\$ -	\$ -	\$ -	\$ -

The accompanying notes are an integral part of these financial statements.

Youth Conservation Corp 28133	Medicaid Support HSD 28144	Private Dir. Grants 29102	Total Special Revenue Funds
\$ -	\$ 595,025	\$ 18,851	\$ 1,351,007
-	-	-	-
-	-	-	333,626
-	-	-	-
-	-	-	36,232
<u>-</u>	<u>595,025</u>	<u>18,851</u>	<u>1,720,865</u>
-	-	-	54,455
-	-	-	-
-	-	-	-
1,738	-	-	293,420
<u>1,738</u>	<u>-</u>	<u>-</u>	<u>347,875</u>
-	-	-	36,232
-	-	-	702,663
-	-	-	-
-	-	-	-
(1,738)	595,025	18,851	634,095
<u>(1,738)</u>	<u>595,025</u>	<u>18,851</u>	<u>1,372,990</u>
<u>\$ -</u>	<u>\$ 595,025</u>	<u>\$ 18,851</u>	<u>\$ 1,720,865</u>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDING JUNE 30, 2018

	Food Services 21000	Athletics 22000	Preschool IDEA-B 24108	NM Autism Project 24109
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
State grants	-	-	-	-
Federal grants	1,300,389	-	7,689	12,133
Charges for services	245,251	102,342	-	-
Miscellaneous	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	<u>1,545,640</u>	<u>102,342</u>	<u>7,689</u>	<u>12,133</u>
<i>Expenditures:</i>				
Current:				
Instruction	-	127,714	4,994	8,000
Support Services				
Students	-	-	2,695	3,697
Instruction	-	-	-	-
General Administration	51,299	-	-	362
School Administration	-	-	-	74
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Food Services Operations	1,408,034	-	-	-
Community Service	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>1,459,333</u>	<u>127,714</u>	<u>7,689</u>	<u>12,133</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>86,307</u>	<u>(25,372)</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Proceeds from bond issues	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net changes in fund balances</i>	<u>86,307</u>	<u>(25,372)</u>	<u>-</u>	<u>-</u>
<i>Fund balances - beginning of year</i>	612,308	47,329	-	-
<i>Fund balances - end of year</i>	<u>\$ 698,615</u>	<u>\$ 21,957</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

IDEA-B "Risk Pool" 24120	IDEA-B Plan Results 24132	Teacher / Principal Training & Recruiting 24154	Carl Perkins Program 24174	Teacher/Principal Training/ Recruiting 24183	Johnson O'Malley 25131	Indian Ed Formula Grant 25184
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	28,371	69,027	16,016	-	27,659	80,697
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	28,371	69,027	16,016	-	27,659	80,697
-	21,722	-	16,016	-	-	47,297
-	-	-	-	-	26,611	24,140
-	-	66,385	-	-	-	-
-	-	2,643	-	-	1,048	3,074
-	-	-	-	-	-	6,186
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	6,649	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	28,371	69,028	16,016	-	27,659	80,697
-	-	(1)	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	(1)	-	-	-	-
-	-	1	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDING JUNE 30, 2018

	BP Educational 26150	Conoco Phillips 26200	Dual Credit Inst. Materials 27103	2010 GO Bonds - Public School Acquisition 27106	2012 GO Bonds - Student Library Fund (SB66) 27107
<i>Revenues:</i>					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
State grants	-	-	7,037	1,263	23,503
Federal grants	-	-	-	-	-
Charges for services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Interest	-	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>7,037</u>	<u>1,263</u>	<u>23,503</u>
<i>Expenditures:</i>					
Current:					
Instruction	27,114	24,042	8,300	-	-
Support Services					
Students	-	-	-	-	-
Instruction	-	-	-	-	23,503
General Administration	-	-	-	-	-
School Administration	2,454	-	-	-	-
Central Services	-	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-	-
Student Transportation	-	-	-	-	-
Other Support Services	-	-	-	-	-
Food Services Operations	-	-	-	-	-
Community Service	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
<i>Total expenditures</i>	<u>29,568</u>	<u>24,042</u>	<u>8,300</u>	<u>-</u>	<u>23,503</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(29,568)</u>	<u>(24,042)</u>	<u>(1,263)</u>	<u>1,263</u>	<u>-</u>
<i>Other financing sources (uses):</i>					
Operating transfers	-	-	-	-	-
Proceeds from bond issues	-	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net changes in fund balances</i>	<u>(29,568)</u>	<u>(24,042)</u>	<u>(1,263)</u>	<u>1,263</u>	<u>-</u>
<i>Fund balances - beginning of year</i>	41,179	31,262	-	-	-
<i>Fund balances - end of year</i>	<u>\$ 11,611</u>	<u>\$ 7,220</u>	<u>\$ (1,263)</u>	<u>\$ 1,263</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

Instructional Material Adoption to Support 27113	NM Reads to Lead K-3 Reading Initiative 27114	Pre-K Program 27149	Indian Education Act 27150	Breakfast for Elementary Students 27155	Afterschool and Enrichment Program 27168	2013 School Buses 27178
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
219,117	197,098	-	32,901	8,642	50,000	-
-	-	37,185	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>219,117</u>	<u>197,098</u>	<u>37,185</u>	<u>32,901</u>	<u>8,642</u>	<u>50,000</u>	<u>-</u>
-	138,144	37,071	20,461	-	50,000	-
-	-	-	9,248	-	-	-
-	58,954	-	-	-	-	-
14,490	-	-	1,253	-	-	-
-	-	114	-	-	-	-
202,586	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	1,939	-	-	-
-	-	-	-	-	-	-
-	-	-	-	8,120	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>217,076</u>	<u>197,098</u>	<u>37,185</u>	<u>32,901</u>	<u>8,120</u>	<u>50,000</u>	<u>-</u>
<u>2,041</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>522</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>2,041</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>522</u>	<u>-</u>	<u>-</u>
19,408	-	-	-	(522)	-	-
<u>\$ 21,449</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDING JUNE 30, 2018

	STEM Teacher Initiative 27181	College Counselor Initiative 27183	College Counselor Initiative 27189	Teachers Hard to Staff Stipends 27195	Youth Conservation Corp 28133
<i>Revenues:</i>					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
State grants	-	-	6,113	-	29,294
Federal grants	-	-	-	-	-
Charges for services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Interest	-	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>6,113</u>	<u>-</u>	<u>29,294</u>
<i>Expenditures:</i>					
Current:					
Instruction	-	-	-	-	31,084
Support Services					
Students	-	-	-	-	-
Instruction	-	-	-	-	-
General Administration	-	-	-	-	-
School Administration	-	-	-	-	-
Central Services	-	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-	-
Student Transportation	-	-	-	-	-
Other Support Services	-	-	-	-	-
Food Services Operations	-	-	-	-	-
Community Service	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>31,084</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>6,113</u>	<u>-</u>	<u>(1,790)</u>
<i>Other financing sources (uses):</i>					
Operating transfers	-	-	-	-	-
Proceeds from bond issues	-	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net changes in fund balances</i>	<u>-</u>	<u>-</u>	<u>6,113</u>	<u>-</u>	<u>(1,790)</u>
<i>Fund balances - beginning of year</i>	-	-	(6,113)	-	52
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,738)</u>

The accompanying notes are an integral part of these financial statements.

Medicaid Support HSD 28144	Private Dir. Grants 29102	Total Special Revenue Funds
\$ -	\$ -	\$ -
456,932	-	1,031,900
-	-	1,579,166
-	30,000	377,593
-	-	-
-	-	-
<u>456,932</u>	<u>30,000</u>	<u>2,988,659</u>
55,126	-	617,085
240,719	-	307,110
-	-	148,842
-	-	74,169
31,244	-	40,072
187	-	202,773
3,349	-	3,349
-	-	1,939
-	-	-
-	-	1,416,154
-	11,149	17,798
-	-	-
-	-	-
<u>330,625</u>	<u>11,149</u>	<u>2,829,291</u>
<u>126,307</u>	<u>18,851</u>	<u>159,368</u>
-	-	-
-	-	-
-	-	-
<u>126,307</u>	<u>18,851</u>	<u>159,368</u>
468,718	-	1,213,622
<u>\$ 595,025</u>	<u>\$ 18,851</u>	<u>\$ 1,372,990</u>

The accompanying notes are an integral part of these financial statements.

COMPONENT UNIT

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOLS
MOSAIC ACADEMY CHARTER SCHOOL
COMBINING BALANCE SHEET
JUNE 30, 2018

	General Fund		IDEA-B Entitlement 24106	Teacher / Principal Training & Recruiting 24154
	Operational 11000	Instructional Materials 14000		
ASSETS				
<i>Current Assets</i>				
Cash and temporary investments	\$ 349,648	\$ 25,049	\$ -	\$ -
Accounts receivable				
Property taxes	-	-	-	-
Due from other governments	-	-	20,204	2,772
Interfund receivables	47,828	-	-	-
Other	-	-	-	-
Prepaid assets	-	-	-	-
<i>Total assets</i>	<u>397,476</u>	<u>25,049</u>	<u>20,204</u>	<u>2,772</u>
LIABILITIES AND FUND BALANCES				
<i>Current Liabilities:</i>				
Accounts payable	1,090	-	-	-
Accrued expenses	32,693	-	-	-
Interfund payables	-	-	20,204	2,772
Deferred revenue - other	-	-	-	-
Other liabilities				
<i>Total liabilities</i>	<u>33,783</u>	<u>-</u>	<u>20,204</u>	<u>2,772</u>
<i>Fund balances</i>				
Fund Balance:				
Nonspendable	-	-	-	-
Restricted	-	25,049	-	-
Committed	206,808	-	-	-
Assigned	-	-	-	-
Unassigned	156,885	-	-	-
<i>Total fund balance</i>	<u>363,693</u>	<u>25,049</u>	<u>-</u>	<u>-</u>
<i>Total liabilities and fund balance</i>	<u>\$ 397,476</u>	<u>\$ 25,049</u>	<u>\$ 20,204</u>	<u>\$ 2,772</u>

The accompanying notes are an integral part of these financial statements.

New Mexico Leads to Read 27114	Robot Systems for Math Competitions 27115	Public School Capital Outlay 31200	Capital Improvements SB-9 31700	Total
\$ -	\$ -	\$ -	\$ 180,253	\$ 554,950
-	-	-	4,654	4,654
-	-	24,852	-	47,828
-	-	-	-	47,828
-	-	-	1,703	1,703
-	-	-	-	-
-	-	24,852	186,610	656,963
-	-	-	-	1,090
-	-	-	-	32,693
-	-	24,852	-	47,828
-	-	-	-	-
-	-	24,852	-	81,611
-	-	-	-	-
-	-	-	186,610	211,659
-	-	-	-	206,808
-	-	-	-	-
-	-	-	-	156,885
-	-	-	186,610	575,352
\$ -	\$ -	\$ 24,852	\$ 186,610	\$ 656,963

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOLS
MOSAIC ACADEMY CHARTER SCHOOL
GOVERNMENTAL FUNDS

Statement E-1
(Page 2 of 2)

RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET ASSETS
JUNE 30, 2018

		Governmental Funds
Amounts reported for governmental activities in the statement of net position are different because:		
Fund balances - total governmental funds	\$	575,352
Capital Assets		156,577
Long-term liabilities, including bonds payable, are not due and payable in		
Net pension liability		(3,009,527)
Net OPEB liability		(813,888)
Deferred inflows - pension		(199,047)
Deferred inflows - OPEB		(185,239)
Deferred outflows - pension		918,455
Deferred outflows - OPEB		16,026
Net Position-total Governmental Activities	\$	(2,541,291)

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOLS - COMPONENT UNIT
MOSAIC ACADEMY CHARTER SCHOOL
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDING JUNE 30, 2018

	General Fund		IDEA-B Entitlement 24106	Teacher / Principal Training & Recruiting 24154
	Operational 11000	Instructional Materials 14000		
<i>Revenues:</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	1,318,052	5,697	-	-
Federal grants	-	-	52,083	2,772
Miscellaneous	-	-	-	-
Interest	2,052	-	-	-
<i>Total revenues</i>	<u>1,320,104</u>	<u>5,697</u>	<u>52,083</u>	<u>2,772</u>
<i>Expenditures:</i>				
Current:				
Instruction	830,368	7,165	52,083	2,772
Support Services				
Students	78,726	-	-	-
Instruction	9,251	-	-	-
General Administration	105,016	-	-	-
School Administration	120,233	-	-	-
Central Services	64,629	-	-	-
Operation & Maintenance of Plant	110,457	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Food Services Operations	3,780	-	-	-
Community Service	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>1,322,460</u>	<u>7,165</u>	<u>52,083</u>	<u>2,772</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(2,356)</u>	<u>(1,468)</u>	<u>-</u>	<u>-</u>
<i>Fund balances - beginning of year</i>	<u>366,049</u>	<u>26,517</u>	<u>-</u>	<u>-</u>
<i>Fund balances - end of year</i>	<u>\$ 363,693</u>	<u>\$ 25,049</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

New Mexico Leads to Read 27114	Robot Systems for Math Competitions 27115	Public School Capital Outlay 31200	Capital Improvements SB-9 31700	Total
\$ -	\$ -	\$ -	\$ 70,365	\$ 70,365
-	-	113,164	-	1,436,913
-	-	-	-	54,855
-	-	-	-	-
-	-	-	-	2,052
<u>-</u>	<u>-</u>	<u>113,164</u>	<u>70,365</u>	<u>1,564,185</u>
-	-	-	-	892,388
-	-	-	-	78,726
-	-	-	-	9,251
-	-	-	453	105,469
-	-	-	-	120,233
-	-	-	-	64,629
-	-	-	-	110,457
-	-	-	-	-
-	-	-	-	-
-	-	-	-	3,780
-	-	-	-	-
-	-	113,164	88,836	202,000
-	-	-	-	-
<u>-</u>	<u>-</u>	<u>113,164</u>	<u>89,289</u>	<u>1,586,933</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>(18,924)</u>	<u>(22,748)</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>205,534</u>	<u>598,100</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 186,610</u>	<u>\$ 575,352</u>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOLS - COMPONENT UNIT
MOSAIC ACADEMY CHARTER SCHOOL

Statement E-2
 (Page 2 of 2)

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDING JUNE 30, 2018**

	Governmental Funds
Amounts reported for governmental activities in the statement of activities are different because:	
Net change in fund balances - total governmental funds	\$ (22,748)
Change in pension expense	(334,841)
Change in OPEB expense	(16,332)
Capital additions	-
Depreciation	<u>(16,986)</u>
Change in Net Position-total Governmental Activities	<u>\$ (390,907)</u>

The accompanying notes are an integral part of these financial statements.

AZTEC MUNICIPAL SCHOOLS - COMPONENT UNIT

MOSAIC ACADEMY CHARTER SCHOOL

OPERATIONAL FUND (11000)

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDING JUNE 30, 2018

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<i>Revenues:</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	1,279,474	1,319,972	1,318,052	(1,920)
Federal grants	-	-	-	-
Miscellaneous	-	-	-	-
Interest	1,000	1,000	2,052	1,052
<i>Total revenues</i>	<u>1,280,474</u>	<u>1,320,972</u>	<u>1,320,104</u>	<u>(868)</u>
<i>Expenditures:</i>				
Current:				
Instruction	909,231	922,251	830,368	91,883
Support Services				
Students	86,809	111,827	79,884	31,943
Instruction	12,180	21,290	9,251	12,039
General Administration	94,921	118,487	105,016	13,471
School Administration	143,248	153,484	120,233	33,251
Central Services	70,302	97,086	64,629	32,457
Operation & Maintenance of Plant	235,624	260,527	113,063	147,464
Student Transportation	400	400	-	400
Other Support Services	-	-	-	-
Food Services Operations	5,000	5,000	3,780	1,220
Community Services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>1,557,715</u>	<u>1,690,352</u>	<u>1,326,224</u>	<u>364,128</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(277,241)</u>	<u>(369,380)</u>	<u>(6,120)</u>	<u>363,260</u>
<i>Other financing sources (uses):</i>				
Designated cash	277,241	369,380	-	(369,380)
Operating transfers	-	-	-	-
Proceeds from bond issues	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>277,241</u>	<u>369,380</u>	<u>-</u>	<u>(369,380)</u>
<i>Net changes in fund balances</i>	<u>-</u>	<u>-</u>	<u>(6,120)</u>	<u>(6,120)</u>
<i>Fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>403,596</u>	<u>403,596</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 397,476</u>	<u>\$ 397,476</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues			-	
Adjustments to expenditures			3,764	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ (2,356)</u>	

The accompanying notes are an integral part of these financial statements

AZTEC MUNICIPAL SCHOOLS - COMPONENT UNIT
MOSAIC ACADEMY CHARTER SCHOOL
INSTRUCTIONAL MATERIALS FUND (14000)
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDING JUNE 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
<i>Revenues:</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	5,094	5,094	5,697	603
Federal grants	-	-	-	-
Miscellaneous	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	<u>5,094</u>	<u>5,094</u>	<u>5,697</u>	<u>603</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	5,094	31,802	7,357	24,445
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Community Services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>5,094</u>	<u>31,802</u>	<u>7,357</u>	<u>24,445</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>(26,708)</u>	<u>(1,660)</u>	<u>25,048</u>
<i>Other financing sources (uses):</i>				
Designated cash	-	26,708	-	(26,708)
Operating transfers	-	-	-	-
Proceeds from bond issues	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>26,708</u>	<u>-</u>	<u>(26,708)</u>
<i>Net changes in fund balances</i>	<u>-</u>	<u>-</u>	<u>(1,660)</u>	<u>(1,660)</u>
<i>Fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>26,709</u>	<u>26,709</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,049</u>	<u>\$ 25,049</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues			-	
Adjustments to expenditures			192	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ (1,468)</u>	

The accompanying notes are an integral part of these financial statements

AZTEC MUNICIPAL SCHOOLS - COMPONENT UNIT
MOSAIC ACADEMY CHARTER SCHOOL
ENTITLEMENT IDEA-B (24106)
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDING JUNE 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
<i>Revenues:</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	-	-	-	-
Federal grants	52,192	52,192	31,879	(20,313)
Miscellaneous	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	<u>52,192</u>	<u>52,192</u>	<u>31,879</u>	<u>(20,313)</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	52,192	52,192	52,083	109
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Community Services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>52,192</u>	<u>52,192</u>	<u>52,083</u>	<u>109</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>(20,204)</u>	<u>(20,204)</u>
<i>Other financing sources (uses):</i>				
Designated cash	-	-	-	-
Operating transfers	-	-	-	-
Proceeds from bond issues	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net changes in fund balances</i>	<u>-</u>	<u>-</u>	<u>(20,204)</u>	<u>(20,204)</u>
<i>Fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (20,204)</u>	<u>\$ (20,204)</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues			20,204	
Adjustments to expenditures			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ -</u>	

The accompanying notes are an integral part of these financial statements

AZTEC MUNICIPAL SCHOOLS - COMPONENT UNIT

MOSAIC ACADEMY CHARTER SCHOOL

2012 GO BONDS - STUDENT LIBRARY FUND (SB66) SPECIAL REVENUE FUND (27107)

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDING JUNE 30, 2018

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<i>Revenues:</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	-	2,700	741	(1,959)
Federal grants	-	-	-	-
Miscellaneous	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>2,700</u>	<u>741</u>	<u>(1,959)</u>
<i>Expenditures:</i>				
Current:				
Instruction	-	-	-	-
Support Services				
Students	-	-	-	-
Instruction	-	2,700	-	2,700
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Community Services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>2,700</u>	<u>-</u>	<u>2,700</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>741</u>	<u>741</u>
<i>Other financing sources (uses):</i>				
Designated cash	-	-	-	-
Operating transfers	-	-	-	-
Proceeds from bond issues	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net changes in fund balances</i>	<u>-</u>	<u>-</u>	<u>741</u>	<u>741</u>
<i>Fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(741)</u>	<u>(741)</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues			(741)	
Adjustments to expenditures			-	
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)</i>			<u>\$ -</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

AZTEC MUNICIPAL SCHOOLS - COMPONENT UNIT
 MOSAIC ACADEMY CHARTER SCHOOL
 NEW MEXICO LEADS TO READ SPECIAL REVENUE FUND (27114)
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL
 FOR THE YEAR ENDING JUNE 30, 2018

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

The accompanying notes are an integral part of these financial statements

AZTEC MUNICIPAL SCHOOLS - COMPONENT UNIT
MOSAIC ACADEMY CHARTER SCHOOL
ROBOT SYSTEMS FOR MATH COMPETITIONS SPECIAL REVENUE FUND (27115)
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDING JUNE 30, 2018

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

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement E-9

AZTEC MUNICIPAL SCHOOLS - COMPONENT UNIT
MOSAIC ACADEMY CHARTER SCHOOL
PUBLIC CAPITAL OUTLAY CAPITAL PROJECTS FUND (31200)
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDING JUNE 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
<i>Revenues:</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	-	118,260	89,835	(28,425)
Federal grants	-	-	-	-
Miscellaneous	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>118,260</u>	<u>89,835</u>	<u>(28,425)</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	-	-	-	-
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Community Services	-	-	-	-
Capital outlay	-	118,260	113,164	5,096
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>118,260</u>	<u>113,164</u>	<u>5,096</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>(23,329)</u>	<u>(23,329)</u>
<i>Other financing sources (uses):</i>				
Designated cash	-	-	-	-
Operating transfers	-	-	-	-
Proceeds from bond issues	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net changes in fund balances</i>	<u>-</u>	<u>-</u>	<u>(23,329)</u>	<u>(23,329)</u>
<i>Fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(1,523)</u>	<u>(1,523)</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (24,852)</u>	<u>\$ (24,852)</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues			23,329	
Adjustments to expenditures			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ -</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement E-10

AZTEC MUNICIPAL SCHOOLS - COMPONENT UNIT
MOSAIC ACADEMY CHARTER SCHOOL
CAPITAL IMPROVEMENTS SB-9 CAPITAL PROJECTS FUND (31700)
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDING JUNE 30, 2018

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<i>Revenues:</i>				
Property taxes	\$ -	\$ 89,289	\$ 64,047	\$ (25,242)
State grants	-	-	-	-
Federal grants	-	-	-	-
Miscellaneous	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>89,289</u>	<u>64,047</u>	<u>(25,242)</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	-	-	-	-
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	453	453	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Community Services	-	-	-	-
Capital outlay	-	88,836	88,836	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>89,289</u>	<u>89,289</u>	<u>-</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>(25,242)</u>	<u>(25,242)</u>
<i>Other financing sources (uses):</i>				
Designated cash	-	-	-	-
Operating transfers	-	-	-	-
Proceeds from bond issues	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net changes in fund balances</i>	<u>-</u>	<u>-</u>	<u>(25,242)</u>	<u>(25,242)</u>
<i>Fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>205,495</u>	<u>205,495</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 180,253</u>	<u>\$ 180,253</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues			6,318	
Adjustments to expenditures			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>6,318</u>	
			<u>\$ (18,924)</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOLS - COMPONENT UNIT
MOSAIC ACADEMY CHARTER SCHOOL
CASH RECONCILIATION
JUNE 30, 2018

Statement E-12

	Operational Account 11000	Instructional Materials 14000	School Lunch 21000	Federal Flowthrough 24000	Federal Direct 25000	State Flowthrough 27000	Capital Outlay 31200	Cap. Improv. SB 9 31700	Total
Cash, June 30, 2017	370,903	26,709	-	-	-	(741)	(1,523)	205,495	\$ 600,843
Add:									
2017-18 revenues	1,320,104	5,697	-	31,879	-	50,071	89,835	64,047	1,561,633
Permanent cash transfers	-	-	-	-	-	-	-	-	-
Loans from other funds	-	-	-	-	-	-	-	-	-
Total cash available	1,691,007	32,406	-	31,879	-	49,330	88,312	269,542	2,162,476
Less:									
2017-18 expenditures	(1,326,224)	(7,357)	-	(54,855)	-	(49,330)	(113,164)	(89,289)	(1,640,219)
Permanent cash transfers	-	-	-	-	-	-	-	-	-
Adjustments	(1)	-	-	-	-	-	-	-	(1)
Loans to other funds	(47,828)	-	-	22,976	-	-	24,852	-	-
Cash, June 30, 2018	<u>\$ 316,954</u>	<u>\$ 25,049</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 180,253</u>	<u>\$ 522,256</u>
Held checks for accrued liabilities	32,694	-	-	-	-	-	-	-	32,694
Cash, June 30, 2018 per financial statements	<u><u>\$ 349,648</u></u>	<u><u>\$ 25,049</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 180,253</u></u>	<u><u>\$ 554,950</u></u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOLS - COMPONENT UNIT
MOSAIC ACADEMY CHARTER SCHOOL
AGENCY FUNDS
STATEMENT OF FIDUCIARY NET ASSETS
JUNE 30, 2018

Statement E-12

	<u>Total Agency Funds</u>
ASSETS	
<i>Current Assets</i>	
Cash	<u>22,567</u>
<i>Total assets</i>	<u><u>22,567</u></u>
 LIABILITIES	
<i>Current Liabilities</i>	
Deposits held in trust for others	<u>22,567</u>
<i>Total liabilities</i>	<u><u>\$ 22,567</u></u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOLS - COMPONENT UNIT
MOSAIC ACADEMY CHARTER SCHOOL
AGENCY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2018

Statement E-13

	<u>Balance</u> <u>June 30, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2018</u>
Activities	21,242	12,199	10,874	\$ 22,567
Total Agency Funds	<u>\$ 21,242</u>	<u>\$ 12,199</u>	<u>\$ 10,874</u>	<u>\$ 22,567</u>

The accompanying notes are an integral part of these financial statements.

OTHER SUPPLEMENTAL INFORMATION

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOLS
AGENCY FUNDS

Schedule I

SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2018

Activity	Balance June 30, 2017	Additions	Adjustments	Deletions	Balance June 30, 2018
District Administration	\$ 80,157	\$ 7,400	\$ -	\$ 979	\$ 86,578
Vista Nueva High School	2,098	3,027	-	2,116	3,009
Koogler Middle School	57,522	12,502	-	7,981	62,043
Aztec High School	87,032	342,141	-	345,631	83,542
Elementary Schools	75,498	17,039	-	14,483	78,054
Total All Schools	<u>\$ 302,307</u>	<u>\$ 382,109</u>	<u>\$ -</u>	<u>\$ 371,190</u>	<u>\$ 313,226</u>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOLS
SCHEDULE OF COLLATERAL PLEDGED BY DEPOSITORY
FOR PUBLIC FUNDS
JUNE 30, 2018

Schedule II

Name of Depository	Description of Pledged Collateral	Cusip Number	Maturity	Fair Market Value June 30, 2018	Name and Location of Safekeeper
District:					
Wells Fargo	FNMA FNMS 3.0%	31417DGG2	10/1/1942	377,022	Bank of New York Mellon
				<u>377,022</u>	
The Citizens Bank	FHLB NOTE	3136A3KNO	10/25/2040	5,039,000	Federal Home Loan Bank
The Citizens Bank	FHLB NOTE	3137AMMY0	6/15/2040	3,989,800	Federal Home Loan Bank
				<u>9,028,800</u>	
The Citizens Bank	FNM 12017VQ, 4.00%	3136A4F20	2/25/2031	6,819,177	Federal Home Loan Bank
The Citizens Bank	FNM 13030PT, 3.00%	3136ADMD8	4/25/2043	3,160,166	Federal Home Loan Bank
The Citizens Bank	FNM 10075CY, 4.50%	3139TMW8	7/25/2040	3,088,879	Federal Home Loan Bank
				<u>13,068,222</u>	
				<u>22,474,044</u>	
Component Unit:					
The Citizens Bank	FHLB NOTE, 3.0%	098104KA9	8/1/2038	571,706	Federal Home Loan Bank
				<u>571,706</u>	

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOLS
SCHEDULE OF DEPOSITS
JUNE 30, 2018

Schedule III

Bank Account Type/Name	Bank Balance	Deposits in Transit	Outstanding Checks	Book Balance
Wells Fargo Bank				
Checking - Accounts Payable	\$ 92,040	\$ -	\$ -	\$ 92,040
Checking - General Account	785,379	-	-	785,379
Total Wells Fargo Bank	<u>877,419</u>	<u>-</u>	<u>-</u>	<u>877,419</u>
Citizens Bank				
Checking - Activity Account	\$ (309)	\$ 15,866	\$ 154,244	\$ (138,687)
Checking - General Account	4,914,647	-	128,022	4,786,625
Checking - Repo Account	13,068,137	-	-	13,068,137
Checking - Payroll Account	(9)		(240,281)	240,272
Total Citizens Bank	<u>17,982,466</u>	<u>15,866</u>	<u>41,985</u>	<u>17,956,347</u>
Total cash in bank	<u>\$ 18,859,885</u>	<u>\$ 15,866</u>	<u>\$ 41,985</u>	<u>\$ 18,833,766</u>
Cash per financial statements				
Cash and cash equivalents-Governmental Activities Exhibit A-1				18,520,540
Fiduciary funds - Exhibit D-1				<u>313,226</u>
Total cash and cash equivalents				<u>\$ 18,833,766</u>

Component Unit:

Wells Fargo Bank				
Bank Account Type/Name	Bank Balance	Deposits in Transit	Outstanding Checks	Book Balance
Checking - Operational Account	\$ 222,050	\$ 122,803	\$ -	\$ 344,853
Checking - Payroll	42,204	-	9,540	32,664
Checking - Accounts Payable	19,613	-	19,613	-
Certificate of Deposit - 5128	100,000	-	-	100,000
Certificate of Deposit - 5129	100,000	-	-	100,000
Total cash in bank	<u>\$ 483,867</u>	<u>\$ 122,803</u>	<u>\$ 29,153</u>	<u>\$ 577,517</u>
Cash per financial statements				
Cash and cash equivalents-Governmental Activities Exhibit A-1				554,950
Fiduciary funds - Exhibit D-1				<u>22,567</u>
Total cash and cash equivalents				<u>\$ 577,517</u>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOLS
CASH RECONCILIATION
JUNE 30, 2018

	Operational Account 11000	Teacherage Account 12000	Transportation Account 13000	Instructional Materials 14000	Food Services Account 21000
Cash, June 30, 2017	2,091,800	-	49,861	46,631	599,880
Add:					
2017-18 revenues	21,757,240	-	930,333	91,959	1,493,692
Permanent Cash Transfers	-	-	-	-	-
Loans from other funds	867,903	-	-	-	-
Total cash available	24,716,943	-	980,194	138,590	2,093,572
Less:					
2017-18 expenditures	(21,260,609)	-	(930,333)	(37,998)	(1,418,678)
Adjustments	(423)	-	-	-	-
Permanent Cash Transfers	-	-	-	-	-
Loans to other funds	-	-	-	-	-
Cash, June 30, 2018	<u>\$ 3,455,911</u>	<u>\$ -</u>	<u>\$ 49,861</u>	<u>\$ 100,592</u>	<u>\$ 674,894</u>
Held checks for accrued liabilities	-	-	-	-	-
Cash, June 30, 2018 per financial statement	<u><u>\$ 3,455,911</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 49,861</u></u>	<u><u>\$ 100,592</u></u>	<u><u>\$ 674,894</u></u>

The accompanying notes are an integral part of these financial statements

Athletics Account 22000	Non-Instructional Fund 23000	Federal Flowthrough 24000	Federal Direct 25000	Local Grants 26000	State Flowthrough 27000
47,329	-	(273,334)	(30,630)	72,441	(3,580)
102,343	-	841,180	102,143	-	164,456
-	-	-	-	-	-
-	-	-	-	-	-
149,672	-	567,846	71,513	72,441	160,876
(127,715)	-	(1,193,030)	(108,356)	(53,610)	(574,183)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	(610,443)	(36,843)	-	(218,879)
<u>\$ 21,957</u>	<u>\$ -</u>	<u>\$ (1,235,627)</u>	<u>\$ (73,686)</u>	<u>\$ 18,831</u>	<u>\$ (632,186)</u>
-	-	-	-	-	-
<u>\$ 21,957</u>	<u>\$ -</u>	<u>\$ (1,235,627)</u>	<u>\$ (73,686)</u>	<u>\$ 18,831</u>	<u>\$ (632,186)</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOLS
CASH RECONCILIATION
JUNE 30, 2018

	State Direct 28000	Local / State 29000	Bond Building Account 31100	Spec. Capital Outlay-State 31400	Federal Capital Outlay 31500
Cash, June 30, 2017	395,756	-	4,738,922	-	-
Add:					
2017-18 revenues	525,935	30,000	-	-	-
Permanent Cash Transfers	-	-	-	-	-
Loans from other funds	-	-	-	-	-
Total cash available	921,691	30,000	4,738,922	-	-
Less:					
2017-18 expenditures	(361,709)	(11,149)	(901,103)	-	-
Adjustments	-	-	-	-	-
Permanent Cash Transfers	-	-	-	-	-
Loans to other funds	(1,738)	-	-	-	-
Cash, June 30, 2018	<u>\$ 558,244</u>	<u>\$ 18,851</u>	<u>\$ 3,837,819</u>	<u>\$ -</u>	<u>\$ -</u>
Held checks for accrued liabilities	-	-	-	-	-
Cash, June 30, 2018 per financial statements	<u>\$ 558,244</u>	<u>\$ 18,851</u>	<u>\$ 3,837,819</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

Cap. Improv. SB 9 31700	Cap. Improv. SB 9 31701	Energy Efficiency 31800	Educational Tech Equip 31900	Debt Service Fund 41000	Education Tech Debt Service Fund 43000	Total
68,364	4,143,848	-	-	5,881,010	-	\$ 17,828,298
0	1,155,626	-	-	6,243,260	-	33,438,167
-	-	-	-	-	-	-
-	-	-	-	-	-	867,903
68,364	5,299,474	-	-	12,124,270	-	52,134,368
0	(1,305,787)	-	-	(5,408,691)	-	(33,692,951)
-	-	-	-	-	-	(423)
-	-	-	-	-	-	-
-	-	-	-	-	-	(867,903)
<u>\$ 68,364</u>	<u>\$ 3,993,687</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,715,579</u>	<u>\$ -</u>	<u>\$ 17,573,091</u>
-	-	-	-	-	-	-
<u>\$ 68,364</u>	<u>\$ 3,993,687</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,715,579</u>	<u>\$ -</u>	<u>\$ 17,573,091</u>

The accompanying notes are an integral part of these financial statements

COMPLIANCE SECTION



Griego Professional Services, LLC
Certified Public Accountants

**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

Wayne Johnson
New Mexico State Auditor
The Office of Management and Budget
To the Board of Education
Aztec Municipal School District
Aztec, New Mexico

We have audited, 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, the financial statements of the governmental activities, the aggregate discretely presented component unit, each major fund, the aggregate remaining fund information, the budgetary comparisons of the general funds and major special revenue funds of the Aztec Municipal School District, New Mexico, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Aztec Municipal School District's basic financial statements, and the combining and individual funds and related budgetary comparisons of the Aztec Municipal School District, presented as supplemental information, and have issued our report thereon dated November 5, 2018.

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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, which are described in the accompanying schedule of findings and questioned costs as items FS 2018-001 through FS 2018-003.

Responses to Findings

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

Purpose of the Report

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

Grigo Professional Services, LLC

Albuquerque, New Mexico
November 5, 2018

FEDERAL FINANCIAL ASSISTANCE



Griego Professional Services, LLC
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH UNIFORM GUIDANCE

Wayne Johnson
New Mexico State Auditor
The Office of Management and Budget
To the Board of Education
Aztec Municipal School District
Aztec, New Mexico

Report on Compliance for Each Major Federal Program

We have audited Aztec Municipal School District (the District) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2018. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

Report on Internal Control over Compliance

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

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

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

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



Albuquerque, New Mexico
November 5, 2018

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2018

Federal Grantor or Pass-Through Grantor / Program Title	Passthrough Number	Federal CFDA	Federal Expenditures
U.S. Department of Agriculture			
<i>Pass-through State of New Mexico Department of Education</i>			
School Lunch Program (1)	21000	10.555	1,278,081
<i>Subtotal - Pass-through State of New Mexico Department of Education</i>			<u>1,278,081</u>
 <i>Pass-through State of New Mexico Department of Health and Human Services</i>			
Food Distribution (Commodities)	21000	10.550	22,308
<i>Subtotal - Pass-through State of New Mexico Department of Health and Human Services</i>			<u>22,308</u>
 Total U.S. Department of Agriculture			<u>1,300,389</u>
 U.S. Department of Education			
Indian Ed Formula Grant	25184	84.060	80,697
 <i>Subtotal - U.S. Department of Education Direct</i>			<u>80,697</u>
 <i>Passthrough State of New Mexico Department of Education</i>			
Title I - IASA	24101	84.010	311,135
Entitlement IDEA B (1)	24106	84.027	745,443
Entitlement IDEA B - Charter School (1)	24106	84.027	52,083
Preschool IDEA-B (1)	24108	84.173	7,689
NM Autism Project (1)	24109	84.173	12,133
IDEA-B Plan Results (1)	24132	84.027	28,371
Carl D. Perkins	24174	84.048A	16,016
IDEA-B Risk Pool	24183	84.181	0
Teacher / Principal Training / Recruiting	24154	84.367A	69,028
 Total U.S. Department of Education			<u>1,322,595</u>
 U.S. Department of the Interior - Bureau of Indian Affairs Direct			
Johnson O'Malley	25131	10.582	27,659
 Total U.S. Department of the Interior - Bureau of Indian Affairs Direct			<u>27,659</u>
 Total Federal Financial Assistance			<u>\$ 2,650,643</u>

(1) Denotes Major Federal Financial Assistance Program

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2018

Notes to Schedule of Expenditures of Federal Awards

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal grant activity of the Aztec Municipal School District and is presented on the modified accrual basis of accounting, which is the same basis as was used to prepare the fund financial statements. The information in this Schedule is presented in accordance with the requirements of OMB Uniform Guidance. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.

2. Subrecipients

The District did not provide any federal awards to subrecipients during the year

3. Non-Cash Federal Assistance

The District received \$22,308 in non-cash federal assistance in the form of commodities assistance.

4. Indirect Cost Rate

The District has not elected to use the 10% de minimus indirect cost rate as allowed under the Uniform Guidance.

Reconciliation of Schedule of Expenditures of Federal Awards to Financial Statements:

Total federal awards expended per Schedule of Expenditures of Federal Awards	\$ 2,650,643
Total expenditures funded by other sources	<u>30,884,417</u>
Total expenditures	<u><u>\$ 33,535,060</u></u>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018

Section I – Summary of Audit Results

Financial Statements:

- | | |
|--|------------|
| 1. Type of auditors’ report issued | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weakness identified? | No |
| b. Significant deficiency identified not considered to be a material weaknesses? | No |
| c. Control deficiency identified not considered to be a significant deficiency? | No |
| d. Noncompliance material to financial statements noted? | No |

Federal Awards:

- | | |
|---|------------|
| 1. Internal control over major programs: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiency identified not considered to be material weaknesses? | No |
| c. Control deficiency identified not considered to be a significant deficiency? | No |
| 2. Type of auditors’ report issued on compliance for major programs | Unmodified |
| 3. Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance? | No |
| 4. Identification of major programs: | |

CFDA Number	Federal Program
10.555/10.550	School Lunch Program

- | | |
|---|-----------|
| 5. Dollar threshold used to distinguish between type A and type B programs: | \$750,000 |
| 6. Auditee qualified as low-risk auditee? | Yes |

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018

Section II – Financial Statement Findings
FS 2018-001 Exceeded Budget Authority (Other Non-compliance)

Criteria: Sound financial management and Section 22-8-13 NM State Statutes require that budgets not be exceeded at the legal level of control. For school districts, the expenditure function is the legal level of control.

Condition: The District had the following expenditure functions where actual expenditures exceeded budgetary authority:

Title I - Instruction	\$	8,249
IDEA-B - Instruction		3,289
Title II – Support Services		3,703
Indian Education – Support Services		3,078
Indian Education – Student Transportation		435
After School Enrichment – Instruction		13,440
IDEA-B Preschool – Support Services		3,155
Carl D. Perkins – Support Services		640
PreK Initiative – Support Services		3,019
Capital Improvement SB-9 – Support Services		1,288
Debt Service – Support Services		11,675
Total		<u>\$ 51,971</u>

Cause: The District did not make the appropriate budgetary adjustment requests and transfers prior to year-end to alleviate the over-expenditure.

Effect: The District is in noncompliance with New Mexico law, and the control established by the use of budgets has been compromised.

Auditor’s Recommendation: The District should establish a policy of budgetary review at year-end, and make the necessary budget adjustments.

Responsible Official’s Views. Finance Director inadvertently failed to submit Budgetary Adjustment Requests for the listed Funds to alleviate the over expenditure at the function level.

Corrective Action: Finance Director has received proper training and will review the year-to-date expenditures at the function level on a monthly basis to determine any over-expenditures. If any over-expenditures are determined, a Budgetary Adjustment Request will be submitted to the New Mexico Public Education Department School Budget and Finance via the Operating Budget Management System and request a transfer to alleviate the over-expenditure. In addition, the over-expenditures will be reviewed at the budget level to ascertain the reason for the over expenditure.

FS 2018-002 — Pledged Collateral – Cash Equivalents and Deposits (Other Non-compliance)

Criteria: Repurchase agreements must be covered by 102% of pledged collateral in accordance with NMSA 1978 Section 6-10-16. The collateral held by the financial institution must be secured by securities indicated in NMSA2.60.4.10 “Required Types of Collateral.

Condition: During the year ended June 30, 2018, the District’s financial institution did not maintained securities under their collateralization of deposits in accordance with State of New Mexico Statutes (NMSA 2.60.4.10 “Required Types of Collateral”). This results in under collateralization of deposits as of June 30, 2018. Non-compliance resulted in the District being \$6,278 under collateralized as of June 30, 2018.

Cause: The District’s financial institution was changed through a merger and the new financial institution did not maintain collateralization in accordance with New Mexico Statutes.

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018

Effect: The District's collateralization of its repurchase agreements at June 30, 2018 was not in compliance with State Statutes (NMSA 2.60.4.10). As a result, the District maintained a balance of \$6,278 which was under-collateralized at June 30, 2018. Lack of proper collateralization may result in non-compliance with state statutes and increase potential liability and exposure to the loss of the District's public funds in the event of bank closure.

Auditors' Recommendations: The District must ensure all cash balances are collateralized as required by State Statutes. The District must ensure all agreements with their financial institution mandates compliance with State Statutes and that the financial institution understands the Statutes for which compliance is necessary.

Responsible Official's Views: The District will ensure compliance of the collateral requirements in the future through discussion with the District's financial institution and thorough review of monthly collateral statements.

Corrective Action: The review of the District's collateralization statements will be performed by the Business Manager and will be implemented immediately. In addition, the Business Manager will discuss the issue with the financial institution to ensure they are aware of the finding and make appropriate adjustments to ensure future compliance.

FS 2018-003 Transfer without Authority (Other Non-compliance)

Criteria: NMAC 22-8-10 require that permanent cash transfers be processed and approved by the Board and Public Education Department (PED) prior to recording the transaction.

Condition: The District recorded a transfer of \$140,793 from the Transportation Fund to the Operational Fund without proper approval from the Board of Education or the PED.

Cause: The District did not gain approval prior to recording the transfer. Mainly due to new personnel that did not realize approval was required.

Effect: The District is in noncompliance with New Mexico law, and the control established by the use of transfers and budgets has been compromised.

Auditor's Recommendation: The District should establish a policy to insure transfers are properly performed and authorized by the Board of Education and PED.

Responsible Official's Views: Finance Director not fully aware of process to fund deficit in Transportation. Was under the impression that a journal entry could be processed to record over-expenditure.

Corrective Action: Finance Director has received proper training and a policy has been put in place to review the Transportation Fund prior to year-end to determine deficits in the fund. Request will be submitted for Board approval, a Budget Adjustment Request will be submitted to the New Mexico Public Education Department School Budget and Finance department and request a transfer between funds to alleviate the over-expenditure.

B. Findings-Financial Statement Audit- Component Unit

None

Section III – Findings – Federal Awards

None

Section IV – Prior Year Audit Findings

None

Component Unit:

None

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018

Federal Award Findings:

None

Section V – Other Disclosures

Auditor Prepared Financials

Griego Professional Services, LLC assisted in the preparation of the financial statements presented in this report. The District's management has reviewed and approved the financial statements and related notes and they believe that their records adequately support the financial statements.

Exit Conference

The contents of this report were discussed on November 5, 2018. The following individuals were in attendance.

Aztec Municipal School District

Kirk Carpenter, Superintendent

Tania Prokop, Deputy Superintendent

Judy Englehart, Associate Superintendent/Director of Instruction

Evelyn Garcia, Finance Director

Monica Sosa, Business Manager

Fran Dobey, Board Member

Griego Professional Services, LLC

JJ Griego, CPA

Mosaic Academy Charter School

Diane Mittler, Principal

D'rese Sutherland, Business Manager