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**STATE OF NEW MEXICO
BERNALILLO PUBLIC
SCHOOL DISTRICT**

**FINANCIAL STATEMENTS
AND INDEPENDENT
AUDITOR'S REPORT**

JUNE 30, 2018

**STATE OF NEW MEXICO
BERNALILLO PUBLIC SCHOOL DISTRICT**

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BERNALILLO PUBLIC SCHOOL DISTRICT**

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**STATE OF NEW MEXICO
BERNALILLO PUBLIC SCHOOL DISTRICT**

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**STATE OF NEW MEXICO
BERNALILLO PUBLIC SCHOOL DISTRICT**

Official Roster

June 30, 2018

Name	<u>Board of Education</u>	Title
Olivia Calabaza		President
Isaac Herrera		Vice President
Jodilynn Ortiz		Secretary
Ramona Salazar		Member
Vincent Montoya		Member
	<u>School Officials</u>	
Keith Cowan		Superintendent
Tamie Pargas		Deputy Superintendent
Elaine Dryer		Finance Director



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6200 Uptown Blvd., NE, Suite 400
Albuquerque, NM 87110
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INDEPENDENT AUDITOR'S REPORT

Wayne Johnson
New Mexico State Auditor
And
The Office of Management and Budget
The Board of Education
Bernalillo Public School District
Bernalillo, New Mexico

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, the aggregate remaining fund information and the budgetary comparisons for the general fund of the Bernalillo Public School District (the District), as of and for the year ended June 30, 2018, and the 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 financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Schedule of District and Proportionate Share of Net Pension Liability and Schedule of District Contributions and Other Required Supplementary Information on pages 8-17, and 66-71 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual fund financial statements, and budgetary comparison, the Schedule of Expenditures of Federal Awards as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and Office of Management and Budget, and the other schedules required by Section 2.2.2. NMAC are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

America. In our opinion, the Schedule of Expenditures and other schedules required by Section 2.2.2 NMAC are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2018 on our consideration of the District's internal control over financial reporting and on our test 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 financing reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Ricci & Company, LLC

Albuquerque, New Mexico
November 15, 2018

**STATE OF NEW MEXICO
BERNALILLO PUBLIC SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ending June 30, 2018**

Mr. Keith Cowen, Superintendent

Our discussion and analysis of the Bernalillo Public School District's financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2018. Please read it in conjunction with the District's financial statements, which are listed in the table of contents.

The discussion and analysis, as well as the Statement of Net Position and Statement of Activities, provide a review of the District's overall financial activities, using the accrual basis of accounting, for the year ending June 30, 2018. Fund financial statements are reported on a modified accrual basis of accounting. Rather than looking at specific areas of performance, this discussion and analysis focuses on the financial performance of the District as a whole. Whenever possible this discussion and analysis will provide the reader multi-year pictures of financial performance and other pertinent information through the use of tables and other graphics information.

In addition to the new reporting, this annual report consists of a series of detailed, audited financial statements and the notes to those statements. Also included is the Independent Auditors' Report, The Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards, Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance , and a Schedule of Findings and Questioned Costs.

About BERNALILLO PUBLIC SCHOOLS

To completely understand the financial discussion of BERNALILLO PUBLIC SCHOOLS, it is important to understand the nature of the District. The Town of Bernalillo is located immediately off of I-25 Highway. Approximately 15 miles South is the City of Albuquerque and 45 miles North is our State Capitol Santa Fe. The school district encompasses 648 square miles with 9 school sites including Santo Domingo, Placitas, Cochiti, Algodones, W.D.Carroll, Bernalillo Elem, Bernalillo Middle and Bernalillo High and La Escuelita Pre-K. Approximately 42% of the student enrollment is Native American and 49% Hispanic.

For parents choosing a public education for their children, Bernalillo Public School District offers elementary and secondary instruction for approximately 3000 students residing within the District's boundaries. At the Bernalillo Public School District, we are pledged to academic achievement.

OUR MISSION - Bernalillo Public Schools is dedicated to student achievement and the graduation of all students.

OUR VISION - Bernalillo Public Schools instills a rigorous and relevant curriculum that challenges our diverse student population in preparing them for the 21st Century.

**BERNALILLO PUBLIC SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ending June 30, 2018**

OUR SLOGAN - "EDUCATE AND GRADUATE"

To accomplish this mission the district has developed and implemented an Educational Plan for Student Success (EPSS) that utilizes curriculum, instruction, and assessments that enable all students to demonstrate: 1) Literacy--Clear and accurate reading, writing, speaking, and interpersonal communication. 2) Math Skills--Clear and accurate use of mathematics in communications, reasoning, making connections, and problem solving. 3) Technology Skills--Clear and accurate use of computers and other technology in cross-curricular applications. Parent involvement is a component of the EPSS plan which includes parent and family institutes, parent teacher organizations and parent advisory groups. Communication tools used are the District Newsletter, Bernalillo Public Schools website, Skyalert, and Week At A Glance.

The District has implemented common core standards and has aligned best practices to address a rigorous instruction program. Bernalillo Public Schools offers a wide variety of educational programs, many of which are fully articulated with several post secondary institutions. After school tutoring and enrichment are at all school sites. Students have opportunities to enroll in Pre-AP and AP courses and are continuously challenged to meet the goals of the 21st Century and the Global Economy. The district provides free breakfast and lunch for all students. Due to the diverse student population, there are Memoranda of Agreement with all of the five Pueblos within the school district to facilitate a language program in their Native Language. The district also has a recognized Dual Language Program beginning with the Kindergarten program. The district is participating with several partners to implement professional development in the areas of literacy, science, and mathematics to enhance the learning for students.

The Career & Technical Education Academy at the high school provides an opportunity for students to become fully licensed in a trade (e.g. Welding) and enter the workforce upon graduation.

We currently have Early Childhood Education (Pre-K), physical education program for all school sites, as well as integrated arts. After school tutoring and enrichment are at all school sites.

Significant Financial Highlights for the Year Ending June 30, 2018

* The overall adjusted Fund Balance increased from \$15,508,787 for the year ending June 30, 2017 to \$19,386,139 for the year ending June 30, 2018. This represents a increase in the fund balance of \$3,877,352, which is a result of increased cash due to conservative budget management. Total cash and cash equivalents increased by \$1,298,310. Property tax receivables increased by \$21,650 as a result of more delinquent County tax payments. Total liabilities increased by \$45,305,694 resulting from a increase in Net Pension Liability of \$25,763,719 and Net OPEB liability of \$20,632,707. Excluding Net pension liability and OPEB liability the balance sheet remained constant between years.

**STATE OF NEW MEXICO
BERNALILLO PUBLIC SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ending June 30, 2018**

DISTRICT WIDE FINANCIAL STATEMENTS

Statement of Net Position

The Statement of Net Position is prepared using the accrual method of accounting. This statement shows that the District has total net position of \$4,499,410. The District has \$10,223,083 of cash and cash equivalents on hand as of June 30, 2018 compared to \$6,544,924 in accounts payable and other current liabilities. Net Position totaling \$10,527,678 are "restricted" for debt service, capital projects, special revenue funds \$5,070,925. Due to the implementation of GASB 68 the Net Pension liability for the District on June 30, 2018 was \$76,502,893. The District's overall financial position remained stable. Capital assets remained stable at \$98,447,069 a change of \$(35,469) which is a result of no major construction projects in FY 2018 and depreciation.

Assets	<u>June 30, 2017</u>	<u>June 30, 2018</u>
Cash and Cash Equivalents	\$ 8,924,773	\$ 10,223,083
Investments	-	-
Other Assets	8,176,937	10,711,785
Capital Assets, net of depreciation	98,482,538	98,447,069
Total Assets	<u>\$ 115,584,248</u>	<u>\$ 119,381,937</u>
Deferred Outflows		
Pension related	\$ 7,341,238	\$ 25,085,591
OPEB	-	371,496
Total Deferred outflows	<u>\$ 7,341,238</u>	<u>\$ 25,457,087</u>
Liabilities		
Current Liabilities	\$ 6,605,656	\$ 6,544,924
Long Term Liabilities	30,872,429	29,842,429
Net Pension liability	50,739,174	76,502,893
Net OPEB liability	-	20,632,707
Total Liabilities	<u>\$ 88,217,259</u>	<u>\$ 133,522,953</u>
Deferred Inflows		
Pension related	\$ 879,244	\$ 2,120,721
OPEB	-	4,695,956
Total deferred inflows	<u>\$ 879,244</u>	<u>\$ 6,816,677</u>
Net Position		
Net investment in capital assets	\$ 62,305,109	\$ 63,699,640
Restricted	9,978,212	10,527,678
Special Revenue funds	3,150,024	5,070,941
Unrestricted	(42,123,336)	(74,798,849)
Total Net Position	<u>\$ 33,310,009</u>	<u>\$ 4,499,410</u>

GASB 34 rules now require public entities to depreciate capital assets. This statement includes an adjusted accumulated depreciation of the District's capital assets in the amount of \$33,466,904. The District utilized a "straight line" depreciation method in all cases and standardized lifetime tables in calculating this depreciation.

**STATE OF NEW MEXICO
BERNALILLO PUBLIC SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ending June 30, 2018**

Statement of Activities

The Statement of (Governmental) Activities is prepared using the accrual method of accounting. This report compliments the Statement of Net Position by showing the overall change in the District's net position for the fiscal year ending June 30, 2018. As of June 30, 2018 the District had net position of \$4,499,415. The beginning year total net position is \$8,801,634 reflecting a prior year adjustment of \$(24,508,375).

	<u>June 30, 2017</u>	<u>June 30, 2018</u>
Expenses for Governmental Activities	\$ 43,433,108	\$ 50,322,080
Less Charges for Services	425,964	409,829
Less Operating Grants and Contributions	9,980,074	11,859,884
Less Capital Grants and Contributions	1,150,827	1,393,905
Net (Expenses) Revenues and Changes in Net Position	<u>(31,876,243)</u>	<u>(36,658,462)</u>
General Revenues		
Taxes - general, debt service, capital projects	7,486,778	7,262,574
Federal and State Aid not restricted to specific purpose	29,189,094	24,733,710
Interest and Earnings on Investments	217,372	134,156
Miscellaneous	137,099	531,032
Bond Premium	-	-
Loss on disposal on capital assets	72,219	-
Subtotal, General Revenues	<u>37,102,562</u>	<u>32,661,472</u>
Special Item - loss on disposal of assets	-	(500,747)
Special Item - Bond Issuance Premium	-	195,518
Changes in Net Position	5,081,853	(4,302,219)
Net Position Beginning	28,287,743	33,310,009
Prior period adjustment	-	(24,508,380)
Net Position - restatement	(59,587)	-
Adjusted Beginning Net Position	<u>28,228,156</u>	<u>8,801,629</u>
Net Position - Ending	<u>\$ 33,310,009</u>	<u>\$ 4,499,410</u>

**STATE OF NEW MEXICO
 BERNALILLO PUBLIC SCHOOL DISTRICT
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 For the Fiscal Year Ending June 30, 2018**

FUND FINANCIAL STATEMENTS

Fund financial statements are based on a modified accrual basis of accounting. The Statement of Revenues and Expenditures and Changes in Fund Balances, guides the reader to a meaningful overall view for the District revenue, expenditures and changes to the fund balance. Total revenues from state, local and Federal sources were \$45,291,871. Total expenditures for the District were \$46,560,054. The District also had bond proceeds of \$4,070,518 during FY 2018. The total ending fund balance was \$19,386,139; an increase of \$3,877,352 from the prior year. The primary reason for the increase was due to the delay in construction projects.

Multi-Year District Revenues and Expenditures

A multi-year view of overall District revenues and expenditures indicates growth in both areas. The growth of both revenues and expenditures are commensurate with legislative initiatives to improve funding for teacher salaries, student needs and other educational programs as well as state and local increases in expenditures for capital outlay purposes.

Year	Total Revenues *	Increase %	Total Expenses *	Increase %
2007-2008	55,023,754	36%	48,011,101	20%
2008-2009	58,583,865	6%	55,266,175	15%
2009-2010	53,409,368	-9%	54,111,953	-2%
2010-2011	56,876,474	6%	55,844,353	3%
2011-2012	56,787,555	0%	55,647,294	0%
2012-2013	50,151,489	-12%	46,697,868	-16%
2013-2014	50,688,453	1%	48,871,182	5%
2014-2015	50,516,711	0%	57,490,858	18%
2015-2016	57,811,633	14%	63,259,384	10%
2016-2017	51,983,378	-12%	57,457,941	-9%
2017-2018	50,437,406	-3%	54,969,538	-4%

* Note: Revenues include proceeds from General Obligation Bonds and exclude cash carryovers, it also includes \$2,625,863 in PSCOC state match for BHS and Santo Domingo construction projects; Expenditures include capital outlays.

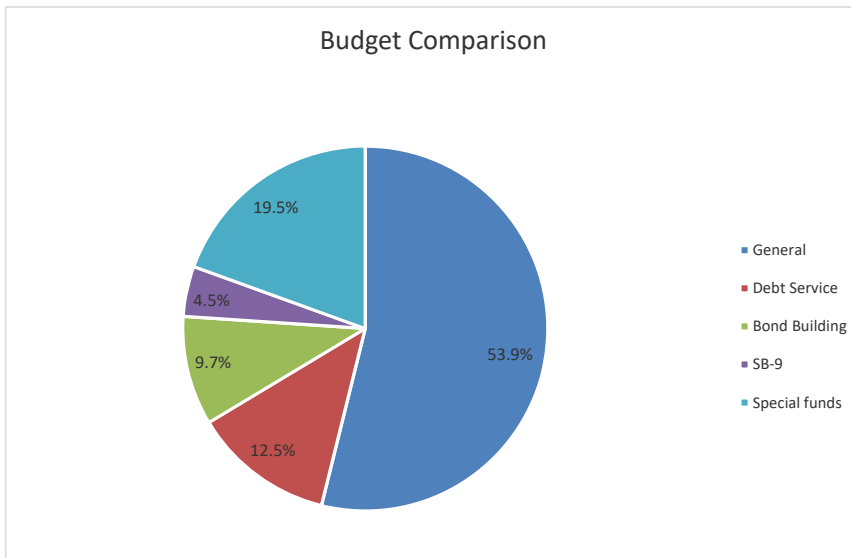
**STATE OF NEW MEXICO
BERNALILLO PUBLIC SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ending June 30, 2018**

The Budget

The State of New Mexico school budget process is defined under state law and regulation. To enhance the process of developing a budget at the school district level, the District utilizes goals and objectives defined by the District's Board, community input meetings, long term plans including the Master Facilities Plan and input from various staff groups to develop to the District's budget. District priorities are well defined through this process.

GASB 34 does not require a statement presenting the overall result of the budget for each year; however, all major budgetary funds are required to be reported as a separate statement.

Major budgetary funds in these reports are; The General Fund (Operational, Teacherage, Transportation, Instructional Materials Funds), Food Service, Impact Aid Indian Education, Title I and IDEAB. In addition, thirty eight (37) non-major Special Revenue Funds, six (6) non-major Capital Projects Funds and one (1) non-major Debt Service Funds are also reported for their budgetary performance. The following graphics and tables show the fiscal relationship of the major funds and the combined non-major funds.



The reader will note that the General Fund represents 53.9% of the total fund dollar amount. This fund provides the salary and benefits for the significant majority of the Direct Instruction, Instructional Support, Administration, Business Support and Maintenance staff as well as classroom materials, special education consulting staff and fixed utility costs.

Revenue from this fund is substantially derived from the State Equalization Guarantee, which is the funding formula appropriated for education by the State Legislature. The General Fund is explored later in the Management Discussion and Analysis.

**STATE OF NEW MEXICO
 BERNALILLO PUBLIC SCHOOL DISTRICT
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 For the Fiscal Year Ending June 30, 2018**

The following table examines the summary budget performance of the major and combined non-major funds for the fiscal year ending June 30, 2018. Detailed budget performance is examined through the Budgetary Comparison Statement for each major fund and the Schedule of Revenues and Expenditures Budget and Actual for the combined Special Revenue Funds, Capital Projects Funds, and Debt Service.

MAJOR FUNDS EXPENDITURE BUDGET PERFORMANCE

Fund Type	Final Budget	Actual	Variance
General	27,285,500	24,326,565	2,958,935
Bond Building	6,282,085	4,864,838	1,417,247
Debt Service	13,486,696	6,289,367	7,197,329

COMBINED NON-MAJOR FUNDS EXPENDITURE BUDGET PERFORMANCE

Fund Type	Final Budget	Actual	Variance
Special Funds	9,354,955	8,446,634	908,321
Capital Projects	2,716,823	1,335,067	1,381,756

The General Fund expenditures were favorable to the final budget by \$1,391,757 or approximately 5.4%.

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

The General Fund

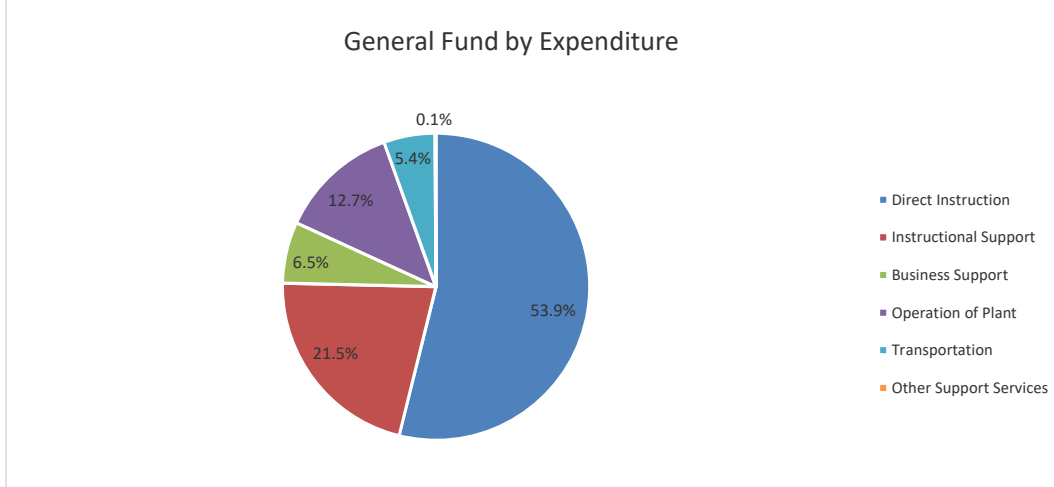
The General Fund revenues represents \$27,053,055 of the total \$55,043,838 in overall District revenues.

The General Fund is predominately funded by revenues from the State of New Mexico Equalization Guarantee Formula. This fund pays for teaching staff, teaching support staff, special education support staff, maintenance staff and administration staff. The General Fund provides the predominant funding for instructional and athletic salaries, transportation, maintenance and district office expenditures.

Year	Revenues		Increase %
2007-2008	28,923,924		18%
2008-2009	30,680,173		6%
2009-2010	26,983,516		-12%
2010-2011	27,410,436		2%
2011-2012	26,924,448		-2%
2012-2013	26,956,160		0%
2013-2014	27,426,470		2%
2014-2015	27,189,062		-1%
2015-2016	26,826,808		-1%
2016-2017	25,412,153		-5%
2017-2018	27,053,055		6%

**STATE OF NEW MEXICO
 BERNALILLO PUBLIC SCHOOL DISTRICT
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 For the Fiscal Year Ending June 30, 2018**

Because the General Fund is the main fund whose expenditures are significantly related to the educational process, \$25,661,298 was expended in the year ending June 30, 2018. The most significant inter-fund expenditure was for the function noted as "Instruction". This expenditure was \$13,819,085 and represents 53.9% of all General expenditures. Expenditures included in this function are regular and special education teachers and assistants, benefits, payroll taxes, school supplies, training and miscellaneous instructional related contract services.



Instructional Support Services represents \$5,514,273 or 21.5% of General Fund expenditures and account for expenditures for school principals, program coordinators, counselors, school nursing staff, librarians, special education ancillary staff and significant support to special education programs through contract ancillary support staff and contract programs.

programs combined represent \$1,659,377 or 6.5% of the total General Fund. Operation of the Plant account for \$3,259,145 or 12.7% of the General Fund expenditures. Included in the Operation of the Plant expenditures are salaries and benefits for maintenance staff, school custodians, fixed utility costs, maintenance and repairs, maintenance supplies and school custodial supplies. Additional support for maintenance supplies and projects comes from the voter approved SB9 Fund. Transportation represents \$1,381,549 or 5.4% of the General Fund.

Capital Assets

Because of aging facilities, the District has taken an aggressive approach to maintaining existing facilities.

Asset Type	Balance June 30, 2016	Balance June 30, 2017	Balance June 30, 2018
Land	180,609	180,609	180,609
Construction in Progress	43,885,741	16,042,745	670,918
Buildings, Land & Improvements	64,146,510	106,144,228	123,342,508
Furniture, Fixtures, & Equipment	8,623,095	8,082,023	7,719,938
Total Capital Assets	116,835,955	130,449,605	131,913,973
Less Accumulated Depreciation	(29,104,981)	(31,967,067)	(33,466,904)
Capital Assets-Net	87,730,974	98,482,538	98,447,069

PSCOC has also awarded for the renovation/construction of Santo Domingo Elementary/Middle School. The district broke ground on Santo Domingo Phase 2 April 2018 and projected completion February 2019.

**STATE OF NEW MEXICO
 BERNALILLO PUBLIC SCHOOL DISTRICT
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 For the Fiscal Year Ending June 30, 2018**

General Long Term Debt

Article IX, Section 11 of the New Mexico Constitution limits the power of a school district to incur general obligation debt beyond a school year unless such debt is for "the purpose of erecting, remodeling, making additions, and furnishing buildings or purchasing or improving school grounds or purchasing computer software or hardware for student use in public classrooms or any combination of these purposes." The approval of debt is subject to a vote of the local electors and may not exceed 6% of the assessed valuation of the taxable property within the District.

The School District has never defaulted on any of its debts or other obligations. Listed below is the District's total general obligation debt as of June 30, 2018

Year Ended June 30	Principal	Interest	Totals
2019	4,905,000	878,188	5,783,188
2020	4,380,000	754,200	5,134,200
2021	4,080,000	637,688	4,717,688
2022	3,485,000	528,125	4,013,125
2023	3,485,000	428,825	3,913,825
2024-2028	12,290,000	936,238	13,226,238
2029-2031	1,870,000	48,906	1,918,906
Total	34,495,000	4,212,169	38,707,169

The District issued bonds during FY 2018 totaling \$3.875 million. The entire amount will be used for construction and equipment purchases for student use in public school classrooms. The District also made regularly scheduled principal and interest payments as required.

Agency Funds

The District, as a custodian, maintains and monitors special funds on the behalf of school activity groups. Agency funds maintained by the District are to benefit a specific activity or interest and are generally raised by students for student use. The custody and use of these funds are in accordance with Public Education Department Regulations and School District Policy. The Statement of Fiduciary Assets and Liabilities has a cash balance of \$270,189 as of June 30, 2018.

**STATE OF NEW MEXICO
BERNALILLO PUBLIC SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ending June 30, 2018**

Future Trends

Bernalillo Public Schools historically has maintained a positive cash reserve due to proactive planning, site based budgeting and vacancy savings. While enrollment at BPS has taken a slight decline, the District has made very intentional decisions in assigning staff to fill vacancies or consolidate positions to alleviate pressure from the operating costs. The 2018- 2019 budget was developed to include the 2.5 percent average increase for all certified staff and 2.0 percent increase for classified staff. Careful consideration was taken to limit cuts to instructional programs and teaching positions. Due to the careful planning, the District was able to adopt a K-5 reading curriculum through the use of operational funds.

Bernalillo Public Schools adopted a new three- year strategic plan to include four focus areas:

1. Student Learning
2. Cultural Connections/ Communication
3. Innovative Leadership
4. Student/Staff Well Being

These focus areas will streamline the Standard Operating Procedures within the district to align resources and funding to better support students and staff through ongoing relevant professional development. Subcommittees have been formed to meet on a monthly basis to review internal audit procedures and review of the district's budget. A District Advisory Council was formed last year and will continue to meet on a monthly, seeking input and feedback from staff, parents and community members on critical matters such as instructional programming, budgets, policy and facilities. This type of dialogue creates a transparent approach to ensuring resources and funding is properly allocated to meet student needs.

Each school, along with the District has created a 90 day plan which focuses on elements such as student achievement, collaboration, culture and climate, graduate rates, attendance etc. These plans are reviewed every 30 days and are in alignment with the District Strategic Plan. A strong emphasis has been placed on data review and collaboration. The District has adopted a data protocol tool which is consistent among all the schools.

Launching the 2018-2019 school year also meant the launch of several key initiatives to support teaching and learning across the district.

1. Embedded professional development on the Teaching, Learning and Collaboration (TLC) process.
2. New Assessment platform for Common formative and interim assessments (Illuminate).
3. The Standardized Classroom in all schools to include language and content objectives.
4. The walk through Cycle by Principals to provide feedback to teachers.
5. The new High School Re-Design Grant from NMPED
6. Purchase of new reading curriculum for grades K-5 and the development of pacing guides for ELA and Math K-12.
7. Implementation of the Striving Readers grant K-12

We firmly believe these initiatives along with a transparent budget process will demonstrate positive outcomes for students and staff.

Bernalillo Public Schools has also identified several capital projects through the recent bond election which are also outlined in the Facilities Master Plan:

1. Renovation and stucco repair of BMS Library and roofing
2. Parking reconfiguration for BES and BMS parent pickup and drop off
3. Renovation/ Replacement of Algodones Elementary
4. BHS Auxiliary Gym
5. District wide security improvements

BPS values the retention and recruitment of highly qualified staff. The District will continually seek innovative opportunities to provide programming and incentives to distinguish BPS as a high performing district. A priority on working in partnership with surrounding Pueblos and communities is and will continue to be a priority for BPS.

BASIC FINANCIAL STATEMENTS

**STATE OF NEW MEXICO
BERNALILLO PUBLIC SCHOOL DISTRICT
STATEMENT OF NET POSITION
June 30, 2018**

	<u>Governmental Activities</u>
ASSETS	
Current	
Cash and cash equivalents	\$ 10,223,083
Property taxes receivable	700,315
Due from other governments	2,300,455
Prepays	-
Inventory	<u>177,388</u>
Total current assets	<u>13,401,241</u>
Noncurrent assets	
Restricted cash and cash equivalents	7,533,627
Capital assets, net of accumulated depreciation	<u>98,447,069</u>
Total non-current assets	<u>105,980,696</u>
Total assets	<u>119,381,937</u>
DEFERRED OUTFLOWS	
Deferred outflows of resources related to pensions	25,085,591
Deferred outflows of resources related to OPEB	<u>371,496</u>
Total deferred outflows	<u><u>\$ 25,457,087</u></u>

See Notes to Financial Statements.

**STATE OF NEW MEXICO
BERNALILLO PUBLIC SCHOOL DISTRICT
STATEMENT OF NET POSITION (CONTINUED)
June 30, 2018**

	Governmental Activities
LIABILITIES	
Accounts payable	\$ 281,140
Accrued payroll expense	716,444
Accrued compensated absences	143,275
Accrued interest	499,049
Current portion of long-term debt	<u>4,905,000</u>
Total current liabilities	6,544,908
Bonds - due in more than one year	29,842,429
Net pension liability	76,502,893
Net OPEB liability	<u>20,632,707</u>
Total non-current liabilities	<u>126,978,029</u>
Total liabilities	<u>133,522,937</u>
DEFERRED INFLOWS	
Deferred inflows of resources related to pensions	2,120,721
Deferred inflows of resources related to OPEB	<u>4,695,956</u>
Total deferred inflows	<u>6,816,677</u>
NET POSITION	
Net investment in capital assets	63,699,640
Restricted for:	
Debt service	6,262,139
Capital projects	4,265,539
Special revenue funds	5,070,941
Unrestricted	<u>(74,798,849)</u>
Total net position	<u><u>\$ 4,499,410</u></u>

See Notes to Financial Statements.

STATE OF NEW MEXICO
 BERNALILLO PUBLIC SCHOOL DISTRICT
 STATEMENT OF ACTIVITIES
 For the Year Ended June 30, 2018

Functions/Programs	Program Revenues				Net (Expenses) Revenues and Changes in Net Assets
	Expenses	Charge for Service	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government					
Government Activities					
Instruction	\$ 25,251,591	\$ 409,829	\$ 11,859,884	\$ 1,393,905	\$ (11,587,973)
Support services	9,645,446	-	-	-	(9,645,446)
Central services	2,785,989	-	-	-	(2,785,989)
Operation and maintenance of plant	5,670,405	-	-	-	(5,670,405)
Student transportation	3,162,259	-	-	-	(3,162,259)
Other support services	41,844	-	-	-	(41,844)
Food service operation	2,826,315	-	-	-	(2,826,315)
Community services	13,072	-	-	-	(13,072)
Interest on long-term debt	925,159	-	-	-	(925,159)
Total primary government	<u>\$ 50,322,080</u>	<u>\$ 409,829</u>	<u>\$ 11,859,884</u>	<u>\$ 1,393,905</u>	(36,658,462)

General Revenues:	
Property taxes	7,262,574
State Flowthrough / S.E.G.	24,733,710
Miscellaneous	531,032
Interest and investment earnings	134,156
Total general revenues	<u>32,661,472</u>
Special Item- loss on disposal of assets	(500,747)
Special Item - Bond Premium	195,518
Change in net position	(4,302,219)
Net position-beginning, as previously stated	33,310,009
Prior period adjustment	(24,508,380)
Net position-beginning, as restated	<u>8,801,629</u>
Net position -ending	<u>\$ 4,499,410</u>

See Notes to Financial Statements.

STATE OF NEW MEXICO
BERNALILLO PUBLIC SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2018

	General Fund 11000, 12000, 13000, 14000	Bond Building 31100	Debt Service 41000	Other Governmental Funds	Total Governmental Funds
ASSETS					
Current Assets					
Cash and cash equivalents	\$ 1,303,790	4,398,929	-	4,520,364	\$ 10,223,083
Restricted cash	-	-	7,533,627	-	7,533,627
Accounts receivable					
Taxes	20,775	-	562,531	117,009	700,315
Due from other governments	20,018	-	-	2,280,437	2,300,455
Interfund receivables	3,120,988	-	-	9	3,120,997
Inventory	97,949	-	-	79,439	177,388
Total assets	4,563,520	4,398,929	8,096,158	6,997,258	24,055,865
LIABILITIES AND FUND BALANCES					
Current Liabilities					
Accounts payable	92,785	133,390	-	54,965	281,140
Accrued payroll liabilities	573,189	-	-	143,255	716,444
Interfund payables	-	-	1,391,635	1,729,362	3,120,997
Total liabilities	665,974	133,390	1,391,635	1,927,582	4,118,581
DEFERRED INFLOWS					
Property taxes	17,167	-	442,384	91,594	551,145
Total deferred inflows	17,167	-	442,384	91,594	551,145
FUND BALANCES					
Nonspendable	97,949	-	-	79,439	177,388
Restricted	-	4,265,539	6,262,139	5,070,941	15,598,619
Unassigned	3,782,430	-	-	(172,298)	3,610,132
Total fund balances (deficit)	3,880,379	4,265,539	6,262,139	4,978,082	19,386,139
Total liabilities and fund balance	\$ 4,563,520	4,398,929	8,096,158	6,997,258	\$ 24,055,865

See Notes to Financial Statements.

**STATE OF NEW MEXICO
BERNALILLO PUBLIC SCHOOL DISTRICT
RECONCILIATION OF THE BALANCE SHEET GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
June 30, 2018**

	<u>Governmental Funds</u>
Amounts reported for governmental activities in the statement of net position are different because:	
Fund balances - total government funds	\$ 19,386,139
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	98,447,069
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in funds.	
Deferred outflows of resources related to pensions/OBEB are applicable to future reporting periods and, therefore, are not reported in the funds	25,457,087
Deferred inflows of resources related to pensions/OBEB are applicable to future reporting periods and, therefore, are not reported in the funds	(6,816,677)
Delinquent property taxes not cancelled within sixty days after year end are not considered "available" revenues and are considered to be deferred revenue in the fund financial statements, but are considered revenue in the Statement of Activities	551,145
Accrued interest	(499,049)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, not reported in the funds:	
Accrued compensation	(143,275)
Net pension liability	(76,502,893)
Net OPEB liability	(20,632,707)
General obligation bonds	<u>(34,747,429)</u>
Net position-total Governmental Activities	<u>\$ 4,499,410</u>

See Notes to Financial Statements.

STATE OF NEW MEXICO
BERNALILLO PUBLIC SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
For the Year Ended June 30, 2018

	General Fund 11000, 12000, 13000, 14000	Bond Building 31100	Debt Service 41000	Other Governmental Funds	Total Governmental Funds
REVENUES					
Property taxes	\$ 167,796	\$ -	\$ 5,971,947	\$ 1,164,629	\$ 7,304,372
Federal direct	4,337,433	-	-	7,522,451	11,859,884
State flowthrough	20,584,924	2,625,863	-	1,522,923	24,733,710
Transportation distribution	1,252,864	-	-	141,041	1,393,905
Charges for service	409,829	-	-	-	409,829
Investment income	46	1,204	-	132,906	134,156
Miscellaneous	320,181	209,628	-	1,223	531,032
Total revenues	27,073,073	2,836,695	5,971,947	10,485,173	46,366,888
EXPENDITURES					
Current					
Instruction	13,819,085	-	-	4,123,313	17,942,398
Support services	5,514,273	-	59,208	1,157,779	6,731,260
Central services	1,659,377	-	-	249,663	1,909,040
Operations and maintenance of plant	3,259,145	688,866	-	-	3,948,011
Student transportation	1,381,549	-	-	1,050,588	2,432,137
Other support services	27,376	-	-	-	27,376
Food service operations	493	-	-	2,825,561	2,826,054
Community service	-	-	-	13,072	13,072
Capital outlay	-	4,175,972	-	324,575	4,500,547
Debt service	-	-	-	-	-
Principal	-	-	5,305,000	-	5,305,000
Interest	-	-	925,159	-	925,159
Total expenditures	25,661,298	4,864,838	6,289,367	9,744,551	46,560,054
Excess(deficiency) of revenue over (under) expenditures	1,411,775	(2,028,143)	(317,420)	740,622	(193,166)
Other financing sources (uses)					
Proceeds from bond issues	-	4,070,518	-	-	4,070,518
Total other financing sources (uses)	-	4,070,518	-	-	4,070,518
Net change in fund balances	1,411,775	2,042,375	(317,420)	740,622	3,877,352
Fund balances, beginning of year	2,468,604	2,223,164	6,579,559	4,237,460	15,508,787
Fund balances - end of year	\$ 3,880,379	\$ 4,265,539	\$ 6,262,139	\$ 4,978,082	\$ 19,386,139

See Notes to Financial Statements.

STATE OF NEW MEXICO
BERNALILLO PUBLIC SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES , AND CHANGES
IN FUND BALANCES GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
June 30, 2018

	<u>Governmental Funds</u>
Amounts reported for governmental activities in the statement of activities are different because:	
Net change in fund balances - total governmental funds	\$ 3,877,352
Capital outlay 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 expense in the statement of activities. This is the amount by which depreciation exceeds capital outlays for the period.	
Loss on disposal of capital assets	(500,747)
Depreciation expense	(4,035,269)
Capital outlays	4,500,547
Pension / OPEB contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the statement of net position because the reported net pension/OPEB liability is measured a year before the District's report date. Pension/OPEB expense, which is the change in the net pension/OPEB liability adjusted for changes in deferred outflows and inflows of resources related to pensions/OPEB, is reported in the statement of activities.	
Pension expense	(8,976,930)
OPEB expense	(448,792)
Revenues that do not provide current financial resource are not reported as revenues in the fund statements but are report in the Statement of Activities. This is the amount by which the deferred inflow of property taxes from the end of the year \$551,145 was less than the deferred inflow of property taxes from the beginning of the year \$592,943	(41,798)
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:	
(Increase) decrease in accrued interest payable	(100,507)
(Increase) decrease in accrued compensated absences	(6,075)
Bond proceeds	(3,875,000)
Principal payments on bonds	<u>5,305,000</u>
Change in net position-total Governmental Activities	<u>\$ (4,302,219)</u>

See Notes to Financial Statements.

STATE OF NEW MEXICO
BERNALILLO PUBLIC SCHOOL DISTRICT
GENERAL FUND - 11000 (OPERATIONAL- INSTRUCTION)
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
June 30, 2018

REVENUES	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
Property taxes	\$ -	\$ -	\$ 167,796	\$ 167,796
Federal grants	3,309,397	3,309,397	4,337,433	1,028,036
State flowthrough	21,029,758	21,029,758	20,492,981	(536,777)
Transportation distribution	-	-	-	-
Charges for service	1,170,026	1,170,026	409,829	(760,197)
Investment income	-	-	46	46
Miscellaneous	220,000	220,000	285,311	65,311
Total revenues	25,729,181	25,729,181	25,693,396	(35,785)
EXPENDITURES				
Current Liabilities				
Instruction	14,194,093	14,196,517	13,728,884	467,633
Support services	13,092,894	5,897,654	5,514,273	383,381
Central services		1,976,765	1,659,377	317,388
Operations and maintenance of plant		4,117,849	3,240,211	877,638
Student transportation		257,325	155,951	101,374
Other support services	-	838,897	27,376	811,521
Food service operations	-	493	493	-
Community service	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	27,286,987	27,285,500	24,326,565	2,958,935
Excess(deficiency) of revenue over (under) expenditures	(1,557,806)	(1,556,319)	1,366,831	2,923,150
Other financing sources (uses)				
Bond proceeds	-	-	-	-
Designated cash	-	-	-	-
Operating transfers	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	\$ (1,557,806)	(1,556,319)	1,366,831	2,923,150
Reconciliation to GAAP basis				
Adjustments to revenue			\$ -	
Adjustments to expenditures			-	
Excess (deficiency) of revenue and other sources over expenditures (GAAP Basis)			\$ 1,366,831	

See Notes to Financial Statements.

STATE OF NEW MEXICO
 BERNALILLO PUBLIC SCHOOL DISTRICT
 GENERAL FUND - 12000 (SUPPORT SERVICES)
 STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
 June 30, 2018

REVENUES	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
Property taxes	\$ -	\$ -	\$ -	\$ -
Federal grants	-	-	-	-
State flowthrough	-	-	-	-
Transportation distribution	-	-	-	-
Charges for service	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	174,912	174,912	29,295	(145,617)
Total revenues	174,912	174,912	29,295	(145,617)
EXPENDITURES				
Current Liabilities				
Instruction	-	-	-	-
Support services	-	-	-	-
Central services	-	-	-	-
Operations and maintenance of plant	174,912	174,912	18,934	155,978
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food service operations	-	-	-	-
Community service	-	-	-	-
Capital outlay	-	-	-	-
Debt service	-	-	-	-
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	174,912	174,912	18,934	155,978
Excess(deficiency) of revenue over (under) expenditures	-	-	10,361	10,361
Other financing sources (uses)				
Bond proceeds	-	-	-	-
Designated cash	-	-	-	-
Operating transfers	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	\$ -	-	10,361	10,361
Reconciliation to GAAP basis				
Adjustments to revenue			\$ -	
Adjustments to expenditures			-	
Excess (deficiency) of revenue and other sources (uses) over expenditures (GAAP Basis)			\$ 10,361	

See Notes to Financial Statements.

STATE OF NEW MEXICO
 BERNALILLO PUBLIC SCHOOL DISTRICT
 GENERAL FUND - 13000 (PUPIL TRANSPORTATION)
 STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES - BUDGET (NON-GAAP BASIS) AND ACTUAL
 June 30, 2018

REVENUES	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
Property taxes	\$ -	\$ -	\$ -	\$ -
Federal grants	-	-	-	-
State flowthrough	-	-	-	-
Transportation distribution	1,252,864	1,252,864	1,252,864	-
Charges for service	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	5,575	5,575
Total revenues	1,252,864	1,252,864	1,258,439	5,575
EXPENDITURES				
Current Liabilities				
Instruction	-	-	-	-
Support services	-	-	-	-
Central services	-	-	-	-
Operations and maintenance of plant	-	-	-	-
Student transportation	1,252,864	1,253,098	1,225,598	27,500
Other support services	-	-	-	-
Food service operations	-	-	-	-
Community service	-	-	-	-
Capital outlay	-	-	-	-
Debt service	-	-	-	-
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	1,252,864	1,253,098	1,225,598	27,500
Excess(deficiency) of revenue over (under) expenditures	-	(234)	32,841	33,075
Other financing sources (uses)				
Bond proceeds	-	-	-	-
Designated cash	-	-	-	-
Operating transfers	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	\$ -	(234)	32,841	33,075
Reconciliation to GAAP basis				
Adjustments to revenue			\$ -	
Adjustments to expenditures			-	
Excess (deficiency) of revenue and other sources (uses) over expenditures (GAAP Basis)			\$ 32,841	

See Notes to Financial Statements.

STATE OF NEW MEXICO
BERNALILLO PUBLIC SCHOOL DISTRICT
GENERAL FUND - 14000 (INSTRUCTIONAL MATERIALS)
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
June 30, 2018

REVENUES	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
Property taxes	\$ -	\$ -	\$ -	\$ -
Federal grants	-	-	-	-
State flowthrough	84,895	84,895	91,943	7,048
Transportation distribution	-	-	-	-
Charges for service	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	84,895	84,895	91,943	7,048
EXPENDITURES				
Current Liabilities				
Instruction	84,895	240,564	90,201	150,363
Support services	-	-	-	-
Central services	-	-	-	-
Operations and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food service operations	-	-	-	-
Community service	-	-	-	-
Capital outlay	-	-	-	-
Debt service	-	-	-	-
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	84,895	240,564	90,201	150,363
Excess(deficiency) of revenue over (under) expenditures	-	(155,669)	1,742	157,411
Other financing sources (uses)				
Bond proceeds	-	-	-	-
Designated cash	-	-	-	-
Operating transfers	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	\$ -	(155,669)	1,742	157,411
Reconciliation to GAAP basis				
Adjustments to revenue			\$ -	
Adjustments to expenditures			-	
Excess (deficiency) of revenue and other sources (uses) over expenditures (GAAP Basis)			\$ 1,742	

See Notes to Financial Statements.

**STATE OF NEW MEXICO
 BERNALILLO PUBLIC SCHOOL DISTRICT
 AGENCY FUNDS
 STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
 June 30, 2018**

	<u>Agency Fund</u>
ASSETS	
Current	
Cash	<u>\$ 270,189</u>
Total assets	<u><u>\$ 270,189</u></u>
LIABILITIES	
Current	
Deposits held in trust for others	<u>\$ 270,189</u>
Total liabilities	<u><u>\$ 270,189</u></u>

See Notes to Financial Statements.

NOTES TO FINANCIAL STATEMENTS

**STATE OF NEW MEXICO
BERNALILLO PUBLIC SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2018**

NOTE 1. NATURE OF ORGANIZATION

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

The School board operates nine schools within the School district with a total enrollment of approximately 3,000 pupils. in conjunction with the regular educational programs, some of these schools offer special education. in addition, the School Board provides transportation and school food services for the students.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Financial Reporting Entity

GASB Statement No. 14 established criteria for determining the government reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the District is considered a primary government, since it is a special-purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. As used in GASB Statement No. 14, fiscally independent means that the District may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt. The District also has no component units, as defined by GASB Statement No. 14 and/or GASB Statement No. 39, as there are no other legally separate organizations for which the elected School Board members are financially accountable. There are no other primary governments with which the School Board Members are financially accountable. There are no other primary governments with which the District has a significant relationship.

STATE OF NEW MEXICO
BERNALILLO PUBLIC SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities and changes in net assets) 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 District has no business-type activities.

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

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

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

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

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

**STATE OF NEW MEXICO
BERNALILLO PUBLIC SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2018**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Ad valorem taxes (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.

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. 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.

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

- The General Funds are the primary operating funds of the District, and account 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.
- The Capital Projects Funds account for the acquisition of fixed assets or construction of major capital projects not being financed by proprietary or nonexpendable trust funds.
- The Debt Service Funds account for the services of long-term debt not being financed by proprietary or nonexpendable trust funds.

**STATE OF NEW MEXICO
BERNALILLO PUBLIC SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2018**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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, which include funds that were not required to be presented as major but were at the discretion of management.

General Funds:

The Operational Fund (11000) is the primary operating fund of the District, and accounts for all financial resources, except those required to be accounted for in other funds,

The Teacherage Fund (12000) is used to provide housing in remote locations for teachers.

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

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

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

The Debt Service Fund (41000) is used to account for the accumulation of resources for the payment of long- Term Debt principal and interest.

Additionally, the District reports the following agency fund:

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

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

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

**STATE OF NEW MEXICO
BERNALILLO PUBLIC SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2018**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Program revenues are categorized as (a) charges for services, which include revenues collected for cafeteria fees and lost books, etc., (b) program-specific operating grants, which includes revenues received from state and federal sources such as Title 1, IDEA-B, and Magnet school funding to be used as specified within each program grant agreement, and (c) program-specific capital grants and contributions, which include revenues from state sources such as SB-9 and 11B-33 funding to be used for capital projects. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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

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

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 Local Government Investment Pool (LGIP).

Investments for the District are reported at fair value. The State Treasurer's Local Government Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares. The district does not currently have any deposits or investments in the LGIP.

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. Restricted cash is related to debt service, and future capital projects.

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

**STATE OF NEW MEXICO
BERNALILLO PUBLIC SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2018**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

The District receives monthly income from a tax levy in Sandoval 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 Sandoval County Treasurer in July and August 2018 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.

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

Inventory: Inventory is valued at lower of cost (first-in, first-out) or market. Inventory in the General fund consists of expendable supplies held for consumption. Inventory in the Special Revenue Funds 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. The U.S.D.A commodities are recorded at year-end by audit adjusting entries. Commodities consumed during the year are reported as revenues and expenditures; unused commodities are reported as inventories and unearned revenue. Non-commodity inventories are equally offset by a fund balance reserve, which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets. No unearned revenue was recorded for unused commodity inventory as of June 30, 2018. Inventories in the Transportation fund consisted of related supplies.

**STATE OF NEW MEXICO
BERNALILLO PUBLIC SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2018**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Capital Assets: Capital assets, which include property, plant, and equipment, are reported in the applicable governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 per Section 12-6-10 NMSA 1978, and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Pursuant to the implementation of GASB Statement No. 34, the historical cost of infrastructure assets, (retroactive to 1979) are to be included as part of the governmental capital assets reported in the government wide statements. However, infrastructure assets have not been included in the June 30, 2018 financial statements of Bernalillo Public School District, since the District did not own any infrastructure assets as of June 30, 2018. Information technology equipment, including software, is being capitalized and included in furniture and equipment as the District did not maintain internally developed software. The District expenses the cost of library books when purchased. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized, but rather, expensed in the period incurred.

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.

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

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

Buildings/building improvements	20-40 years
Furniture fixtures and equipment	3 - 7 years

**STATE OF NEW MEXICO
BERNALILLO PUBLIC SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2018**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Deferred Outflows/Inflows of Resources. In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Also, in addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District reports deferred inflows in the governmental funds regarding property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available

Compensated Absences: Qualified employees are entitled to accumulate annual leave according to a graduated leave schedule of 12 days to 20 days per year, depending on length of service, the employee's hire date and the employee's employment status (administrator or classified). All earned vacation must be taken within one year after it is earned. Upon termination, employees will be paid for up to twenty days of accrued annual leave.

Qualified employees are entitled to accumulate sick leave according to a graduated leave schedule of 10 days to 14 days per year, depending on the employee's annual contract length. There is no limit to the amount of sick leave an employee may accumulate. Employees with a minimum of twelve years of service with the District are eligible for the following compensation upon official retirement from the District through the New Mexico Educational Retirement Board:

Eligible employees will receive 10% of the average daily rate stated in the final employment contract for all unused sick leave earned on June 30 of the year prior to the last year of service up to a maximum of 700 hours; and

Eligible employees will receive 100% of the average daily rate stated in the final employment contract for all unused sick leave earned in the final school year of employment up to a maximum of 49 hours

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. In prior years, substantially all of the related expenditures have been liquidated by the general fund. 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.

**STATE OF NEW MEXICO
BERNALILLO PUBLIC SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2018**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Accrued Payroll: In the fund financial statements, governmental fund types recognize the accrual of unpaid wages and benefits that employees have earned at the close of each fiscal year. The amount recognized in the fund financial statements represents checks that were held at year end in relation to employee's summer payroll.

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.

Fund Balance Classification Policies and Procedures: For committed fund balance, the District's highest level of decision-making authority is the Board of Education. The formal action that is required to be taken to establish a fund balance commitment is the Board of Education.

For assigned fund balance, the Board of Education or an official or body to which the School Board of Education delegates the authority is authorized to assign amounts to a specific purpose. The authorization policy is in governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund. For the classification of fund balances, the District considers restricted or unrestricted amounts to have been spent when an expenditure is incurred for the purposes for which both restricted and unrestricted fund balance is available. Also for the classification of fund balances, the District considers committed, assigned, or unassigned amounts to have been spent when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Non-spendable Fund Balance: At June 30, 2018, the non-spendable fund balance in the general fund and other governmental funds is made up of inventory, and prepaids in the amounts of \$177,404.

Restricted and Committed Fund Balance: At June 30, 2018, the restricted fund balance on the governmental funds balance sheet is made up of \$5,070,925 for providing education to the students of the District, \$4,265,539 for the purpose at erecting, remodeling, making additions to and furnishing school buildings and purchasing or improving school grounds and purchasing computer software and hardware for student use in public schools, providing matching funds for capital outlay projects funded pursuant to the Public School Capital Outlay Act [22-24-1 NMSA 1978), or any combination of these purposes, \$6,262,139 for the payment of principal and interest of the future debt service requirements.

**STATE OF NEW MEXICO
BERNALILLO PUBLIC SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2018**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Minimum Fund Balance Policy: The District does not have a policy for maintaining a minimum amount of fund balance for operations to help minimize any sudden and unplanned discontinuity to programs, operations or for unforeseen contingencies.

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

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

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

Unrestricted Net Position: All other net assets that do not meet the definition of "restricted" or "net investment in capital assets."

The Government-Wide Balance Sheet reports \$15,598,603 of restricted net position of which is restricted by enabling legislation.

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

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

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

**STATE OF NEW MEXICO
BERNALILLO PUBLIC SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2018**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant estimates affecting the District's financial statements include management's estimate of the useful lives of capital assets, and GASB 68 estimates related to pensions.

E. Revenues

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

A school district's program costs are determined through the use of various formulas using 'program units' which take into consideration 1) early childhood education; 2) basic education; 3) special education; 4) bilingual-multicultural education; 5) size, etc. Payment is made from the public-school fund under the authority of the Director of Public-School Finance. The District received \$24,733,710 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. Tax revenues are recognized when they are in the hands of the collecting agency. The District records only the portion of the taxes considered to be 'measurable' and 'available'. The District recognized \$7,304,372 in tax revenues during the year ended June 30, 2018. 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.

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

**STATE OF NEW MEXICO
BERNALILLO PUBLIC SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2018**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Revenues (Continued)

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 \$1,393,905 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 the other 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 \$91,943.

Public School Capital Outlay: Under the provisions of Chapter 22, Article 24, a public-school capital outlay fund was created. 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, and the capital outlay expenditures are limited to the purchase, or construction of temporary or permanent classrooms.

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; 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.

**STATE OF NEW MEXICO
BERNALILLO PUBLIC SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2018**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Revenues (Continued)

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 \$1,705,443 in capital outlay funds.

SB-9 State Match: The Director shall distribute to any school district that has imposed a tax under the Public School Capital Outlay 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 13 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.

During the year ended June 30, 2018 the District received \$55,749 in state SB-9 matching.

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

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.

F. Pensions

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

**STATE OF NEW MEXICO
BERNALILLO PUBLIC SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2018**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Postemployment Benefits Other than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the New Mexico Retiree Health Care Authority (NMRHCA) and additions to and deductions from NMRHCA's fiduciary net position have been determined on the same basis as they are reported by NMRHCA. For this purpose, NMRHCA recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value.

NOTE 3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

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

These budgets are prepared on the 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.

Actual expenditures may not exceed the budget on a function basis, i.e., each budgeted function must be within budgeted amounts. Budgets may be amended in two ways, If a budget transfer is necessary within a major category called a 'series,' this may be accomplished with only local Board of Education approval. If a transfer between 'series' or a budget increase is required, approval must also be obtained from Public. School Finance Division. The budgetary information presented in these financial statements has been amended in accordance with the above procedures.

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

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

**STATE OF NEW MEXICO
BERNALILLO PUBLIC SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2018**

NOTE 3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

Budgetary Information (Continued)

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. 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.
5. 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.
6. Budget change requests are processed in accordance with Supplement 1 (Budget Preparation and Maintenance) of the Manual of Procedures Public School Accounting and Budgeting. Such changes are initiated by the school district and approved by the SBPU.
7. Legal budget control for expenditures is at the function level.
8. Appropriations lapse at fiscal year-end. Funds unused during the fiscal year may be, carried over into the next fiscal year by budgeting those in the subsequent fiscal year's budget. The budget of Bernalillo Public School District has been amended during the current fiscal year in accordance with these procedures. The budget schedules included in the accompanying financial statements reflect the approved budget and amendments thereto.
9. 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.
10. Budgets for the General, Special Revenue, Capital Projects, and Debt Service Funds are adopted on a basis not consistent with generally accepted accounting principles (GAAP). Encumbrances are treated the same way for GAAP purposes and for budget purposes.

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

NOTE 4. CASH AND CASH EQUIVALENTS

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.

**STATE OF NEW MEXICO
 BERNALILLO PUBLIC SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2018**

NOTE 4. CASH AND CASH EQUIVALENTS (CONTINUED)

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

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 collateral pledged is listed on the supporting schedule of this report. The types of collateral allowed are limited to direct obligations of the United States Government and all bonds issued by any agency, district or political subdivision of the State of New Mexico.

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

Deposits

NM State Statutes require collateral pledged for deposits in excess of the federal deposit insurance to be delivered, or a joint safekeeping receipt be issued, to the District 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.

	US Bank	Totals
Total amounts of deposits	\$ 19,758,000	19,758,000
FDIC Coverage	<u>(250,000)</u>	<u>(250,000)</u>
Total uninsured public funds	19,508,000	19,508,000
Pledged collateral held by Pledging bank's trust department or agent in agency's name	<u>25,000,000</u>	<u>25,000,000</u>
Collateral requirement (50% of uninsured public funds)	9,754,000	9,754,000
Pledged security	<u>(25,000,000)</u>	<u>(25,000,000)</u>
Total under (over) collateralized	\$ <u>(15,246,000)</u>	<u>(15,246,000)</u>

**STATE OF NEW MEXICO
BERNALILLO PUBLIC SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2018**

NOTE 4. CASH AND CASH EQUIVALENTS (CONTINUED)

Custodial Credit Risk Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk, other than following state statutes as put forth in the Public Money Act (Section 6-10-1 to 6-10.63, NMSA 1978). At June 30, 2018, none of the District's bank balance of \$19,758,000 was exposed to custodial credit risk as the amount uninsured was collateralized and the collateral was held by the pledging bank's trust department in the District's name. None of the District's bank balance was uninsured and uncollateralized. At June 30, 2018, the carrying amount of these deposits was \$ 17,756,710

Reconciliation to the Statement of Net Position

The carrying amount of deposits and investments shown above are included in the District's Financial Statements as follows:

Cash and cash equivalents - Governmental Activities	\$ 19,479,858
Cash and cash equivalents - Fiduciary Funds	<u>278,142</u>
Total cash and cash equivalents	19,758,000
Less: Outstanding checks	(3,503,283)
Plus: Deposits in Transit	<u>1,772,182</u>
Book Balance	<u>\$ 18,026,899</u>

NOTE 5. RECEIVABLES

Receivables as of June 30, 2018, are as follows:

	General Fund	Bond Building Fund	Debit Services	Other Gov. Funds	Total
Intergovernmental Grant	\$ 20,018	-	-	2,280,437	2,300,455
Taxes	<u>20,775</u>	-	<u>562,531</u>	<u>117,009</u>	<u>700,315</u>
Total	<u>\$ 40,793</u>	-	<u>562,531</u>	<u>2,397,446</u>	<u>3,000,770</u>

The above receivables are deemed 100% collectible. In accordance with GASB 65.109-130, property tax receivables are presented net of property taxes - deferred inflows in the amount of \$551,145 on the governmental fund financial statements.

**STATE OF NEW MEXICO
BERNALILLO PUBLIC SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2018**

NOTE 6. 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. There were no interfund transfers during the year. The composition of interfund balances as of June 30, 2018 is as follows:

	Interfund Receivable	Interfund Payable
Governmental Activities:		
Major Funds: General	\$ 3,120,988	-
Non-Major Funds:		
21th Century Community Learning Centers-24119.	-	47,303
After School Enrichment-27168.	-	3,600
Breakfast in the Classroom-27155.	-	175
Capital Improvements SB-10-31700.	-	145,602
Carl D Perkins Second Special Revenue Fund-24174.	-	4,879
Carl D Perkins Special projects Current -24171.	-	349
Dual Credit Instructional Materials / HB2 - 27103	-	1,962
Debt Service - 41000	-	1,391,635
English Language Acquisition-24153.	-	32,525
Entitlement IDEA-B Fund-24106.	-	381,462
Food Service – 21000	-	399
Fresh Fruit & Vegetables USDA-24118.	-	42,746
Gear Up NM State Initiative-25205.	-	86,082
GRADS Child Care-28189.	-	720
GRADS Plus-28203.	-	1,107
IDEA-B Results Plan -24132.	-	19,604
Impact aid Indian Education-25147	9	-
Indian Ed Formula Grant-25184.	-	64,411
Indian Health Services USPHS and Indian Education Act-27150.	-	12,099
Kindergarten - Three Plus-27166.	-	153,785
NM Grown FW-27183.	-	23,987
NM Reads to Lead K-3 Reading Initiative-27114.	-	51,774
NM Highways Department- 28120	-	80,201
2012 GO Bond Student Library	-	36,405
Pre K Initiative-27149.	-	186,706
Preschool IDEA-B-24109.	-	4,370
Rez of Your Life Program-28202.	-	29,965
Student Support & Academic Enrichment - 24189	-	703
Teacher/Principal Training & Recruiting-24154.	-	23,900
Title I IASA-24101.	-	268,513
Advanced Placement Program - 27129	-	5,763

**STATE OF NEW MEXICO
BERNALILLO PUBLIC SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2018**

NOTE 6. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (CONTINUED)

	Interfund Receivable	Interfund Payable
Title I School Improvement -24162.	-	5,454
Teachers Hard to Staff Stipend - 27195	-	60
Truancy Prevention-27141.	-	8,011
USHHS/CDC School Health-24186.	-	4,740
	<u>\$ 3,120,997</u>	<u>3,120,997</u>

NOTE 7. CAPITAL ASSETS

A summary of capital assets and changes occurring during the year ended June 30, 2018, including those changes pursuant to the implementation of GASB Statement No. 34, follows:

	Balance, June 30, 2017	Transfers	Additions	Deletions	Balance, June 30, 2018
Capital assets not depreciated:					
Land	\$ 180,609	-	-	-	180,609
Construction in progress	16,042,744	(16,042,744)	670,918	-	670,918
Total not depreciated	<u>16,223,353</u>	<u>(16,042,744)</u>	<u>670,918</u>	<u>-</u>	<u>851,527</u>
Capital assets being depreciated:					
Building and improvements	106,214,819	16,042,744	3,066,142	(1,981,197)	123,342,508
Furniture, fixtures and equipment	7,909,747	-	763,487	(953,296)	7,719,938
Total depreciated	<u>114,124,566</u>	<u>16,042,744</u>	<u>3,829,629</u>	<u>(2,934,493)</u>	<u>131,062,446</u>
Less accumulated depreciation:					
Buildings and improvements	26,526,081	-	3,447,301	(1,436,173)	28,537,209
Furniture, fixtures and equipment	5,339,300	-	587,968	(997,573)	4,929,695
Total depreciation	<u>31,865,381</u>	<u>-</u>	<u>4,035,269</u>	<u>(2,433,746)</u>	<u>33,466,904</u>
Net depreciated assets	<u>\$ 98,482,538</u>	<u>-</u>	<u>465,278</u>	<u>(500,747)</u>	<u>98,447,069</u>

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

Instruction	\$ 3,510,684
Support services	40,353
Central services	80,705
Student transportation	363,174
Food services operation	40,353
Total	<u>\$ 4,035,269</u>

**STATE OF NEW MEXICO
BERNALILLO PUBLIC SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2018**

NOTE 8. 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:

	Balance, June 30, 2017	Additions	Deletions	Balance, June 30, 2018	Current Portion
General obligation bonds	\$ 36,177,429	3,875,000	5,305,000	34,747,429	4,905,000
Compensated absences	137,200	170,409	164,334	143,275	143,275
Total	<u>36,314,629</u>	<u>4,045,409</u>	<u>5,469,334</u>	<u>34,890,704</u>	<u>5,048,275</u>

Interest expense paid on long-term debt totaled \$925,159 on the Statement of Activities for the year ended June 30, 2018.

In the Current year the district issued a general obligation bond in the amount of \$3,875,000 that included a premium of \$195,518 and an issuance costs of \$76,006 that are included in program costs.

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 on July 15 and January 15. Interest rates on the bonds range from 1.500% to 4.200%. Principal payments in varying amounts are due annually on August 1, or August 15 through 2030.

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

Fiscal Year Ending		Principal	Interest	Total Debt Service
June 30, 2018				
2019	\$	4,905,000	878,188	5,783,188
2020		4,380,000	754,200	5,134,200
2021		4,080,000	637,688	4,717,688
2022		3,485,000	528,125	4,013,125
2023		3,485,000	428,825	3,913,825
2024-2028		12,290,000	936,238	13,226,238
2029-2031		2,122,429	48,906	2,171,335
	\$	<u>34,747,429</u>	<u>4,212,170</u>	<u>38,959,599</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, the compensated absences obligation increased by \$6,075 from the prior year accrual.

**STATE OF NEW MEXICO
 BERNALILLO PUBLIC SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2018**

NOTE 8. LONG-TERM DEBT (CONTINUED)

Operating Leases — The District leases office equipment under short- term cancelable operating leases. Rental cost for the year ended June 30, 2018 was \$135,194.

NOTE 9. 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 are 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 10. OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES

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

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

<u>Fund#</u>	<u>Fund Description</u>	<u>Deficit Amount</u>
24101	Title 1 IASA	(6,091)
24109	Preschool IDEA B	(2,969)
24119	Community learning centers	(47,303)
24153	English language acquisition	(3,509)
24171	Carl D Perkins Special Project Current	(1)
24174	Carl D Perkins Secondary	(3,209)
26157	Indian Health Services USPHS	(4,536)
27107	2012 GO Bond Student Library	(17,249)
27114	NM Reads to Lead K-3 Reading Initiative	(9)
27129	Advanced Placement Program	(5,763)
27168	After School Enrichment	(3,600)

**STATE OF NEW MEXICO
 BERNALILLO PUBLIC SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2018**

NOTE 10. OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES (CONTINUED)

27183	NM Grown FW	(9,987)
27195	Teacher Hard to Staff Stipend	(60)
28203	GRADS Plus	(1,107)
28120	NM Highway Department	(80,201)

NOTE 11. PENSION PLAN – EDUCATION RETIREMENT BOARD

General Information about the Pension Plan

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

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

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

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

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

**STATE OF NEW MEXICO
BERNALILLO PUBLIC SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2018**

NOTE 11. PENSION PLAN – EDUCATION RETIREMENT BOARD (CONTINUED)

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

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

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

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

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

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

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

STATE OF NEW MEXICO
BERNALILLO PUBLIC SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 11. PENSION PLAN – EDUCATION RETIREMENT BOARD (CONTINUED)

Benefit Options. The Plan has three benefit options available.

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

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

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

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

**STATE OF NEW MEXICO
BERNALILLO PUBLIC SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2018**

NOTE 11. PENSION PLAN – EDUCATION RETIREMENT BOARD (CONTINUED)

As of July 1, 2013, for current and future retirees the COLA is immediately reduced until the Plan is 100% funded. The COLA reduction is based on the median retirement benefit of all retirees excluding disability retirements. Retirees with benefits at or below the median and with 25 or more years of service credit will have a 10% COLA reduction; their average COLA will be 1.5%. 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 1.7%.

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

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

Contributions. For the fiscal years ended June 30, 2018 and 2017 educational employers contributed to the Plan based on the following rate schedule.

Fiscal Year	Date Range	Wage Category	Member Rate	Employer Rate	Combined Rate	Increase Over Prior Year
2018	7-1-17 to 6-30-18	Over \$20K	10.70%	13.90%	24.60%	0.00%
2018	7-1-17 to 6-30-18	\$20K or less	7.90%	13.90%	21.80%	0.00%
2017	7-1-16 to 6-30-17	Over \$20K	10.70%	13.90%	24.60%	0.00%
2017	7-1-16 to 6-30-17	\$20K or less	7.90%	13.90%	21.80%	0.00%

The contribution requirements are established in statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the New Mexico Legislature. For the fiscal years ended June 30, 2018 and 2017, the District paid employee and employer contributions of \$2,591,574 and \$2,724,894, which equal the amount of the required contributions for each fiscal year.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2018, the District reported a liability of \$76,502,893 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016. The total pension liability was rolled-forward from the valuation date to the plan year ending June 30, 2017 using generally accepted actuarial principles. The roll-forward incorporates the impact of the new assumptions adopted by the Board on April 21, 2017. There were no other significant events of changes in benefit provisions

**STATE OF NEW MEXICO
BERNALILLO PUBLIC SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2018**

NOTE 11. PENSION PLAN – EDUCATION RETIREMENT BOARD (CONTINUED)

that required an adjustment to the roll-forward liabilities as of June 30, 2017. Therefore, the employer’s portion was established as of the measurement date of June 30, 2017. The District’s proportion of the net pension liability was based on a projection of the District’s long-term share of contributions to the pension plan relative to the projected contributions of all participating educational institutions, actuarially determined. At June 30, 2017, the District’s proportion was 0.68838%, which was a decrease of 0.0167% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the District recognized pension expense of \$8,976,9830. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Difference between expected and actual experience	\$ 137,330	\$ 1,178,599
Changes of assumptions	22,332,698	-
Net difference between projected and actual earnings on pension plan investments	-	10,495
Changes in proportion and differences between Contributions and proportionate share of contributions	23,989	931,627
Employer’s contributions subsequent to the measurement date	<u>2,591,574</u>	-
Total	<u>\$ 25,085,591</u>	<u>\$ 2,120,721</u>

\$2,591,974 reported as deferred outflows of resources related to pensions resulting from the District’s contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2019	\$ 7,740,631
2020	8,264,618
2021	4,997,991
2022	<u>(629,943)</u>
	<u>20,373,297</u>

**STATE OF NEW MEXICO
 BERNALILLO PUBLIC SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2018**

NOTE 11. PENSION PLAN – EDUCATION RETIREMENT BOARD (CONTINUED)

Actuarial assumptions. The total pension liability in the June 30, 2017 actuarial valuation was determined using the following significant actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%										
Salary increases	3.25% composed of 2.50% inflation, plus a 0.75% productivity increase rate, plus a step-rate promotional increase for members with less than 10 years of service.										
Investment rate of return	7.25% compounded annually, net of expenses. This is made up of a 2.50% inflation rate and a 4.75 real rate of return.										
Average of Expected Remaining Service Lives	<table border="0" style="margin-left: 20px;"> <tr> <td style="padding-right: 20px;">Fiscal year</td> <td style="text-align: center;"><u>2017</u></td> <td style="text-align: center;"><u>2016</u></td> <td style="text-align: center;"><u>2015</u></td> <td style="text-align: center;"><u>2014</u></td> </tr> <tr> <td>Service life in years</td> <td style="text-align: center;">3.35</td> <td style="text-align: center;">3.77</td> <td style="text-align: center;">3.92</td> <td style="text-align: center;">3.88</td> </tr> </table>	Fiscal year	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	Service life in years	3.35	3.77	3.92	3.88
Fiscal year	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>							
Service life in years	3.35	3.77	3.92	3.88							
Mortality	<p>Healthy males: Based on the RP-2000 Combined Healthy Mortality Table with White Collar adjustments, not set back. Generational mortality improvements with Scale BB from the table’s base year of 2000.</p> <p>Healthy females: Based on GRS Southwest Region Teacher Mortality Table, set back one year. Generational mortality improvements in accordance with Scale BB from the table’s base year of 2012.</p> <p>Disabled males: RP-2000 Disabled Mortality Table for males, set back three years, projected to 2016 with Scale BB.</p> <p>Disabled females: RP-2000 Disabled Mortality Table for females, no set back, projected to 2016 with Scale BB.</p> <p>Active members: RP-2000 Employee Mortality Tables, with males set back two years and scaled at 80%, and females set back five years and scaled at 70%. Static mortality improvement from the table’s base year of 2000 to the year 2016 in accordance with Scale BB. No future improvement was assumed for preretirement mortality.</p>										
Retirement Age	Experience-based table rates based on age and service, adopted by the Board on June 12, 2015 in conjunction with the six-year experience study for the period ending June 30, 2014.										
Cost-of-living increases	1.90% per year, compounded annually.										
Payroll growth	3.00% per year (with no allowance for membership growth).										
Contribution accumulation	The accumulated member account balance with interest is estimated at the valuation date by assuming that member contributions increased 5.50% per year for all years prior to the valuation date. Contributions are credited with 4.00% interest, compounded annually, applicable to the account balances in the past as well as the future.										
Disability incidence	Approved rates are applied to eligible members with at least 10 years of service.										

**STATE OF NEW MEXICO
 BERNALILLO PUBLIC SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2018**

NOTE 11. PENSION PLAN – EDUCATION RETIREMENT BOARD (CONTINUED)

Actuarial assumptions and methods are set by the Plan’s Board of Trustees, based upon recommendations made by the Plan’s actuary. The Board adopted new assumptions on April 21, 2017 in conjunction with the six-year actuarial experience study period ending June 30, 2016. At that time, the Board adopted several economic assumption changes, including a decrease in the inflation assumption from 3.00% to 2.50%. The 0.50% decrease in the inflation assumption also led to decreases in the nominal investment return assumption from 7.75% to 7.25%, the assumed annual wage inflation rate from 3.75% to 3.25%, the payroll growth assumption from 3.50% to 3.00%, and the annual assumed COLA from 2.00% to 1.90%

The long-term expected rate of return on pension plan investments was determined using a building-block approach that includes the following:

- Rate of return projections that are the sum of current yield plus projected changes in price (valuations, defaults, etc.)
- Application of key economic projections (inflation, real growth, dividends, etc.)
- Structural themes (supply and demand imbalances, capital flows, etc.) developed for each major asset class.

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Equities	33%	
Fixed income	26%	
Alternatives	40%	
Cash	1%	
Total	100%	7.25%

Discount rate. A single discount rate of 5.9% was used to measure the total pension liability as of June 30, 2017. This single discount rate was based on a long-term expected rate of return on pension plan investments of 7.25%, and a municipal bond rate of 3.56%, net of expense. 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 projections of cash flows used to determine this single discount rate assumed that plan member and employer contributions will be made at the current statutory levels.

Sensitivity of the District’s proportionate share of the net pension liability to changes in the discount rate. The following presents the District’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:

STATE OF NEW MEXICO
 BERNALILLO PUBLIC SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2018

NOTE 11. PENSION PLAN – EDUCATION RETIREMENT BOARD (CONTINUED)

	1% Decrease <u>(4.90%)</u>	Current Discount Rate <u>(5.90%)</u>	1% Increase <u>(6.90%)</u>
Bernalillo Public School District's proportionate share of the net pension liability	\$ 99,587,741	\$ 76,502,893	\$ 57,632,907

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

Payables to the pension plan. Employer's contribution due at June 30, 2018 was \$1,402.

NOTE 12. POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS

General Information about the OPEB

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 (NMRHCA). NMRHCA 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 10-7C-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.

NMRHCA is an independent agency of the State of New Mexico. The funds administered by NMRHCA are considered part of the State of New Mexico financial reporting entity and are OPEB trust funds of the State of New Mexico. NMRHCA'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.

STATE OF NEW MEXICO
 BERNALILLO PUBLIC SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2018

NOTE 12. POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Employees covered by benefit terms. At June 30, 2017, the Fund’s measurement date, the following employees were covered by the benefit terms:

Plan membership	
Current retirees and surviving spouses	51,208
Inactive and eligible for deferred benefit	11,478
Current active members	<u>97,349</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 \$371,496 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 \$20,632,707 for its proportionate share of the 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 30, 2017. At June 30, 2017, the District’s proportion was 0.45530 percent.

**STATE OF NEW MEXICO
BERNALILLO PUBLIC SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2018**

NOTE 12. POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

For the year ended June 30, 2018, the District recognized OPEB expense of \$448,792. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 791,774
Changes of assumptions	-	3,607,366
Net difference between projected and actual earnings on pension plan investments	-	296,816
Employer's contributions subsequent to the measurement date	<u>371,496</u>	-
Total	<u>\$ 371,496</u>	<u>\$ 4,695,956</u>

Deferred outflows of resources totaling \$371,496 represent District contributions made subsequent to the measurement date and will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in OPEB expense as follows:

Year ended June 30:

2019	\$ (998,393)
2020	(998,393)
2021	(998,393)
2022	(998,393)
2023	<u>(702,384)</u>
	<u>(4,695,956)</u>

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

Valuation Date	June 30, 2017
Actuarial cost method	Entry age normal, level 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%

**STATE OF NEW MEXICO
 BERNALILLO PUBLIC SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2018**

NOTE 12. POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

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 future real rates of return by the target asset allocation percentage, adding expected inflation and subtracting expected investment expenses and a risk margin. The target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before investment expenses, used in the derivation of the long-term expected investment rate of return assumptions.

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

Asset Class	Long-Term Rate of Return
U.S. core fixed income	4.1%
U.S. equity - large cap	9.1
Non U.S. - emerging markets	12.2
Non U.S. - developed equities	9.8
Private equity	13.8
Credit and structured finance	7.3
Real estate	6.9
Absolute return	6.1
U.S. equity - small/mid cap	9.1

Discount Rate. The discount rate used to measure the Fund’s total OPEB liability is 3.81% as of June 30, 2017. 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 plan 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.

STATE OF NEW MEXICO
 BERNALILLO PUBLIC SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2018

NOTE 12. POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

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:

	1% Decrease (2.81%)	Current Discount Rate (3.81%)	1% Increase (4.81%)
Bernalillo Public School District's proportionate share of the net OPEB liability	\$ 25,027,152	\$ 20,632,707	\$ 17,184,870

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
Bernalillo Public School District's proportionate share of the net OPEB liability	\$ 17,549,538	\$ 20,632,707	\$ 23,036,817

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, 2017.

Payable Changes in the Net OPEB Liability. At June 30, 2018, the District reported a payable of \$1,356 for outstanding contributions due to NMRHCA for the year ended June 30, 2018.

NOTE 13. 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 School 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.

**STATE OF NEW MEXICO
BERNALILLO PUBLIC SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2018**

NOTE 14. BUDGETED ACTIVITY FUNDS

The Student Activity Funds, while budgeted under Non-Instructional Support in the financial statements, are considered for reporting purposes as agency funds and the related activity has been reported as such in the Statement of Changes in Assets and Liabilities — All Agency Funds section of the financial statements.

NOTE 15. JOINT POWERS AGREEMENTS

The New Mexico Public School Capital Outlay Council (PSCOC) through its Public-School Facilities Authority (PSFA) and Bernalillo Public School District are in agreement to cooperate to complete the public-school capital outlay projects and to correct existing health and safety deficiencies that have been identified, verified, prioritized. The responsible party is the PSCOC. This agreement was extended as of October 2010 and will continue indefinitely.

NOTE 16. 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:

Non-spendable: 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.

**STATE OF NEW MEXICO
BERNALILLO PUBLIC SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2018**

NOTE 16. GOVERNMENTAL FUND BALANCE (CONTINUED)

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.

NOTE 17. GASB PRONOUNCEMENTS

In August 2018, the GASB issued Statement No. 90, *Majority Interests in an amendment of GASB Statements No. 14 and No. 6*. The requirements of this statement are effective for periods beginning after December 15, 2018. Earlier application is encouraged. This statement is not applicable to the District.

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. This statement is not applicable to the District.

In March 2018, the GASB issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged. This Statement applies to notes to financial statements of all periods presented. This statement is not applicable to the District but will be implemented in a subsequent period.

In June 2017, the GASB issued Statement No. 87, *Leases*. The provisions of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. This statement is applicable to the District.

In May 2017, the GASB issued Statement No. 86, *Certain Debt Extinguishment Issues*. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. Earlier application is encouraged. This statement is applicable to the District.

In March 2017, the GASB issued Statement No. 85, *Omnibus 2017*. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). The provisions of this Statement are effective for periods beginning after June 15, 2017. Earlier application is encouraged. This statement is applicable to the District.

**STATE OF NEW MEXICO
 BERNALILLO PUBLIC SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2018**

NOTE 17. GASB PRONOUNCEMENTS (CONTINUED)

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged. This statement will be evaluated in the subsequent period.

In November 2016, the GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged. This statement is not applicable to District.

In March 2016, the GASB issued Statement No. 81, *Irrevocable Split-Interest Agreements*. The requirements of this Statement are effective for reporting periods beginning after December 15, 2016. Earlier application is encouraged. This statement is not applicable to the District.

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. Earlier application is encouraged. This statement was implemented in the current period.

NOTE 18. CONCENTRATIONS

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

NOTE 19. SUBSEQUENT EVENTS

Subsequent to year end, the District issued \$3,875,000 in G.O. School bonds with issuance costs of \$184,240, and a Premium of \$74,750 which was allocated to costs of issuance.

NOTE 20. PRIOR PERIOD ADJUSTMENT

Implementation of New Accounting Standards

As a result of implementing GASB 75 *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, the District has restated the net position in the government-wide Statement of Net

Position for the year ended June 30, 2017, as follows:

Net position as previously reported at June 30, 2017	\$ 33,310,009
Prior period adjustment-Implementation of GASB 75:	
Net pension liability (measurement date as of June 30, 2016)	(24,899,286)
Deferred outflows – District’s contributions made during fiscal year 2017	<u>390,906</u>
Total prior period adjustment	<u>(24,508,380)</u>
Net position as restated June 30, 2017	<u>\$ 8,801,629</u>

REQUIRED SUPPLEMENTARY INFORMATION

**STATE OF NEW MEXICO
BERNALILLO PUBLIC SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
June 30, 2018**

New Mexico Educational Retirement Board Pension Plan
Schedule of Ten Year Tracking Data* to last 10 Fiscal Years*
(Dollars in Thousands)

	Fiscal year	2018	2017	2016	2015
	Measurement date	2017	2016	2015	2014
District's proportion of the net pension liability (assets)		0.688 %	0.705 %	0.709 %	0.71 %
District's proportionate share of net pension liability (assets)	\$	76,503	\$ 50,739	\$ 45,939	\$ 40,374
District's covered employee payroll	\$	18,640	\$ 19,608	\$ 19,364	\$ 19,504
District's proportionate share of net pension liability (assets) as a percentage of its covered employee payroll		410.42 %	258.77 %	237.24 %	207.00 %
Plan fiduciary net position as a percentage of the total pension liability		52.95 %	61.58 %	63.97 %	66.54 %

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

See Notes to Required Supplementary Information

STATE OF NEW MEXICO
BERNALILLO PUBLIC SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT CONTRIBUTIONS - PENSION
June 30, 2018

New Mexico Educational Retirement Board Pension Plan
Schedule of Ten Year Tracking Data* to last 10 Fiscal Years*
(Dollars in Thousands)

	2018	2017	2016	2015
Statutory Required Contribution	\$ 2,592	\$ 2,799	\$ 2,765	\$ 2,802
Contributions in Relation to the Statutorily Required Contribution	2,592	2,799	2,765	2,802
Contribution Deficiency (Excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
District's Covered Payroll	<u>\$ 18,640</u>	<u>\$ 19,608</u>	<u>\$ 19,364</u>	<u>\$ 19,504</u>
Contributions as a percentage of Covered Payroll	14 %	14 %	14 %	14 %

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

See Notes to Required Supplementary Information

**STATE OF NEW MEXICO
BERNALILLO PUBLIC SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PENSION
Year Ended June 30, 2018**

Changes in Pension benefit provisions. There were no modifications to the benefit provisions that were reflected in the actuarial valuation as of June 30, 2017.

Changes in Pension assumptions and methods. Actuarial assumptions and methods are set by the Board of Trustees, based upon recommendations made by the Plan's actuary. The Board adopted new assumptions on April 21, 2017 in conjunction with the six-year actuarial experience study period ending June 30, 2016. At that time, The Board adopted a number of economic assumption changes, including a decrease in the inflation assumption from 3.00% to 2.50%. The 0.50% decrease in the inflation assumption also led to decreases in the nominal investment return assumption from 7.75% to 7.25%, the assumed annual wage inflation rate from 3.75% to 3.25%, the payroll growth assumption from 3.50% to 3.00%, and the annual assumed COLA from 2.00% to 1.90%.

**STATE OF NEW MEXICO
 BERNALILLO PUBLIC SCHOOL DISTRICT
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE OPEB LIABILITY
 June 30, 2018**

New Mexico Retiree Health Care Authority OPEB Plan
 Schedule of Ten Year Tracking Data* to last 10 Fiscal Years*
 (Dollars in Thousands)

	Fiscal year	2018
	Measurement date	2017
District's proportion of the net OPEB liability (assets)		0.4553 %
District's proportionate share of net OPEB liability (assets)	\$	20,632
District's covered employee payroll	\$	18,577
District's proportionate share of net OPEB liability (assets) as a percentage of its covered employee payroll		111.06 %
Plan fiduciary net position as a percentage of the total OPEB liability		11.34 %

* *Governmental Accounting Standards Board Statement No. 68* requires ten years of historical information be presented; however, until a full 10-year trend is compiled, the statement only requires presentation of information for those years that information is available. Complete information for the District is not available prior to fiscal year 2018, the year the statement's requirements became effective.

See Notes to Required Supplementary Information

STATE OF NEW MEXICO
BERNALILLO PUBLIC SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT CONTRIBUTIONS - OPEB
June 30, 2018

New Mexico Retiree Health Care Authority OPEB Plan
Schedule of Ten Year Tracking Data* to last 10 Fiscal Years*
(Dollars in Thousands)

	2018
Statutory Required Contribution	\$ 371
Contributions in Relation to the Statutorily Required Contribution	371
Contribution Deficiency (Excess)	<u>-</u>
District's Covered Payroll	<u>\$ 18,577</u>
Contributions as a percentage of Covered Payroll	2 %

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

See Notes to Required Supplementary Information

**STATE OF NEW MEXICO
BERNALILLO PUBLIC SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - OPEB
Year Ended June 30, 2018**

Changes in OPEB benefit provisions . There were no modifications to the benefit provisions that were reflected in the actuarial valuation as of June 30, 2017.

Changes in OPEB assumptions and methods . The PERA salary scale, inflation and payroll assumptions were updated to reflect assumptions used in the PERA June 30, 2016 pension valuation. The ERB salary scale, inflation and payroll assumptions were updated to reflect changes used in the ERB June 30, 2016 experience study pension valuation. Per capita costs were updated. Future trend for health costs were updated. Medical election assumptions were updated.

SUPPLEMENTARY INFORMATION

**STATE OF NEW MEXICO
BERNALILLO PUBLIC SCHOOL DISTRICT
NON MAJOR FUND DESCRIPTIONS
June 30, 2018**

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. Grants accounted for in the Special Revenue Funds include:

Food Services (21000) — This fund is used to account for all financial transactions related to the food service operation. Funding is provided by user charges and reimbursements under the National School Breakfast Programs (P.1. 100-435). Authority for creation of this fund is National School Lunch Act.

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.

The Title I IASA (24101) — This Fund is used to provide supplemental educational opportunity for academically disadvantaged children in the area of residence. Authority for creation of this fund is Part A of Chapter 1 of Elementary and Secondary Education Act (ESEA) of 1965, as amended, Public Law 103-383.

The Entitlement IDEA-B (24106) — This 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.

PRESCHOOL IDEA-8 (24109) — The Preschool program is for the purpose of enhancing Special Education for handicapped children from ages 3 to 5. The program is funded by the United States government, under the Individuals with Disabilities Act, Part B, Section 619, as amended, Public Laws 94-142, 99-457, 100-630, 101-497, and 101-476.

Fresh Fruits & Vegetables USDA (24118) — To assist States, through cash grants, in providing free fresh fruits and vegetables to school children in designated participating schools beginning in school year 2004/2005. Authorized by the National School Lunch Act, as amended, 42 U.S.C. 1769.

Community Learning Centers (24119) — To account for a grant utilized to expand an after school, weekend and summer program. The program is designed to integrate the visual and performing arts with literacy, life skills and physical activity for kindergarten to 12th grade focusing on the neighborhood and the community as a classroom. Public Law 103-382.

**STATE OF NEW MEXICO
BERNALILLO PUBLIC SCHOOL DISTRICT
NON MAJOR FUND DESCRIPTIONS
June 30, 2018**

SPECIAL REVENUE FUNDS (CONTINUED)

IDEA-B Results Plan (24132) — This fund is used to support activities included in Santo Domingo Elementary School's Educational Plan for Student Success, or areas in need of improvement, identified through the Special Education instructional audit conducted on December 11, 2013. Authority for creation of this fund is Public Law 105-17.

IDEA-8 Results Plan (Non-Title I Schools) (24138) — This fund is used to support activities included in Non-Title I School Educational Plan for Student Success, or areas in need of improvement, identified through the Special Education. Authority for creation of this fund is Public Law 105-17.

English Language Acquisition (24153) — To provide funds to improve the educational performance of limited English proficient students by assisting the children to learn English and meet State academic content standards. Authority for creation of this fund is the Elementary and Secondary Education Act (ESEA), as amended, Title III, Part A, and Sections 3101, 3129.

Teacher/Principal Training & Recruiting (24154) — To improve the skills of teachers and the quality of instruction in mathematics and science, and also to increase the accessibility of such instruction to all students. Authorization for creation of this fund is HAFC/I-12,3,4,5,6 and 10 as (PL 103-382).

Title I School Improvement (24162) — To improve educational opportunities for educationally deprived children in the Middle Schools under the same provisions as Title I.

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

Carl D Perkins Special Projects - Current- (24171) — To account for the grant awarded for the implementation of Jobs for America's Graduates/Jobs for New Mexico's Graduates (JAG). Authority for creation of this fund is Carl D. Perkins Career and Technical Education Improvement Act of 2006 (Perkins IV).

Carl D. Perkins Redistribution Career and Technical Ed. (24176) — The purpose of this program is to provide professional development in the nontraditional career paths chosen by students. Monies are from carryover of prior year program. Carl D. Perkins Vocational and Applied Technology Education Act of 1990, as amended, Public Law 105-332. The program is funded by the United States government, under Carl D. Perkins Vocational-Technical Education Act Amendments, Title 1; 20 U.S.C. 2321 et seq., Public Law 1058-332.

**STATE OF NEW MEXICO
BERNALILLO PUBLIC SCHOOL DISTRICT
NON MAJOR FUND DESCRIPTIONS
June 30, 2018**

SPECIAL REVENUE FUNDS (CONTINUED)

Student Support and Academics (24189) - is a federal grant supporting well-rounded educational opportunities, safe and healthy students and effective use of technology (ESEA sections 4107, 4108, and 4109).

Impact Aid Special Education (25145) - To account for funding of a Federal program to provide financial assistance to local educational agencies (LEA's) where enrollments or availability of revenue are adversely affected by Federal activities, i.e. where the tax base of a district is reduced through the Federal acquisition of real property (Section 2), or where there are a significant number of children who reside on Federal (including Indian) lands and/or children whose parents are employed on Federal property or in the Uniformed Services (Section 3(a) and 3(b)); where there is a significant decrease (Section 3(c)) or a sudden and substantial increase (Section 4) in school enrollment as the result of Federal activities; to provide disaster assistance for reduced or increased operating costs (Section 7(a)), for replacing or repairing damaged or destroyed supplies, equipment, and books, and for repairing minor damage to facilities. Funding authorized by Public Law 81-874.

Impact Aid Indian Education (25147) — This fund is used to provide funding for instruction of Indian children of all grades who require special instruction in addition to basic programs. Authorization is Public Law 81-874.

Title XIX Medicaid 3/21 Years (25153) — To account for a program providing school-based screening, diagnostic services and other related health services and administrative activities in conformance with the approved Medicaid State Plan in order to improve health and developmental outcomes for children. Authority for the creation of this fund is the Social Security Act, Title XIX, as amended; Public Laws 89-97, 90-248, and 91-56; 42 U.S.C. 1396 et seq., as amended; Public Law 92-223; Public Law 92-603; Public Law 93-66; Public Law 93-233; Public Law 96-499; Public Law 97-35; Public Law 97-248; Public Law 98-369; Public Law 99-272; Public Law 99-509; Public Law 100-93; Public Law 100-202; Public Law 100-203; Public Law 100-360; Public Law 100-436; Public Law 100-485; Public Law 100-647; Public Law 101-166; Public Law 101-234; Public Law 101-239; Public Law 101-508; Public Law 101-517; Public Law 102-234; Public Law 102-170; Public Law 102-394; Public Law 103-66; Public Law 103-112; Public Law 103-333; Public Law 104-91; Public Law 104-191; Public Law 104-193; Public Law 104-208.104-134; Balanced Budget Act of 1997, Public Law 105-33; Public Law 106-113; Public Law 106-554; Public Law 108-27; Public Law 108-173; Public Law 109-91; Public Law 109-171; Public Law 109-432; Public Law 110-28

Indian Ed 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.

**STATE OF NEW MEXICO
BERNALILLO PUBLIC SCHOOL DISTRICT
NON MAJOR FUND DESCRIPTIONS
June 30, 2018**

SPECIAL REVENUE FUNDS (CONTINUED)

USHHS/CDC School Health (24186) — to be used for promoting adolescent health through school-based Human Immunodeficiency Virus (HIV)/ Sexually Transmitted Infections (STI) prevention and school-based surveillance program in the state of New Mexico. Authority for creation of this fund is Section 1352, Title 31, U.S.C. (United States Code).

Gear Up New Mexico State initiative (25205) — To account for funding coordinated by the NM Higher Education Department for the GEAR UP (Gaining Early Awareness and Readiness for Undergraduate Programs) to serve underrepresented populations in terms of transitioning from middle school to high school and from high school to postsecondary institutions. Higher Education Act of 1965, as amended, Title IV, Part A, Subpart 2, Chapter 2.

Native American Program (25248) — The objective of this program is to provide language enhancement and academic achievement for limited English proficient children. Authorization by the PL No Child Left Behind Elementary & Secondary Education Act of 1965.

US West (26106) — To account for a grant received from US West for an educational project. Authorized by the New Mexico Public Education Department.

REC/ District Fiscal Agent (26107) — The Collaborate is a joint venture between ten small districts, several state and local partnerships and the business community designed to promote excellence in teaching and learning among educators and students. Funding is provided by dues and community donations. Authorized by the New Mexico Public Education Department.

LAM. Foundation (26113) — Educational enrichment grant in support of The Renaissance Program. Authorized by the New Mexico Public Education Department.

Intel Foundation (26116) — To account for a grant received from Intel Corporation -- New Mexico for an educational project. Authority for the creation of this fund is the New Mexico Public Education Department.

Indian Health Services USPHS and Indian Education Act (26157 and 27150) — 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. 260 2606.

Direct Action for Youth Foundation (26158) — To account for monies received from the Action for Youth Foundation of New Mexico to be used for providing after-school tutoring in basic skills. Authority for creation of this fund is in the New Mexico Public Education Department School District Policies and Procedures Manual. Funding provided by the Daniels Fund.

**STATE OF NEW MEXICO
BERNALILLO PUBLIC SCHOOL DISTRICT
NON MAJOR FUND DESCRIPTIONS
June 30, 2018**

SPECIAL REVENUE FUNDS (CONTINUED)

Dual Credit Instructional Materials/ HB2 (27103) — To account for House Bill 2, 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.

2008 GO Bond Student Library (27105) — To account for Senate Bill 333, 2008 which makes an appropriation to fund all public, charter and juvenile justice schools for public school library improvement or acquisition per school and to acquire library books, equipment, and library resources for public school and state-supported school libraries statewide.

2012 GO Bond Student Library (27107) — To acquire library books, equipment, and library resources for public school libraries. They were made available through Senate bill 53.

NM Reads to Lead K-3 Reading Initiative (27114) — Funding received through the State of New Mexico Public Education Department to provide reading initiatives for K-3 grades. Funding will provide intervention, specific materials, and data analysis targeted for improving reading for K-3 students.

Technology for Education PED (27117) — The purpose of this grant is to assist the District to develop and implement a strategic, long-term plan for utilizing educational technology in the school system. Funds accounted for in this fund are received from the State of New Mexico. The authority for creation of this fund is NMSA 2215A-1 to 22-15A-10.

Advanced Placement Program (27129) — To support teacher training for AP certification, which enables teachers to offer Advanced Placement coursework. Authorized by the New Mexico Public Education Dept.

Incentives for School Improvement Act (27138) — Account for monies received from the award for High Improving Schools provided by the State of New Mexico for the purpose of identifying special needs at awarded locations and to purchase items to improve those schools.

Truancy Initiative PED (27141) — To provided staff training in truancy prevention and strategies to deal with students to improve school attendance. Resources were also available to assist families in developing strategies to improve school attendance. Authority to create this fund is authorization of the New Mexico Public Education Department.

Pre K Initiative (27149) — To account for monies received from the State of New Mexico to be used to provide direct services to children in Pre-Kindergarten programs. Authorized by the New Mexico Public Education Department.

Beginning Teacher Mentoring Program (27154) — The objective of this program is to provide beginning teachers an effective transition into the teaching profession, retain capable teachers, improve the achievement of students and improve the overall success of the school. Funding is

**STATE OF NEW MEXICO
BERNALILLO PUBLIC SCHOOL DISTRICT
NON MAJOR FUND DESCRIPTIONS
June 30, 2018**

SPECIAL REVENUE FUNDS (CONTINUED)

provided by the New Mexico Board of Education. Authority for creation of this fund is NMSA 22-2-8-10.

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

School Improvement Framework (27164) — Funds will enable the District to act as one of three Regional Quality Centers to provide program development, implementation, training, oversight, and funding distribution services to the three Regional Quality Centers. Authority for the creation of this fund is the New Mexico Public Education Department.

Kindergarten — Three Plus (27166) — Funds allow for an extended school year for Kindergarten through third grade students. The program focuses on acclimating young students to the structure of a classroom environment and spending additional time to prepare them for the next grade. Authorized by the New Mexico Public Education Department.

AFTER SCHOL ENRICHMENT (Fund No. 27168) — To provide funds for the Chama Middle School and Escalante Middle/High School for the After School and Summer Enrichment Programs. Authority for the fund is the NM Public Education Department, Special Appropriation Fund.

2013 SCHOOL BUSES (Fund No. 27178) — To provide for the purchase of school buses.

STEM TEACHER INTIATIVE (Fund No. 27181) — The purpose of these funds is to provide a \$5,000 stipend per year to 125 highly effective STEM teachers to teach Science, Technology, Engineering, or Mathematics (grades 7-12) for two years too hard to staff (low performing CD/F), rural, urban) schools.

New Mexico Grown FW (27183) — Distributed through a state appropriation for school districts to purchase New Mexico grown fresh fruits and vegetables for school meal programs created through House Bill 2, 2013, Section 5.

Next Generation Assessment (27185) — To purchase computers for administration of the next generation assessment developed by the partnership for assessment of readiness for college and careers to students in grades three through eleven; created through House Bill 2, 2013, Section 5.

GRADS Child Care (28189) — This fund provides the District through a direct appropriation to provide licensed Child Care Services for Parenting Teens in conjunction with HS Graduation, Reality and Dual Role Skills program.

GRADS instruction (28190) — To assist in the cost for caps and gowns for students who are graduating. Authorized by the New Mexico Public Education Department.

**STATE OF NEW MEXICO
BERNALILLO PUBLIC SCHOOL DISTRICT
NON MAJOR FUND DESCRIPTIONS
June 30, 2018**

SPECIAL REVENUE FUNDS (CONTINUED)

Teacher Hard to Staff Stipend (27195) — is a state grant by NM PED to be awarded for hard to staff teacher retention stipends.

Rez of Your Life Program (28202) — A contract with the Indian Affairs department designed to aid Native American students.

Grads Plus (28203) — State appropriation designed to educate graduates about teen pregnancy.

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

City/County Grants (29107) — To provide support for a health education program within the school and to provide workbooks, materials for educational demonstrations and funds to support a nutrition-focused event for the school. Funding is provided by Sandoval County and the City of Rio Rancho (NM Public Education Department, PSAB, Supp. 3).

McCune Charitable Foundation (29114) — To account for donations and related expenditures from the McCune Charitable Foundation. Authority for the creation of this fund is the New Mexico Public Education Department.

Mid Rio Grande Collab/Ed Excellence (29122) — To account for a grant awarded to provide funding for excelling in education. New Mexico Public Education Department, PSAB Supp. 3.

STATE OF NEW MEXICO
 BERNALILLO PUBLIC SCHOOL DISTRICT
 COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
 June 30, 2018

ASSETS	Special Revenue	Capital Project	Total
<i>Current Assets</i>			
Cash and cash equivalents	\$ 2,948,877	\$ 1,571,487	\$ 4,520,364
Accounts receivable	-	-	-
Taxes	-	117,009	117,009
Due from other governments	2,129,458	150,979	2,280,437
Interfund receivables	9	-	9
Inventory	79,439	-	79,439
Total assets	5,157,783	1,839,475	6,997,258
LIABILITIES AND FUND BALANCES			
<i>Current Liabilities</i>			
Accounts payable	13,122	41,843	54,965
Accrued payroll liabilities	143,255	-	143,255
Interfund payables	1,503,559	225,803	1,729,362
Total liabilities	1,659,936	267,646	1,927,582
DEFERRED INFLOWS			
Property taxes	-	91,594	91,594
Total deferred inflows	-	91,594	91,594
<i>Fund Balances</i>			
Nonspendable	79,439	-	79,439
Restricted	3,510,505	1,560,436	5,070,941
Committed	-	-	-
Assigned	-	-	-
Unassigned	(92,097)	(80,201)	(172,298)
Total fund balances	3,497,847	1,480,235	4,978,082
Total liabilities and fund balances	\$ 5,157,783	1,839,475	\$ 6,997,258

See Notes to Financial Statements.

STATE OF NEW MEXICO
 BERNALILLO PUBLIC SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2018

REVENUES	Special Revenue	Capital Project	Total
Property taxes	\$ -	\$ 1,164,629	\$ 1,164,629
Federal direct	7,522,451	-	7,522,451
State flowthrough	1,467,174	55,749	1,522,923
Transportation distribution	141,041	-	141,041
Charges for service	-	-	-
Investment income	132,838	68	132,906
Miscellaneous	-	1,223	1,223
Total revenues	9,263,504	1,221,669	10,485,173
EXPENDITURES			
Current			
Instruction	4,123,313	-	4,123,313
Support services	1,157,779	-	1,157,779
Central services	237,137	12,526	249,663
Operations and maintenance of plant	-	-	-
Student transportation	52,622	997,966	1,050,588
Other support services	-	-	-
Food service operations	2,825,561	-	2,825,561
Community service	13,072	-	13,072
Capital outlay	-	324,575	324,575
Debt service	-	-	-
Principal	-	-	-
Interest	-	-	-
Bond issuance costs	-	-	-
Total expenditures	8,409,484	1,335,067	9,744,551
Excess(deficiency) of revenue over (under) expenditures	854,020	(113,398)	740,622
Other financing sources (uses)			
Operating transfers	-	-	-
Proceeds from bond issues	-	-	-
Bond underwriter premium	-	-	-
Total other financing sources (uses)	-	-	-
Net change in fund balances	854,020	(113,398)	740,622
Fund balances - beginning of year	2,643,827	1,593,633	4,237,460
Fund balances - end of year	\$ 3,497,847	\$ 1,480,235	\$ 4,978,082

See Notes to Financial Statements.

STATE OF NEW MEXICO
 BERNALILLO PUBLIC SCHOOL DISTRICT
 COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
 June 30, 2018

	Food Services 21000	Athletics 22000	Title 1 IASA 24101	IDEA-B Entitlement 24106
ASSETS				
<i>Current Assets</i>				
Cash and cash equivalents	\$ 613,477	\$ 24,169	\$ 14,556	14,215
Accounts receivable				
Taxes	-	-	-	-
Due from other governments	701,365	-	268,733	382,592
Interfund receivables	-	-	-	-
Inventory	79,439	-	-	-
Total assets	1,394,281	24,169	283,289	396,807
LIABILITIES AND FUND BALANCES				
<i>Current Liabilities</i>				
Accounts payable	5,701	757	6,637	-
Accrued payroll liabilities	47,281	-	14,230	13,990
Interfund payables	399	-	268,513	381,462
Total liabilities	53,381	757	289,380	395,452
DEFERRED INFLOWS				
Property taxes	-	-	-	-
Total deferred inflows	-	-	-	-
<i>Fund Balances</i>				
Nonspendable	79,439	-	-	-
Restricted	1,261,461	23,412	-	1,355
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	(6,091)	-
Total fund balances	1,340,900	23,412	(6,091)	1,355
Total liabilities and fund balances	\$ 1,394,281	\$ 24,169	\$ 283,289	\$ 396,807

See Notes to Financial Statements.

Preschool IDEA B 24109	Fresh Fruits & Vegetables USDA 24118	Community Learning Centers 24119
\$ 1,645	\$ -	\$ -
-	-	-
1,401	46,471	-
-	-	-
-	-	-
<u>3,046</u>	<u>46,471</u>	<u>-</u>
-	-	-
1,645	-	-
<u>4,370</u>	<u>42,746</u>	<u>47,303</u>
<u>6,015</u>	<u>42,746</u>	<u>47,303</u>
-	-	-
-	-	-
-	-	-
-	3,725	-
-	-	-
-	-	-
<u>(2,969)</u>	<u>-</u>	<u>(47,303)</u>
<u>(2,969)</u>	<u>3,725</u>	<u>(47,303)</u>
<u>\$ 3,046</u>	<u>46,471</u>	<u>-</u>

**STATE OF NEW MEXICO
BERNALILLO PUBLIC SCHOOL DISTRICT
COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
June 30, 2018**

	IDEA - B Results Plan 24132	IDEA - B Result Plan (Non Title I Schools) 24138
ASSETS		
<i>Current Assets</i>		
Cash and cash equivalents	\$ 855	\$ 53
Accounts receivable		
Taxes	-	-
Due from other governments	20,464	-
Interfund receivables	-	-
Inventory	-	-
	<u>21,319</u>	<u>53</u>
Total assets	<u>21,319</u>	<u>53</u>
LIABILITIES AND FUND BALANCES		
<i>Current Liabilities</i>		
Accounts payable	-	-
Accrued payroll liabilities	554	-
Interfund payables	19,604	-
	<u>20,158</u>	<u>-</u>
Total liabilities	<u>20,158</u>	<u>-</u>
DEFERRED INFLOWS		
Property taxes	-	-
	<u>-</u>	<u>-</u>
Total deferred inflows	<u>-</u>	<u>-</u>
<i>Fund Balances</i>		
Nonspendable	-	-
Restricted	1,161	53
Committed	-	-
Assigned	-	-
Unassigned	-	-
	<u>1,161</u>	<u>53</u>
Total fund balances	<u>1,161</u>	<u>53</u>
Total liabilities and fund balances	<u>\$ 21,319</u>	<u>\$ 53</u>

See Notes to Financial Statements.

English Language Acquisition 24153	Teacher/Principal Training & Recruiting 24154	Title I School Improvement 24162	Carl D Perkins Special Project Current 24171	Carl D Perkins Secondary 24174
\$ -	\$ 480	\$ -	\$ -	\$ -
-	-	-	-	-
29,016	24,584	5,454	348	1,670
-	-	-	-	-
-	-	-	-	-
<u>29,016</u>	<u>25,064</u>	<u>5,454</u>	<u>348</u>	<u>1,670</u>
-	-	-	-	-
-	480	-	-	-
32,525	23,900	5,454	349	4,879
<u>32,525</u>	<u>24,380</u>	<u>5,454</u>	<u>349</u>	<u>4,879</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
(3,509)	-	-	(1)	(3,209)
<u>(3,509)</u>	<u>684</u>	<u>-</u>	<u>(1)</u>	<u>(3,209)</u>
\$ 29,016	\$ 25,064	\$ 5,454	\$ 348	\$ 1,670

**STATE OF NEW MEXICO
BERNALILLO PUBLIC SCHOOL DISTRICT
COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
June 30, 2018**

	Carl D Perkins Tech Prep 24176	USHHS/CDC School Health 24186	Student Support and Academics 24189
ASSETS			
<i>Current Assets</i>			
Cash and cash equivalents	\$ -	\$ -	-
Accounts receivable	-	-	-
Taxes	-	-	-
Due from other governments	-	4,740	703
Interfund receivables	-	-	-
Inventory	-	-	-
Total assets	-	4,740	703
LIABILITIES AND FUND BALANCES			
<i>Current Liabilities</i>			
Accounts payable	-	-	-
Accrued payroll liabilities	-	-	-
Interfund payables	-	4,740	703
Total liabilities	-	4,740	703
DEFERRED INFLOWS			
Property taxes			
Total deferred inflows	-	-	-
<i>Fund Balances</i>			
Nonspendable	-	-	-
Restricted	-	-	-
Committed	-	-	-
Assigned	-	-	-
Unassigned	-	-	-
Total fund balances	-	-	-
Total liabilities and fund balances	\$ -	\$ 4,740	\$ 703

See Notes to Financial Statements.

Impact Aid School Health 25145	Impact Aid Current 25147	Title XIX Medicaid 3/21 Years 25153	Indian Ed. Formula Grant 25184	Gear Up NM State Initiative 25205
\$ 349,786	\$ 641,436	\$ 1,141,666	\$ 2,328	\$ 10,148
-	-	-	-	-
-	-	-	-	-
-	-	-	68,113	97,632
-	9	-	-	-
-	-	-	-	-
<u>349,786</u>	<u>641,445</u>	<u>1,141,666</u>	<u>70,441</u>	<u>107,780</u>
-	-	27	-	-
3,842	23,322	2,284	2,254	8,509
-	-	-	64,411	86,082
<u>3,842</u>	<u>23,322</u>	<u>2,311</u>	<u>66,665</u>	<u>94,591</u>
-	-	-	-	-
-	-	-	-	-
345,944	618,123	1,139,355	3,776	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	13,189
<u>345,944</u>	<u>618,123</u>	<u>1,139,355</u>	<u>3,776</u>	<u>13,189</u>
<u>\$ 349,786</u>	<u>\$ 641,445</u>	<u>\$ 1,141,666</u>	<u>\$ 70,441</u>	<u>\$ 107,780</u>

**STATE OF NEW MEXICO
BERNALILLO PUBLIC SCHOOL DISTRICT
COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
June 30, 2018**

	Native American Program 25248	US West 26106	REC/District Fiscal Agent 26107
ASSETS			
<i>Current Assets</i>			
Cash and cash equivalents	\$ 400	\$ 2,539	\$ 2,201
Accounts receivable	-	-	-
Taxes	-	-	-
Due from other governments	-	-	-
Interfund receivables	-	-	-
Inventory	-	-	-
Total assets	400	2,539	2,201
LIABILITIES AND FUND BALANCES			
<i>Current Liabilities</i>			
Accounts payable	-	-	-
Accrued payroll liabilities	400	-	-
Interfund payables	-	-	-
Total liabilities	400	-	-
DEFERRED INFLOWS			
Property taxes	-	-	-
Total deferred inflows	-	-	-
<i>Fund Balances</i>			
Nonspendable	-	-	-
Restricted	-	2,539	2,201
Committed	-	-	-
Assigned	-	-	-
Unassigned	-	-	-
Total fund balances	-	2,539	2,201
Total liabilities and fund balances	\$ 400	\$ 2,539	\$ 2,201

See Notes to Financial Statements.

LANL Foundation 26113	Intel Foundation 26116	Indian Health Services USPHS 26157	Direct Action for Youth Foundation 26158	Dual Credit Instructional Materials/HB2 27103
\$ 22,932	\$ 4,638	\$ 17	\$ 62	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	7,546	-	1,962
-	-	-	-	-
-	-	-	-	-
<u>22,932</u>	<u>4,638</u>	<u>7,563</u>	<u>62</u>	<u>1,962</u>
-	-	-	-	-
-	-	-	-	-
-	-	12,099	-	1,962
-	-	12,099	-	1,962
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
22,932	4,638	100	62	-
-	-	-	-	-
-	-	-	-	-
-	-	(4,636)	-	-
<u>22,932</u>	<u>4,638</u>	<u>(4,536)</u>	<u>62</u>	<u>-</u>
<u>\$ 22,932</u>	<u>\$ 4,638</u>	<u>\$ 7,563</u>	<u>\$ 62</u>	<u>\$ 1,962</u>

**STATE OF NEW MEXICO
BERNALILLO PUBLIC SCHOOL DISTRICT
COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
June 30, 2018**

	2008 GO Bond Student Library 27105	2012 GO Bond Student Library 27107	NM Reads to Lead K-3 Reading Initiative 27114
ASSETS			
<i>Current Assets</i>			
Cash and cash equivalents	\$ 86	-	\$ -
Accounts receivable			
Taxes	-	-	-
Due from other governments	-	19,156	51,765
Interfund receivables	-	-	-
Inventory	-	-	-
	<u>86</u>	<u>19,156</u>	<u>51,765</u>
Total assets	<u>86</u>	<u>19,156</u>	<u>51,765</u>
LIABILITIES AND FUND BALANCES			
<i>Current Liabilities</i>			
Accounts payable	-	-	-
Accrued payroll liabilities	-	-	-
Interfund payables	-	36,405	51,774
	<u>-</u>	<u>36,405</u>	<u>51,774</u>
Total liabilities	<u>-</u>	<u>36,405</u>	<u>51,774</u>
DEFERRED INFLOWS			
Property taxes	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred inflows	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund Balances</i>			
Nonspendable	-	-	-
Restricted	86	-	-
Committed	-	-	-
Assigned	-	-	-
Unassigned	-	(17,249)	(9)
	<u>86</u>	<u>(17,249)</u>	<u>(9)</u>
Total fund balances	<u>86</u>	<u>(17,249)</u>	<u>(9)</u>
Total liabilities and fund balances	<u>\$ 86</u>	<u>\$ 19,156</u>	<u>\$ 51,765</u>

See Notes to Financial Statements.

Technology for Education PED 27117	Advanced Placement Program 27129	Incentives for School Improvement 27138
\$ 385	\$ -	\$ 1
-	-	-
-	-	-
-	-	-
<u>385</u>	<u>-</u>	<u>1</u>
-	-	-
-	-	-
-	5,763	-
<u>-</u>	<u>5,763</u>	<u>-</u>
-	-	-
-	-	-
-	-	-
385	-	1
-	-	-
-	-	-
-	(5,763)	-
<u>385</u>	<u>(5,763)</u>	<u>1</u>
<u>\$ 385</u>	<u>\$ -</u>	<u>\$ 1</u>

**STATE OF NEW MEXICO
BERNALILLO PUBLIC SCHOOL DISTRICT
COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
June 30, 2018**

	Truancy Prevention 27141	Pre-K Initiative 27149	Beg. Teacher Mentoring 27154
ASSETS			
<i>Current Assets</i>			
Cash and cash equivalents	\$ 1,167	\$ 20,441	\$ 11
Accounts receivable			
Taxes	-	-	-
Due from other governments	8,011	186,685	-
Interfund receivables	-	-	-
Inventory	-	-	-
Total assets	9,178	207,126	11
LIABILITIES AND FUND BALANCES			
<i>Current Liabilities</i>			
Accounts payable	-	-	-
Accrued payroll liabilities	1,114	20,213	-
Interfund payables	8,011	186,706	-
Total liabilities	9,125	206,919	-
DEFERRED INFLOWS			
Property taxes	-	-	-
Total deferred inflows	-	-	-
<i>Fund Balances</i>			
Nonspendable	-	-	-
Restricted	53	-	11
Committed	-	-	-
Assigned	-	-	-
Unassigned	-	207	-
Total fund balances	53	207	11
Total liabilities and fund balances	\$ 9,178	\$ 207,126	\$ 11

See Notes to Financial Statements.

Breakfast In the Classroom 27155	School Improvement Framework 27164	Kindergarten Three Plus 27166	After School Enrichment 27168	2013 School Bus 27178
\$ -	\$ 2	\$ -	\$ -	\$ -
-	-	-	-	-
1,736	-	153,785	-	-
-	-	-	-	-
-	-	-	-	-
<u>1,736</u>	<u>2</u>	<u>153,785</u>	<u>-</u>	<u>-</u>
-	-	-	-	-
-	-	-	-	-
175	-	153,785	3,600	-
<u>175</u>	<u>-</u>	<u>153,785</u>	<u>3,600</u>	<u>-</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
1,561	2	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	(3,600)	-
<u>1,561</u>	<u>2</u>	<u>-</u>	<u>(3,600)</u>	<u>-</u>
\$ <u>1,736</u>	\$ <u>2</u>	\$ <u>153,785</u>	\$ <u>-</u>	\$ <u>-</u>

STATE OF NEW MEXICO
 BERNALILLO PUBLIC SCHOOL DISTRICT
 COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
 June 30, 2018

	STEM Teacher Initiative 27181	NM Grown FW 27183	Next Generation Assessment 27185
ASSETS			
<i>Current Assets</i>			
Cash and cash equivalents	\$ -	\$ -	\$ 9,987
Accounts receivable			
Taxes	-	-	-
Due from other governments	-	14,000	-
Interfund receivables	-	-	-
Inventory	-	-	-
Total assets	-	14,000	9,987
LIABILITIES AND FUND BALANCES			
<i>Current Liabilities</i>			
Accounts payable	-	-	-
Accrued payroll liabilities	-	-	-
Interfund payables	-	23,987	-
Total liabilities	-	23,987	-
DEFERRED INFLOWS			
Property taxes	-	-	-
Total deferred inflows	-	-	-
<i>Fund Balances</i>			
Nonspendable	-	-	-
Restricted	-	-	9,987
Committed	-	-	-
Assigned	-	-	-
Unassigned	-	(9,987)	-
Total fund balances	-	(9,987)	9,987
Total liabilities and fund balances	\$ -	\$ 14,000	\$ 9,987

See Notes to Financial Statements.

Teacher Hard to Staff Stipend 27195	GRADS Child Care 28189	GRADS Instruction 28190	Rez of Your Life Program 28202	GRADS Plus 28203	Private Direct Grants 29102
\$ -	\$ 1,829	\$ 1,182	\$ -	\$ -	\$ 9,753
-	-	-	-	-	-
-	206	-	31,320	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	2,035	1,182	31,320	-	9,753
-	-	-	-	-	-
-	-	-	-	-	-
60	720	-	29,965	1,107	-
60	720	-	29,965	1,107	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	1,315	1,182	1,355	-	9,753
-	-	-	-	-	-
-	-	-	-	-	-
(60)	-	-	-	(1,107)	-
(60)	1,315	1,182	1,355	(1,107)	9,753
\$ -	\$ 2,035	\$ 1,182	\$ 31,320	\$ -	\$ 9,753

**STATE OF NEW MEXICO
BERNALILLO PUBLIC SCHOOL DISTRICT
COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
June 30, 2018**

	City/County Grants 29107	McCune Charitable Foundation 29114	Mid Rio Grande Collab Ed. Excellence 29122	Total Nonmajor Special Revenue Funds
ASSETS				
<i>Current Assets</i>				
Cash and cash equivalents	\$ 41,591	\$ 10	\$ 14,829	\$ 2,948,877
Accounts receivable				
Taxes	-	-	-	-
Due from other governments	-	-	-	2,129,458
Interfund receivables	-	-	-	9
Inventory	-	-	-	79,439
Total assets	41,591	10	14,829	5,157,783
LIABILITIES AND FUND BALANCES				
<i>Current Liabilities</i>				
Accounts payable	-	-	-	13,122
Accrued payroll liabilities	3,137	-	-	143,255
Interfund payables	-	-	-	1,503,559
Total liabilities	3,137	-	-	1,659,936
DEFERRED INFLOWS				
Property taxes	-	-	-	-
Total deferred inflows	-	-	-	-
<i>Fund Balances</i>				
Nonspendable	-	-	-	79,439
Restricted	38,454	10	14,829	3,510,505
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	(92,097)
Total fund balances	38,454	10	14,829	3,497,847
Total liabilities and fund balances	\$ 41,591	\$ 10	\$ 14,829	\$ 5,157,783

See Notes to Financial Statements.

**STATE OF NEW MEXICO
BERNALILLO PUBLIC SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (DEFICIT) - NONMAJOR SPECIAL REVENUE FUNDS
For the Year Ended June 30, 2018**

REVENUES	Food Services 21000	Athletics 22000	Title 1 IASA 24101
Property taxes	\$ -	-	-
Federal grants	2,891,214	-	820,093
State grants	-	-	-
Charges for service	98,315	42,726	-
Miscellaneous	7,148	-	-
Total revenues	2,996,677	42,726	820,093
EXPENDITURES			
Current			
Instruction	14,745	31,561	689,682
Support services	133,763	-	136,448
Central services	-	-	-
Operations and maintenance of plant	-	-	-
Student transportation	-	-	-
Other support services	-	-	-
Food service operations	2,689,796	-	-
Community service	-	-	-
Capital outlay	-	-	-
Debt service			
Principal	-	-	-
Interest	-	-	-
Total expenditures	2,838,304	31,561	826,130
Excess(deficiency) of revenue over (under) expenditures	158,373	11,165	(6,037)
Other financing sources (uses)			
Operating transfers	-	-	-
Total other financing sources (uses)	-	-	-
Net change in fund balances	158,373	11,165	(6,037)
Fund balances (Deficit), beginning of year	1,182,527	12,247	(54)
Fund balances, end of year	\$ 1,340,900	23,412	(6,091)

IDEA-B Entitlement 24106	Preschool IDEA B 24109	Fresh Fruits & Vegetables USDA 24118	21st Century Community Learning Centers 24119
-	-	-	-
971,875	18,323	103,891	-
-	-	-	-
-	-	-	-
-	-	-	-
971,875	18,323	103,891	-
635,625	18,324	-	-
130,313	-	-	-
184,909	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	103,891	-
-	-	-	-
-	-	-	-
-	-	-	-
950,847	18,324	103,891	-
21,028	(1)	-	-
-	-	-	-
-	-	-	-
21,028	(1)	-	-
(19,673)	(2,968)	3,725	(47,303)
1,355	(2,969)	3,725	(47,303)

**STATE OF NEW MEXICO
BERNALILLO PUBLIC SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (DEFICIT) - NONMAJOR SPECIAL REVENUE FUNDS
For the Year Ended June 30, 2018**

	IDEA - B Results Plan 24132	IDEA - B Result Plan (Non Title I Schools) 24138	English Language Acquisition 24153
REVENUES			
Property taxes	\$ -	\$ -	\$ -
Federal grants	62,712	-	62,211
State grants	-	-	-
Charges for service	-	-	-
Miscellaneous	-	-	858
Total revenues	62,712	-	63,069
EXPENDITURES			
Current			
Instruction	62,411	-	44,402
Support services	-	-	5,704
Central services	-	-	-
Operations and maintenance of plant	-	-	-
Student transportation	-	-	-
Other support services	-	-	-
Food service operations	-	-	-
Community service	-	-	11,268
Capital outlay	-	-	-
Debt service	-	-	-
Principal	-	-	-
Interest	-	-	-
Total expenditures	62,411	-	61,374
Excess(deficiency) of revenue over (under) expenditures	301	-	1,695
Other financing sources (uses)			
Operating transfers	-	-	-
Total other financing sources (uses)	-	-	-
Net change in fund balances	301	-	1,695
Fund balances (Deficit), beginning of year	860	53	(5,204)
Fund balances, end of year	<u>1,161</u>	<u>53</u>	<u>(3,509)</u>

Teacher/Principal Training & Recruiting 24154	Title I School Improvement 24162	Carl D Perkins Special Project Current 24171	Carl D Perkins Secondary 24174
\$ -	\$ -	\$ -	\$ -
123,830	58,823	9,702	-
-	-	-	-
-	-	-	-
-	-	-	-
123,830	58,823	9,702	-
			6
116,645	58,823	9,702	2,875
7,184	-	-	334
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
123,829	58,823	9,702	3,209
1	-	-	(3,209)
-	-	-	-
-	-	-	-
1	-	-	(3,209)
683	-	(1)	-
684	-	(1)	(3,209)

**STATE OF NEW MEXICO
BERNALILLO PUBLIC SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (DEFICIT) - NONMAJOR SPECIAL REVENUE FUNDS
For the Year Ended June 30, 2018**

	Carl D Perkins Tech Prep 24176	USHHS/CDC School Health 24186	Student Support and Academics 24189
REVENUES			
Property taxes	\$ -	\$ -	-
Federal grants	723	4,740	-
State grants	-	-	-
Charges for service	-	-	-
Miscellaneous	-	-	-
Total revenues	723	4,740	-
EXPENDITURES			
Current			
Instruction	723	4,740	-
Support services	-	-	-
Central services	-	-	-
Operations and maintenance of plant	-	-	-
Student transportation	-	-	-
Other support services	-	-	-
Food service operations	-	-	-
Community service	-	-	-
Capital outlay	-	-	-
Debt service			
Principal	-	-	-
Interest	-	-	-
Total expenditures	723	4,740	-
Excess(deficiency) of revenue over (under) expenditures	-	-	-
Other financing sources (uses)			
Operating transfers	-	-	-
Total other financing sources (uses)	-	-	-
Net change in fund balances	-	-	-
Fund balances (Deficit), beginning of year	-	-	-
Fund balances, end of year	-	-	-

Impact Aid School Health 25145	Impact Aid Current 25147	Title XIX Medicaid 3/21 Years 25153	Indian Ed. Formula Grant 25184	Gear Up NM State Initiative 25205
\$ -	\$ -	\$ -	\$ -	\$ -
155,681	1,076,480	517,964	181,974	462,215
-	-	-	-	-
-	-	-	-	-
-	-	-	-	29,373
<u>155,681</u>	<u>1,076,480</u>	<u>517,964</u>	<u>181,974</u>	<u>491,588</u>
106,636	608,948	15,415	82,778	305,764
-	200,522	147,036	63,299	154,813
-	10,641	-	35,824	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>106,636</u>	<u>820,111</u>	<u>162,451</u>	<u>181,901</u>	<u>460,577</u>
<u>49,045</u>	<u>256,369</u>	<u>355,513</u>	<u>73</u>	<u>31,011</u>
-	-	-	-	-
-	-	-	-	-
49,045	256,369	355,513	73	31,011
296,899	361,754	783,842	3,703	(17,822)
<u>345,944</u>	<u>618,123</u>	<u>1,139,355</u>	<u>3,776</u>	<u>13,189</u>

**STATE OF NEW MEXICO
BERNALILLO PUBLIC SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (DEFICIT) - NONMAJOR SPECIAL REVENUE FUNDS
For the Year Ended June 30, 2018**

	Native American Program 25248	US West 26106	REC/District Fiscal Agent 26107
REVENUES			
Property taxes	\$ -	\$ -	\$ -
Federal grants	-	-	-
State grants	-	-	-
Charges for service	-	-	-
Miscellaneous	-	-	-
Total revenues	-	-	-
EXPENDITURES			
Current			
Instruction	-	-	-
Support services	-	-	-
Central services	-	-	-
Operations and maintenance of plant	-	-	-
Student transportation	-	-	-
Other support services	-	-	-
Food service operations	-	-	-
Community service	-	-	-
Capital outlay	-	-	-
Debt service	-	-	-
Principal	-	-	-
Interest	-	-	-
Total expenditures	-	-	-
Excess(deficiency) of revenue over (under) expenditures	-	-	-
Other financing sources (uses)			
Operating transfers	-	-	-
Total other financing sources (uses)	-	-	-
Net change in fund balances	-	-	-
Fund balances (Deficit), beginning of year	-	2,539	2,201
Fund balances, end of year	-	2,539	2,201

LANL Foundation 26113	Intel Foundation 26116	Indian Health Services USPHS 26157	Direct Action for Youth Foundation 26158	Dual Credit Instructional Materials/HB2 27103
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	20,995	-	3,738
-	-	-	-	-
2,500	-	-	-	-
<u>2,500</u>	<u>-</u>	<u>20,995</u>	<u>-</u>	<u>3,738</u>
-	-	25,548	-	3,738
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	25,548	-	3,738
<u>2,500</u>	<u>-</u>	<u>(4,553)</u>	<u>-</u>	<u>-</u>
-	-	-	-	-
-	-	-	-	-
2,500	-	(4,553)	-	-
20,432	4,638	17	62	-
<u>22,932</u>	<u>4,638</u>	<u>(4,536)</u>	<u>62</u>	<u>-</u>

**STATE OF NEW MEXICO
BERNALILLO PUBLIC SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (DEFICIT) - NONMAJOR SPECIAL REVENUE F
For the Year Ended June 30, 2018**

	2008 GO Bond Student Library 27105	2012 GO Bond Student Library 27107
REVENUES		
Property taxes	\$ -	-
Federal grants	-	-
State grants	-	19,156
Charges for service	-	-
Miscellaneous	-	-
Total revenues	-	19,156
EXPENDITURES		
Current		
Instruction	-	-
Support services	-	36,405
Central services	-	-
Operations and maintenance of plant	-	-
Student transportation	-	-
Other support services	-	-
Food service operations	-	-
Community service	-	-
Capital outlay	-	-
Debt service	-	-
Principal	-	-
Interest	-	-
Total expenditures	-	36,405
Excess(deficiency) of revenue over (under) expenditures	-	(17,249)
Other financing sources (uses)		
Operating transfers	-	-
Total other financing sources (uses)	-	-
Net change in fund balances	-	(17,249)
Fund balances (Deficit), beginning of year	86	-
Fund balances, end of year	86	(17,249)

UNDS

NM Reads to Lead K-3 Reading Initiative 27114	Technology for Education PED 27117	Advanced Placement Program 27129	Incentives for School Improvement 27138
\$ -	\$ -	\$ -	\$ -
-	-	-	-
178,672	-	-	-
-	-	-	-
-	-	-	-
<u>178,672</u>	<u>-</u>	<u>-</u>	<u>-</u>
176,786	-	-	-
1,886	-	-	-
-	-	5,763	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
<u>178,672</u>	<u>-</u>	<u>5,763</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>(5,763)</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	(5,763)	-
(9)	385	-	1
<u>(9)</u>	<u>385</u>	<u>(5,763)</u>	<u>1</u>

**STATE OF NEW MEXICO
BERNALILLO PUBLIC SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (DEFICIT) - NONMAJOR SPECIAL REVENUE FUNDS
For the Year Ended June 30, 2018**

	Truancy Prevention 27141	Pre-K Initiative 27149	Beg. Teacher Mentoring 27154
REVENUES			
Property taxes	\$ -	\$ -	\$ -
Federal grants	-	-	-
State grants	118,042	629,614	-
Charges for service	-	-	-
Miscellaneous	-	-	-
Total revenues	118,042	629,614	-
EXPENDITURES			
Current			
Instruction	-	569,144	-
Support services	117,989	7,592	-
Central services	-	-	-
Operations and maintenance of plant	-	-	-
Student transportation	-	52,622	-
Other support services	-	-	-
Food service operations	-	-	-
Community service	-	-	-
Capital outlay	-	-	-
Debt service	-	-	-
Principal	-	-	-
Interest	-	-	-
Total expenditures	117,989	629,358	-
Excess(deficiency) of revenue over (under) expenditures	53	256	-
Other financing sources (uses)			
Operating transfers	-	-	-
Total other financing sources (uses)	-	-	-
Net change in fund balances	53	256	-
Fund balances (Deficit), beginning of year	-	(49)	11
Fund balances, end of year	<u>53</u>	<u>207</u>	<u>11</u>

Breakfast In the Classroom 27155	School Improvement Framework 27164	Kindergarten Three Plus 27166	After School Enrichment 27168	2013 School Bus 27178
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
17,873	-	417,658	-	-
-	-	-	-	-
-	-	-	-	-
<u>17,873</u>	<u>-</u>	<u>417,658</u>	<u>-</u>	<u>-</u>
-	-	417,659	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
17,874	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>17,874</u>	<u>-</u>	<u>417,659</u>	<u>-</u>	<u>-</u>
<u>(1)</u>	<u>-</u>	<u>(1)</u>	<u>-</u>	<u>-</u>
-	-	-	-	-
-	-	-	-	-
(1)	-	(1)	-	-
1,562	2	1	(3,600)	-
<u>1,561</u>	<u>2</u>	<u>-</u>	<u>(3,600)</u>	<u>-</u>

**STATE OF NEW MEXICO
BERNALILLO PUBLIC SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (DEFICIT) - NONMAJOR SPECIAL REVENUE FUNDS
For the Year Ended June 30, 2018**

	STEM Teacher Initiative 27181	NM Grown FW 27183	Next Generation Assessment 27185
REVENUES			
Property taxes	\$ -	-	-
Federal grants	-	-	-
State grants	-	14,000	-
Charges for service	-	-	-
Miscellaneous	-	-	-
Total revenues	-	14,000	-
EXPENDITURES			
Current			
Instruction	-	-	-
Support services	-	-	-
Central services	-	-	-
Operations and maintenance of plant	-	-	-
Student transportation	-	-	-
Other support services	-	-	-
Food service operations	-	14,000	-
Community service	-	-	-
Capital outlay	-	-	-
Debt service	-	-	-
Principal	-	-	-
Interest	-	-	-
Total expenditures	-	14,000	-
Excess(deficiency) of revenue over (under) expenditures	-	-	-
Other financing sources (uses)			
Operating transfers	-	-	-
Total other financing sources (uses)	-	-	-
Net change in fund balances	-	-	-
Fund balances (Deficit), beginning of year	-	(9,987)	9,987
Fund balances, end of year	<u>\$ -</u>	<u>(9,987)</u>	<u>9,987</u>

Teacher Hard to Staff Stipend 27195	GRADS Child Care 28189	GRADS Instruction 28190	Rez of Your Life Program 28202	GRADS Plus 28203	Private Direct Grants 29102
-	-	-	-	-	-
-	-	-	-	-	-
12,090	9,419	921	24,996	-	-
-	-	-	-	-	-
-	-	-	-	-	5,159
12,090	9,419	921	24,996	-	5,159
12,150	-	921	29,673	-	418
-	12,933	-	1,558	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
12,150	12,933	921	31,231	-	418
(60)	(3,514)	-	(6,235)	-	4,741
-	-	-	-	-	-
-	-	-	-	-	-
(60)	(3,514)	-	(6,235)	-	4,741
-	4,829	1,182	7,590	(1,107)	5,012
(60)	1,315	1,182	1,355	(1,107)	9,753

STATE OF NEW MEXICO
BERNALILLO PUBLIC SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (DEFICIT) - NONMAJOR SPECIAL REVENUE FUNDS
For the Year Ended June 30, 2018

	City/County Grants 29107	McCune Charitable Foundation 29114	Mid Rio Grande Collab Ed. Excellence 29122	Total Nonmajor Special Revenue Funds
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
Federal grants	-	-	-	7,522,451
State grants	-	-	-	1,467,174
Charges for service	-	-	-	141,041
Miscellaneous	87,800	-	-	132,838
Total revenues	87,800	-	-	9,263,504
EXPENDITURES				
Current				
Instruction	79,281	-	-	4,123,313
Support services	-	-	-	1,157,779
Central services	-	-	-	237,137
Operations and maintenance of plant	-	-	-	-
Student transportation	-	-	-	52,622
Other support services	-	-	-	-
Food service operations	-	-	-	2,825,561
Community service	-	-	-	13,072
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	79,281	-	-	8,409,484
Excess(deficiency) of revenue over (under) expenditures	8,519	-	-	854,020
Other financing sources (uses)				
Operating transfers	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	8,519	-	-	854,020
Fund balances (Deficit), beginning of year	29,935	10	14,829	2,643,827
Fund balances, end of year	<u>38,454</u>	<u>10</u>	<u>14,829</u>	<u>3,497,847</u>

See Notes to Financial Statements.

STATE OF NEW MEXICO
BERNALILLO PUBLIC SCHOOL DISTRICT
COMBINING BALANCE SHEET - GENERAL FUNDS
June 30, 2018

	Operational Fund 11000	Teacherage Fund 12000	Transportation Fund 13000	Instructional Materials Fund 14000	Total
ASSETS					
<i>Current Assets</i>					
Cash and cash equivalents	\$ 944,520	\$ 157,027	\$ 44,832	\$ 157,411	\$ 1,303,790
Accounts receivable					
Taxes	20,775	-	-	-	20,775
Due from other governments	20,018	-	-	-	20,018
Interfund receivables	3,120,988	-	-	-	3,120,988
Other	-	-	-	-	-
Investment	-	-	-	-	-
Inventory	50,146	-	47,803	-	97,949
Total assets	\$ 4,156,447	\$ 157,027	\$ 92,635	\$ 157,411	\$ 4,563,520
LIABILITIES AND FUND BALANCES					
<i>Current Liabilities</i>					
Accounts payable	92,762	-	-	-	92,762
Accrued payroll liabilities	533,858	-	39,354	-	573,212
Interfund payables	-	-	-	-	-
Total liabilities	626,620	-	39,354	-	665,974
DEFERRED INFLOWS					
Property taxes	17,167	-	-	-	17,167
Total deferred inflows	17,167	-	-	-	17,167
<i>Fund Balances</i>					
Nonspendable	50,146	-	47,803	-	97,949
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	3,462,514	157,027	5,478	157,411	3,782,430
Total fund balances	3,512,660	157,027	53,281	157,411	3,880,379
Total liabilities and fund balances	\$ 4,156,447	\$ 157,027	\$ 92,635	\$ 157,411	\$ 4,563,520

See Notes to Financial Statements.

STATE OF NEW MEXICO
BERNALILLO PUBLIC SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GENERAL FUNDS
For the Year Ended June 30, 2018

	Operational Fund 11000	Teacherage Fund 12000	Transportation Fund 13000	Instructional Materials Fund 14000	Total
REVENUES					
Property taxes	\$ 167,796	-	-	-	\$ 167,796
Federal grants	4,337,433	-	-	-	4,337,433
State flowthrough	20,492,981	-	-	91,943	20,584,924
Transportation distribution	-	-	1,252,864	-	1,252,864
Charges for service	409,829	-	-	-	409,829
Investment income	46	-	-	-	46
Miscellaneous	285,311	29,295	5,575	-	320,181
Total revenues	25,693,396	29,295	1,258,439	91,943	27,073,073
EXPENDITURES					
Current					
Instruction	13,728,884	-	-	90,201	13,819,085
Support services	5,514,273	-	-	-	5,514,273
Central services	1,659,377	-	-	-	1,659,377
Operations and maintenance of plant	3,240,211	18,934	-	-	3,259,145
Student transportation	155,951	-	1,225,598	-	1,381,549
Other support services	27,376	-	-	-	27,376
Food service operations	493	-	-	-	493
Community service	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service	-	-	-	-	-
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	24,326,565	18,934	1,225,598	90,201	25,661,298
Excess(deficiency) of revenue over (under) expenditures					
Other financing sources (uses)					
Operating transfers	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
Net change in fund balances	1,366,831	10,361	32,841	1,742	1,411,775
Fund balances, beginning of year	2,145,829	146,666	20,440	155,669	2,468,604
Fund balances, end of year	\$ 3,512,660	157,027	53,281	157,411	\$ 3,880,379

**STATE OF NEW MEXICO
BERNALILLO PUBLIC SCHOOL DISTRICT
NON MAJOR FUND DESCRIPTIONS
June 30, 2018**

CAPITAL PROJECTS FUNDS

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

NM Highway Department (28120) - is a state grant by the Department of Transportation – NM Highway Department for paving on school district campuses.

Public School Capital Outlay (31200) - This fund is used to account for monies received for the purpose of remodeling and equipping classroom facilities.

Special Capital Outlay Local (31300) - The purpose of this fund is to account for funds received from the local ad valorem tax levy for use in remodeling and equipping classroom facilities.

Special Capital Outlay State (31400) - To account for special appropriations monies received from the State of New Mexico under Chapter 4. Laws of 1996 for the purpose of specific capital outlay projects. HB 622 2006 Severance Tax Bonds.

Capital Improvements SB-10 Capital Projects Fund (31700) - This 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 Capital Improvements SB-9 Capital Projects Fund (31701) - This 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).

Public School Capital Outlay 20% (32100) - To account for funding which is to be used by the District to promote the comprehensive integration of advanced technologies in education setting, through the conduct of technical assistance, professional development, information and resource dissemination and collaboration activities.

**STATE OF NEW MEXICO
BERNALILLO PUBLIC SCHOOL DISTRICT
COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECT FUNDS
June 30, 2018**

	NM Highway Department 28120	Public School Capital Outlay 31200	Special Capital Outlay Local 31300
ASSETS			
<i>Current Assets</i>			
Cash and cash equivalents	\$ -	57,717	261,094
Accounts receivable			
Taxes	-	-	-
Due from other governments	-	5,377	-
Interfund receivables	-	-	-
Other	-	-	-
Investment	-	-	-
Prepaid expenditures	-	-	-
Inventory	-	-	-
	<hr/>	<hr/>	<hr/>
Total assets	\$ -	63,094	261,094
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
LIABILITIES AND FUND BALANCES			
<i>Current Liabilities</i>			
Accounts payable	\$ -	-	-
Accrued payroll liabilities	-	-	-
Interfund payables	80,201	-	-
	<hr/>	<hr/>	<hr/>
Total liabilities	80,201	-	-
	<hr/>	<hr/>	<hr/>
DEFERRED INFLOWS			
Property taxes	-	-	-
	<hr/>	<hr/>	<hr/>
Total deferred inflows	-	-	-
	<hr/>	<hr/>	<hr/>
<i>Fund Balances</i>			
Nonspendable	-	-	-
Restricted	-	63,094	261,094
Committed	-	-	-
Assigned	-	-	-
Unassigned	(80,201)	-	-
	<hr/>	<hr/>	<hr/>
Total fund balances	(80,201)	63,094	261,094
	<hr/>	<hr/>	<hr/>
Total liabilities and fund balances	\$ -	63,094	261,094
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

See Notes to Financial Statements.

Special Capital Outlay State 31400	Capital Improvements SB-10 31700	Capital Improvements SB-9 31701	Public School Capital Outlay 20% 32100	Total Nonmajor Capital Project Funds
\$ 125,497	-	1,127,104	75	\$ 1,571,487
-	-	117,009	-	117,009
-	145,602	-	-	150,979
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>\$ 125,497</u>	<u>145,602</u>	<u>1,244,113</u>	<u>75</u>	<u>\$ 1,839,475</u>
\$ -	-	41,843	-	\$ 41,843
-	-	-	-	-
-	145,602	-	-	225,803
-	145,602	41,843	-	267,646
-	-	91,594	-	91,594
-	-	91,594	-	91,594
-	-	-	-	-
125,497	-	1,110,676	75	1,560,436
-	-	-	-	-
-	-	-	-	-
-	-	-	-	(80,201)
<u>125,497</u>	<u>-</u>	<u>1,110,676</u>	<u>75</u>	<u>1,480,235</u>
<u>\$ 125,497</u>	<u>145,602</u>	<u>1,244,113</u>	<u>75</u>	<u>\$ 1,839,475</u>

**STATE OF NEW MEXICO
BERNALILLO PUBLIC SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES -
NONMAJOR CAPITAL PROJECT FUNDS
For the Year Ended June 30, 2018**

	NM Highway Department 28120	Public School Capital Outlay 31200	Special Capital Outlay Local 31300
REVENUES			
Property taxes	\$ -	-	-
Federal grants	-	-	-
State flowthrough	-	-	-
Transportation distribution	-	-	-
Charges for service	-	-	-
Investment income	-	-	13
Miscellaneous	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>13</u>
EXPENDITURES			
Current Liabilities			
Instruction	-	-	-
Support services	-	-	-
Central services	-	-	-
Operations and maintenance of plant	-	-	-
Student transportation	-	-	-
Other support services	-	-	-
Capital outlay	80,201	-	-
Total expenditures	<u>80,201</u>	<u>-</u>	<u>-</u>
Excess(deficiency) of revenue over (under) expenditures	<u>(80,201)</u>	<u>-</u>	<u>13</u>
Other financing sources (uses)			
Operating transfers	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(80,201)	-	13
Fund balances, beginning of year	-	63,094	261,081
Fund balances, end of year	<u>\$ (80,201)</u>	<u>63,094</u>	<u>261,094</u>

See Notes to Financial Statements.

Special Capital Outlay State 31400	Capital Improvements SB-10 31700	Capital Improvements SB-9 31701	Public School Capital Outlay 20% 32100	Total Nonmajor Capital Project Funds
\$ -	-	1,164,629	-	\$ 1,164,629
-	-	-	-	-
-	55,749	-	-	55,749
-	-	-	-	-
-	-	-	-	-
-	-	55	-	68
-	-	1,223	-	1,223
-	55,749	1,165,907	-	1,221,669
-	-	-	-	-
-	-	12,526	-	12,526
-	-	-	-	-
-	-	997,966	-	997,966
-	-	-	-	-
-	-	-	-	-
-	-	244,374	-	324,575
-	-	1,254,866	-	1,335,067
-	55,749	(88,959)	-	(113,398)
-	-	-	-	-
-	-	-	-	-
-	55,749	(88,959)	-	(113,398)
125,497	(55,749)	1,199,635	75	1,593,633
\$ 125,497	-	1,110,676	75	\$ 1,480,235

**STATE OF NEW MEXICO
BERNALILLO PUBLIC SCHOOL DISTRICT
AGENCY FUNDS
SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
June 30, 2018**

	Balance 30-Jun-17	Additions	Deletions	Balance 30-Jun-18
Flexible Medical Plan	\$ 2,995.00	951	820	\$ 3,126
Bernalillo High School	61,608	126,976	112,692	75,892
Bernalillo High School Athletics	22,628	72,989	65,031	30,586
Bernalillo Middle School	57,435	34,558	36,969	55,024
Algodones Elementary	2,599	5,780	7,157	1,222
Bernalillo Elementary	8,054	6,795	10,014	4,835
Cochiti School	11,946	41,876	30,923	22,899
Placitas Elementary	7,043	3,275	3,145	7,173
Santo Domingo School	2,644	4,891	2,873	4,662
Transportation Department	53,225	52	4,513	48,764
W.D. Carroll	970	18,410	13,378	6,002
La Escuelita	963	1,730	1,795	898
Admin/scholarship	12,462	7,325	10,681	9,106
Total all schools	\$ 244,572	325,608	299,991	\$ 270,189

See Notes to Financial Statements.

**STATE OF NEW MEXICO
 BERNALILLO PUBLIC SCHOOL DISTRICT
 SCHEDULE OF COLLATERAL PLEDGED BY DEPOSITORY
 FOR PUBLIC FUNDS
 June 30, 2018**

<u>Name of Depository</u>	<u>Description of Pledge Collateral</u>	<u>Maturity</u>	<u>CUSIP Number</u>	<u>Fair Market Value at June 30, 2018</u>	<u>Location of Safekeeper</u>
US Bank	Line of Credit	8/1/2018	#525309	\$ 25,000,000	Federal Home Loan Bank of Cincinnati
	Total US Bank			<u>25,000,000</u>	
	Total Pledged Collateral			<u>\$ 25,000,000</u>	

**STATE OF NEW MEXICO
 BERNALILLO PUBLIC SCHOOL DISTRICT
 SCHEDULE OF CASH DEPOSITS
 June 30, 2018**

Bank Name/Account Name	Account Type
US Bank	
Accounts payable	Checking
Capital account	Checking
Federal account	Checking
Food Service	Checking
Operating	Checking
Payroll	Checking
Algodones Elementary	Checking
Bernalillo Elementary	Checking
Admin/Scholarship Fund	Checking
Bernalillo High School Activity	Checking
BHS Dept of Athletics	Checking
BMS Activities Account	Checking
Roosevelt (Carroill) Elem Activity Fund	Checking
Cochiti Activities Fund	Checking
Placitas Elem Activity Fund	Checking
Santo Domingo Elem Activity	Checking
Other Agency Funds	Checking
Transportation Dept.	Checking
Flexible Medical Plan Account	Checking
Total - Cash	
New Mexico Bank & Trust	
Certificates of Deposit	Time
US Bank	
Certificate of Deposit	Time
Total Investments	
Total - Cash and Investments	
Cash per financial statements	
Cash and cash equivalents - Governmental Activities	
Restricted cash and cash equivalents - Governmental Activities	
Total cash per Government-wide Financial Statements	
Investment - Government Activities	
Total cash and cash equivalents per Government-wide Financial Statements	
Total cash - Agency funds	
Total Cash and Investments Entity Wide	

Bank Balance	Outstanding Checks	Deposits in Transit	Book Balance
\$ 1,135,941	\$ 1,135,941	\$ -	\$ -
5,830,485	5,669	-	5,824,816
824,076	1,590,230	-	(766,154)
657,099	76,530	-	580,569
9,721,119		1,686,700	11,407,819
1,311,138	686,959	85,482	709,661
1,222	-	-	1,222
4,835	-	-	4,835
9,106	-	-	9,106
79,789	3,897	-	75,892
33,126	2,539	-	30,587
56,338	1,314	-	55,024
6,002	-	-	6,002
22,898	-	-	22,898
7,228	54	-	7,174
4,662	-	-	4,662
897	-	-	897
48,914	150	-	48,764
3,126	-	-	3,126
<u>\$ 19,758,001</u>	<u>\$ 3,503,283</u>	<u>\$ 1,772,182</u>	<u>\$ 18,026,900</u>
-	-	-	-
-	-	-	-
<u>\$ 19,758,001</u>	<u>\$ 3,503,283</u>	<u>\$ 1,772,182</u>	<u>\$ 18,026,900</u>
		\$ 10,223,083	
		<u>7,533,627</u>	
			17,756,710
			-
			<u>17,756,710</u>
			<u>270,189</u>
			<u>\$ 18,026,899</u>

STATE OF NEW MEXICO
 BERNALILLO PUBLIC SCHOOL DISTRICT
 P.E.D. CASH RECONCILIATION
 June 30, 2018

	Operational Account 11000	Teacherage 12000	Transportation Account 13000	Instructional Materials 14000	Food Services Account 21000
Cash, June 30, 2017	\$ 2,238,560	\$ 146,666	\$ 468	\$ 155,669	\$ 1,176,072
Add:					
2017-18 revenue	25,689,790	29,295	1,258,439	91,943	2,295,312
Cash transfers	-	-	(234)	-	-
Total cash available	<u>27,928,350</u>	<u>175,961</u>	<u>1,258,673</u>	<u>247,612</u>	<u>3,471,384</u>
Less:					
2017-18 expenditures	24,396,575	18,933	1,253,098	90,201	2,891,214
Capital outlay	-	-	-	-	-
Outstanding loans	1,432,978	-	-	-	-
Payroll accrual	11,055	-	-	-	-
Total deductions	<u>25,840,608</u>	<u>18,933</u>	<u>1,253,098</u>	<u>90,201</u>	<u>2,891,214</u>
Cash, June 30, 2018	<u>\$ 2,087,742</u>	<u>\$ 157,028</u>	<u>\$ 5,575</u>	<u>\$ 157,411</u>	<u>\$ 580,170</u>

Athletics Account 22000	Non Instructional Sup Title I 23000	Federal Flowthrough 24000	Federal Direct 25000	Local Grants 26000	State Flowthrough 27000
\$ 12,248	\$ -	\$ (439,630)	\$ 1,277,613	\$ 12,300	\$ (250,287)
42,725	-	1,879,875	2,409,455	2,500	1,264,583
	-			-	
54,973	-	1,440,245	3,687,068	14,800	1,014,296
30,804	-	2,277,282	1,735,820	-	1,472,396
-	-	-	-	-	-
-	-	(707,233)	(86,746)	-	(444,852)
-	-	-	-	-	-
30,804	-	1,570,049	1,649,074	-	1,027,544
\$ 24,169	\$ -	\$ (129,804)	\$ 2,037,994	\$ 14,800	\$ (13,248)

STATE OF NEW MEXICO
 BERNALILLO PUBLIC SCHOOL DISTRICT
 P.E.D. CASH RECONCILIATION
 June 30, 2018

	State Direct 28000	Local/State 29000	Bond Building 31100	Public School Capital Outlay 31200	Special Capital Outlay-Local 31300
Cash, June 30, 2017	(30,965)	49,786	2,223,164	57,717	261,081
Add:					
2017-18 revenue	\$ 32,000	\$ 92,959	\$ 4,281,350	\$ -	\$ 14
Cash transfers	-	-	-	-	-
Total cash available	1,035	142,745	6,504,514	57,717	261,095
Less:					
2017-18 expenditures	112,353	80,419	2,105,585	-	-
Capital outlay	-	-	-	-	-
Outstanding loans	(32,345)	(16,200)	-	-	-
Payroll accrual	-	-	-	-	-
Total deductions	80,008	64,219	2,105,585	-	-
Cash, June 30, 2018	\$ (78,973)	\$ 78,526	\$ 4,398,929	\$ 57,717	\$ 261,095

Special Capital Outlay-State 31400	Capital Improvements SB-9 31700	Capital Improvements SB-9 31701	Public School Capital Outlay 20% 32100	Debt Service 41000	Total
125,497	(145,913)	1,287,440	75	6,510,488	14,668,049
\$ -	\$ -	1,253,914	\$ -	\$ 5,920,871	\$ 46,545,025
-	-	-	-	-	(234)
125,497	(145,913)	2,541,354	75	12,431,359	61,212,840
-	145,602	1,269,356	-	6,289,368	44,169,006
-	-	-	-	-	-
-	(145,602)	-	-	-	-
-	-	-	-	-	11,055
-	-	1,269,356	-	6,289,368	44,180,061
\$ 125,497	\$ (145,913)	\$ 1,271,998	\$ 75	\$ 6,141,991	\$ 17,032,779

COMPLIANCE SECTION



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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*
INDEPENDENT AUDITOR'S REPORT**

To Wayne Johnson
New Mexico State Auditor
The Office of Management and Budget
The Board of Education
Bernalillo Public School District
Bernalillo, New Mexico

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information, and the budgetary comparisons of the general fund of Bernalillo Public School District (the "District") as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 15, 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 a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material

weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did identify a deficiency in internal control that we consider to be a material weakness and is listed as 2009-003 in the schedule of findings and questioned costs.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from 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 an instance of non-compliance or other matter that are required to be reported under Government Auditing Standards and 2.2.2 NMAC the results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Agency's Response to Findings

Agency's response to the findings identified in our audit is described in the accompanying schedule of Findings and Questioned Costs. Management's responses were not subject to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Ricci & Company LLC

Albuquerque, New Mexico
November 15, 2018

FEDERAL FINANCIAL ASSISTANCE



Service plus value, it all adds up.

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

To Wayne Johnson
New Mexico State Auditor
The Office of Management and Budget
The Board of Education
Bernalillo Public School District
Bernalillo, New Mexico

Report on Compliance for Each Major Federal Program

We have audited Bernalillo Public School District (the District)'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

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

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

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 the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the

auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or 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.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information and the budgetary comparisons for the general fund and major special revenue funds of the district as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the district's basic financial statements. We issued our report thereon dated November 15, 2018, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic 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 basic 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Ricci & Company, LLC
Albuquerque, New Mexico
November 15, 2018

**STATE OF NEW MEXICO
BERNALILLO PUBLIC SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2018**

<u>Federal Grantor or Pass-Trough Grantor/Program Title</u>	<u>Pass Through Number</u>	<u>Federal CFDA</u>	<u>Federal Expenditures</u>
U.S. Department of Education			
Passed through from New Mexico Public Education Department			
Title 1 School Improvement	24101	84.010	\$ 820,093 *
School Improvement	24162	84.010	58,823 *
IDEA-B	24106	84.027	971,875 *
IDEA-B Results Plan	24132	84.027	62,713 *
Pre-School IDEA-B	24109	84.173	18,323
English Language Acquisition	24153	84.365	62,211
Teacher/Principal Training and Recruiting	24154	84.367	123,830
Carl D Perkins Special Projects - Current	24171	84.048	9,701
Carl D Perkins Secondary - Redistribution	24176	84.048	723
USHHS/CDC School Health	24186	93.079	4,740
Gear Up New Mexico State Initiative	25205	84.334	<u>462,215</u>
Subtotal - Pass through New Mexico Education Department			<u>2,595,246</u>
Direct U.S. Department of Education			
Impact Aid- General Fund	11000	84.041	4,317,509
Impact Aid Special Education	25145	84.041	106,654
Impact Aid Indian Education	25147	84.041	821,088
Indian Ed Formula Grant	25184	84.060A	<u>181,974</u>
Subtotal - Direct U.S. Department of Education			<u>5,427,225</u>
Total U.S. Department of Education			<u>8,022,471</u>
U. S. Department of Agriculture			
Forest Reserve	11000	10.665	19,924
Food Distribution	21000	10.553	198,382 *
National School Breakfast	21000	10.553	651,828 *
National School Lunch Act	21000	10.555	2,041,004 *
Fresh Fruits & Vegetables	24118	10.582	<u>103,891</u>
Total - Direct U. S. Department of Agriculture			<u>3,015,030</u>
Department of Health and Human Services			
Title XIX Medicaid 3/21 Years	25153	93.778	<u>163,889</u>
Total - Passthrough State of New Mexico Department of Health and Human Services			<u>163,889</u>
Total Federal Financial Assistance			<u>\$ 11,201,390</u>

* Denotes major program

See Notes to Financial Statements

**STATE OF NEW MEXICO
BERNALILLO PUBLIC SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2018**

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal grant activity of the Bernalillo Public School District (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 The Uniform Guidance, Audits of States, Local Governments and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.

Sub Recipients

The District did not provide any federal awards to sub recipients during the year.

Non Cash Federal Assistance

The District receives USDA Commodities for use in sponsoring the National School Lunch and Breakfast programs. The value of commodities received for the year ended June 30, 2018 was \$198,382 and is reported in the Schedule of Expenditures of Federal Awards under the Department of Agriculture Commodities program, CFDA number 10.553. Commodities are recorded as revenues and expenditures in the food service fund.

Other

The District opted not to use the 10% de minimus rate for charging indirect costs to federal programs.

Reconciliation of SEFA to Federal Revenues

The District has various grants that are not on a cost reimbursement basis (Impact Aid Special Education, Impact Aid Indian Education, and Title XIX Medicaid) resulting in a variance from federal revenues to the Schedule of Expenditures of Federal Awards. Both Impact Aid grants are not contingent on expenditures, and carry cash balance year over year until funds are expended resulting in revenue and expense being recognized in different periods. In the current fiscal year Federal revenues totaled \$11,859,884 and federal expenditures totaled \$11,201,390 resulting in a total variance of \$658,494.

**STATE OF NEW MEXICO
 BERNALILLO PUBLIC SCHOOL DISTRICT
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 June 30, 2018**

I. SUMMARY OF AUDITOR'S REPORT

Financial Statements

<u>Type of Auditor's report issued:</u>	<u>Unmodified</u>
Internal control over financial reporting: Material Weakness reported?	Yes
Significant deficiencies reported not considered to be material weaknesses?	No
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
a. Material weaknesses reported?	No
b. Significant deficiencies reported not considered to be material weaknesses?	No
c. Known questioned costs greater than \$25,000 for a compliance requirement for a major program?	No
d. Known questioned costs greater than \$25,000 for which Is not audited as a major program?	No
e. Known or likely fraud?	No
f. Significant instances of abuse relating to major programs?	No
g. Circumstances causing the auditor's report on compliance For each major program to be modified, unless otherwise Reported as audit findings?	No
h. Instances where results of audit follow-up procedures dis- Closed that the summary schedule of prior year audit Findings prepared by the auditee materially misrepresents The status of any prior audit finding?	No
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance?	No
Identification of major programs:	
<u>CFDA Numbers</u> <u>Name of Federal Program or Cluster</u>	
10.553/10.555 Child Nutrition Cluster	
84.027 Idea-B	
84.010 Title 1	
Dollar threshold used to distinguish Between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	Yes

**STATE OF NEW MEXICO
BERNALILLO PUBLIC SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2018**

A. FINDINGS-FINANCIAL STATEMENT AUDIT

2009-003 Activity Funds (Lack of Internal Control) – Repeated and Modified - Material Weakness

Condition: The following exceptions were noted during testing cash receipts and disbursements of Activity Funds:

We did not note any improvement in this area from the prior year.

Bernalillo High School Athletics Department - The Activity Fund had the following exceptions:

- In our testing of cash receipts, it was identified that the District has no controls over the cash receipts process for athletic Activity funds.
- In our testing of cash receipts, it was identified that the District had no means in determining the amount of tickets sold and the price of each tickets to verify the total amount received.
- We noted that no Receipts were issued to the students for Hard cash received by the sponsor, hence there is no accountability or control for the cash tendered.
- In our testing of cash receipts 4 out of 5 items tested, there were inadequate control over the Hard cash receipts at athletic events in the amount of \$4,210

Criteria: 6-5-2C NMSA 1978 States that an entity shall implement internal controls designed to prevent accounting errors and violations of state and federal law and rules related to financial matters.

Cause: School not adhering to the Districts cash receipts policies, and not maintaining proper documentation.

Effect: The District was not in compliance with statutory regulations.

Auditor's Recommendation: We recommend that the District “standardize” policies with respect to controls over student activity funds at “all” schools. A lack of consistency of protocol existed as based on the result of our test work.

Management Response: The Finance Department is providing mandatory monthly trainings during the 2018/2019 school year for all principals, directors, bookkeepers and secretaries with review of PED Public Schools Accounting and Budgeting manual. Additionally, Finance department is auditing all activity funds with special emphasis on Athletics. A thorough review of all Athletic department finance procedures took place on October 4, 2018 and will be done every monthly going forward.

Timeline/Responsible Party: Finance will continue mandatory monthly trainings and quarterly audits of all activity funds. Additional reviews and audits of Athletics will occur monthly. Finance Director is the responsible party.

**STATE OF NEW MEXICO
BERNALILLO PUBLIC SCHOOL DISTRICT
STATUS OF PRIOR AUDIT FINDINGS
June 30, 2018**

Status of Prior Audit Findings

FS 2009-003 – Activity Funds (Lack of Internal Control) – Material Weakness – Repeated and Modified

FS 2016-002 – Internal Controls Over Cash Disbursements – Significant Deficiency – Resolved

FS 2016-004 – Timeliness of Deposits – Significant Deficiency – Resolved

FS 2016-005 – Staff Qualification and Payroll – Significant Deficiency – Resolved

FS 2016-006 – Review and Approval of Journal Entries – Significant Deficiency – Resolved

FS 2017-001 – Inventory Over Capital Assets – Significant Deficiency - Resolved

FS 2017-002 – Request for Reimbursement Documentation – Other Non-Compliance - Resolved

**STATE OF NEW MEXICO
BERNALILLO PUBLIC SCHOOL DISTRICT
EXIT CONFERENCE
June 30, 2018**

The contents of this report were discussed in the exit conference held on November 9, 2018 with the following in attendance:

Representing Bernalillo Public School District:

Keith Cowan	Superintendent
Jodylynn Ortiz	Board Secretary
Valarie Sanchez	Community Member
John Baber	Interim Finance Director
Eddie Ramirez	Principal
Eric James	HR Director
Tamie Pargas	Deputy Superintendent
Vincent Montoya	Board Member

Representing Ricci & Company, LLC:

Mark Santiago, CPA	Senior Audit Manager
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