



**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

JUNE 30, 2018

INTRODUCTORY SECTION

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

<u>Name</u>		<u>Title</u>
	<u>Board of Education</u>	
David Shoup		Board President
Andrew Harris		Board Vice - President
Simon Rubio		Board Secretary
Abel Montoya		Board Member
Ron Singleton		Board Member
	<u>School Officials</u>	
Greg Rodriguez		Superintendent
Chenyu Liu		Director of Finance

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

The Board of Education
Carlsbad Municipal School District
Carlsbad, New Mexico and
Brian Colón, Esq.
New Mexico State Auditor
Santa Fe, New Mexico

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the general fund and major special revenue funds of Carlsbad Municipal 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. We have also audited the financial statements of the governmental activities of each discretely presented component unit, presented as supplementary information, as defined by the Government Accounting Standards Board, in the accompanying combining financial statements as of and for the year ended June 30, 2018, as listed in the Table of Contents. We have also audited each major fund, the aggregate remaining fund information and the respective budgetary comparisons of each of the following discretely presented component units: Jefferson Montessori Academy Charter School and Pecos Connections Academy Charter School, presented as supplementary information, as defined by the Government Accounting Standards Board, in accompanying combining and individual fund financial statements as listed in the Table of Contents as of and for the year ended June 30, 2018.

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 responsibility includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

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

The Board of Education
Carlsbad Municipal School District and
Brian Colón, Esq.
New Mexico State Auditor

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 District'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 District'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 financial statement presentation.

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, the discretely presented component units, each major fund, and the aggregate remaining fund information of the District as of June 30, 2018, and the respective changes in financial position and the respective budgetary comparisons for the general fund and major special revenue funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted the Management Discussion and Analysis that accounting principles, generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by the missing information.

Accounting principles generally accepted in the United States of America requires the Schedules and Notes in the Required Supplementary Information section on pages 55 through 63 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.

The Board of Education
Carlsbad Municipal School District and
Brian Colón, Esq.
New Mexico State Auditor

Other Information

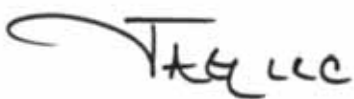
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District’s basic financial statements. The combining and individual fund financial statements, the Schedule of Expenditures of Federal Awards as required by Title 2 *U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, the Schedule of Deposits, Schedule of Cash Reconciliation, Schedule of Collateral Pledged by Depository for Public Funds, and Schedule of Changes in Fiduciary Assets and Liabilities – Agency Funds, each required by NMAC 2.2.2, and other information, such as the Introductory Section and the Corrective Action Plan, which are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements, the Schedule of Expenditures of Federal Awards, and the Schedule of Deposits, Schedule of Cash Reconciliation, Schedule of Collateral Pledged by Depository for Public Funds, and Schedule of Changes in Fiduciary Assets and Liabilities – Agency Funds, each required by NMAC 2.2.2, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements, the Schedule of Expenditures of Federal Awards, and the Schedule of Deposits, Schedule of Cash Reconciliation, Schedule of Collateral Pledged by Depository for Public Funds, and Schedule of Changes in Fiduciary Assets and Liabilities – Agency Funds, each required by NMAC 2.2.2, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Introductory Section and the Corrective Action Plan have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 15, 2019 on our consideration of the District’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District’s internal control over financial reporting and compliance.



Jaramillo Accounting Group LLC (JAG)
Albuquerque, New Mexico
August 15, 2019

BASIC FINANCIAL STATEMENTS

STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2018

	Primary	Component Units	
	Government	Jefferson Montessori Academy Charter School	Pecos Academy Charter School
	Governmental Activities		
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 34,830,121	\$ 488,054	\$ 565,670
Investments	20,893,078	-	-
Receivables			
Taxes	3,969,010	-	-
Due from other governments	2,113,951	166,146	36,870
Other	213,556	-	-
Inventory	197,683	-	-
Total current assets	<u>62,217,399</u>	<u>654,200</u>	<u>602,540</u>
Non-current Assets			
Restricted cash and cash equivalents	4,548,252	-	-
Restricted investments	15,089,548	-	-
Capital assets, net	109,534,075	4,195	-
Total non-current assets	<u>129,171,875</u>	<u>4,195</u>	<u>-</u>
Total assets	<u>191,389,274</u>	<u>658,395</u>	<u>602,540</u>
DEFERRED OUTFLOWS OF RESOURCES			
Related to pensions	52,339,827	1,598,307	1,930,592
Related to retiree healthcare	774,411	21,969	22,075
Total deferred outflows of resources	<u>53,114,238</u>	<u>1,620,276</u>	<u>1,952,667</u>
LIABILITIES			
Current liabilities			
Accounts payable	1,155,476	-	-
Accrued payroll	3,451,231	148,781	42,450
Accrued interest payable	864,693	-	-
Compensated absences	359,560	-	-
Current portion of bonds payable	6,790,000	-	-
Total current liabilities	<u>12,620,960</u>	<u>148,781</u>	<u>42,450</u>
Non-current liabilities			
Bonds payable	49,462,802	-	-
Net pension liability	151,086,489	4,460,946	2,463,856
Net OPEB liability	40,870,253	1,307,841	652,108
Total non-current liabilities	<u>241,419,544</u>	<u>5,768,787</u>	<u>3,115,964</u>
Total liabilities	<u>254,040,504</u>	<u>5,917,568</u>	<u>3,158,414</u>
DEFERRED INFLOWS OF RESOURCES			
Related to pensions	2,348,356	176,668	38,296
Related to retiree healthcare	9,301,974	297,661	148,418
Total deferred inflows of resources	<u>11,650,330</u>	<u>474,329</u>	<u>186,714</u>
NET POSITION			
Net investment in capital assets	53,281,273	4,195	-
Restricted for			
Special revenue	4,429,031	42,216	-
Debt service	26,969,596	-	-
Capital projects	41,178,579	192,590	-
Unrestricted (deficit)	(147,045,801)	(4,352,227)	(789,921)
Total net position	<u>\$ (21,187,322)</u>	<u>\$ (4,113,226)</u>	<u>\$ (789,921)</u>

See Accompanying Notes.

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	Component Units	
					Governmental Activities	Jefferson Montessori Academy Charter School	Pecos Academy Charter School
Primary Government							
Governmental activities							
Instruction	\$ 64,030,670	\$ 143,024	\$ 2,666,660	\$ -	\$ (61,220,986)		
Support services	13,764,999	509,107	2,224,973	415,890	(10,615,029)		
Central services	2,282,545	-	-	-	(2,282,545)		
Operation & maintenance of plant	13,872,258	-	-	-	(13,872,258)		
Student transportation	1,932,377	-	1,837,427	-	(94,950)		
Food services operation	4,191,355	927,934	3,198,745	-	(64,676)		
Community services	99,636	-	-	-	(99,636)		
Interest on long-term obligations	1,696,482	-	-	-	(1,696,482)		
Total governmental activities	\$ 101,870,322	\$ 1,580,065	\$ 9,927,805	\$ 415,890	(89,946,562)		
Component Unit Activities							
Jefferson Montessori Academy	\$ 2,700,813	\$ 36,127	\$ 183,884	\$ 122,647		\$ (2,358,155)	\$ -
Pecos Connections Academy	4,399,496	-	91,393	-		-	(4,308,103)
	<u>\$ 7,100,309</u>	<u>\$ 36,127</u>	<u>\$ 275,277</u>	<u>\$ 122,647</u>		<u>(2,358,155)</u>	<u>(4,308,103)</u>
General revenues							
Taxes							
Property taxes, levied for operating programs					606,432	120,668	-
Property taxes, levied for debt services					8,290,053	-	-
Property taxes, levied for capital projects					4,956,102	-	-
Oil and gas					17,351,626	-	-
State equalization guarantee					51,492,001	1,891,177	3,955,320
Interest and investment earnings					475,182	-	-
Miscellaneous					1,369,228	-	-
Total general revenues					<u>84,540,624</u>	<u>2,011,845</u>	<u>3,955,320</u>
Changes in net position					(5,405,938)	(346,310)	(352,783)
Net position, beginning of year (deficit)					27,170,903	(2,213,412)	337,460
Restatement					5,595,070	-	-
Adoption of new accounting standard					(48,547,357)	(1,553,504)	(774,598)
Net position, beginning, restated (deficit)					<u>(15,781,384)</u>	<u>(3,766,916)</u>	<u>(437,138)</u>
Net position - end of year					<u>\$ (21,187,322)</u>	<u>\$ (4,113,226)</u>	<u>\$ (789,921)</u>

See Accompanying Notes.

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2018**

	Combined General Fund	24106 Entitlement IDEA-B	31100 Bond Building	31600 Capital Improvements HB-33	41000 Debt Service	43000 Ed Tech Debt Service	Other Governmental Funds	Total
ASSETS								
Cash and cash equivalents	\$ 5,342,249	\$ -	\$ 548,252	\$ 17,006,332	\$ 1,834,245	\$ 1,925,795	\$ 12,721,500	\$ 39,378,373
Investments	-	-	15,089,548	-	9,580,757	10,058,946	\$ 1,253,375	35,982,626
Accounts receivable								
Property taxes	182,928	-	-	737,527	651,729	1,656,855	739,971	3,969,010
Due from other governments	116,820	813,852	-	-	-	-	1,183,279	2,113,951
Other receivables	316	-	-	-	-	-	213,240	213,556
Interfund receivables	1,705,436	-	-	-	-	-	-	1,705,436
Inventory	89,729	-	-	-	-	-	107,954	197,683
Total assets	\$ 7,437,478	\$ 813,852	\$ 15,637,800	\$ 17,743,859	\$ 12,066,731	\$ 13,641,596	\$ 16,219,319	\$ 83,560,635
LIABILITIES								
Accounts payable	\$ 178,909	5	105,872	320,460	-	-	550,230	\$ 1,155,476
Accrued payroll	3,064,690	97,071	-	-	-	-	289,471	3,451,232
Interfund payables	-	716,776	-	-	-	-	988,660	1,705,436
Total liabilities	3,243,599	813,852	105,872	320,460	-	-	1,828,361	6,312,144
DEFERRED INFLOWS OF RESOURCES								
Delinquent property taxes	16,744	-	-	73,321	90,295	133,784	72,052	386,196
Total liabilities and deferred inflows of resources	3,260,343	813,852	105,872	393,781	90,295	133,784	1,900,413	6,698,340
FUND BALANCES								
Nonspendable	89,729	-	-	-	-	-	107,954	197,683
Restricted for								
General fund	115,383	-	-	-	-	-	-	115,383
Special revenue	-	-	-	-	-	-	4,429,031	4,429,031
Capital projects	-	-	15,531,928	17,350,078	-	-	8,296,573	41,178,579
Debt service	-	-	-	-	11,976,436	13,507,812	1,485,348	26,969,596
Assigned	-	-	-	-	-	-	-	-
Unassigned	3,972,023	-	-	-	-	-	-	3,972,023
Total fund balances	4,177,135	-	15,531,928	17,350,078	11,976,436	13,507,812	14,318,906	76,862,295
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 7,437,478	\$ 813,852	\$ 15,637,800	\$ 17,743,859	\$ 12,066,731	\$ 13,641,596	\$ 16,219,319	\$ 83,560,635

See Accompanying Notes.

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2018**

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

Fund balances - total governmental funds	\$ 76,862,295
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds:

Capital assets	177,245,716
Accumulated depreciation	(67,711,640)

Other assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.

Property taxes	386,196
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Deferred inflow of resources are not financial resources and are not reported in the funds and include:

Related to pensions	52,339,827
Related to retiree healthcare	774,411

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:

Bonds payable	(56,252,802)
Accrued interest payable	(864,693)
Compensated absences	(359,560)
Net pension liability	(151,086,489)
Net OPEB liability	(40,870,253)

Deferred outflow of resources are not financial resources and are not reported in the funds and include:

Related to pensions	(2,348,356)
Related to retiree healthcare	<u>(9,301,974)</u>

Total net position - governmental activities	<u>\$ (21,187,322)</u>
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**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018**

	Combined General Fund	24106 Entitlement IDEA-B	31100 Bond Building	31600 Capital Improvements HB-33	41000 Debt Service	43000 Ed Tech Debt Service	Other Governmental Funds	Total
REVENUES								
Property taxes	\$ 1,409,081	\$ -	\$ -	\$ 5,690,923	\$ 5,969,757	\$ 12,424,789	\$ 5,718,014	\$ 31,212,564
Intergovernmental revenues								
Federal grants	98,015	1,188,757	-	-	-	-	5,442,738	6,729,510
State grants	51,968,221	-	-	-	-	-	1,300,537	53,268,758
Transportation distribution	1,837,427	-	-	-	-	-	-	1,837,427
Charges for services	59,007	-	-	-	-	-	1,521,058	1,580,065
Investment income	13,482	-	418,415	30,936	10,840	-	1,509	475,182
Miscellaneous	478,121	-	-	4,024	-	-	887,083	1,369,228
Total revenues	55,863,354	1,188,757	418,415	5,725,883	5,980,597	12,424,789	14,870,939	96,472,734
EXPENDITURES								
Current								
Instruction	34,048,045	974,918	-	-	-	-	2,593,908	37,616,871
Support services								
Students	5,329,650	52,545	-	-	-	-	698,162	6,080,357
Instruction	1,981,543	85,428	-	-	-	-	47,942	2,114,913
General administration	710,129	42,394	-	22,271	20,430	53,811	62,232	911,267
School administration	4,285,697	170	-	-	-	-	14,931	4,300,798
Central services	2,095,689	33,302	-	-	-	-	136,789	2,265,780
Operation & maintenance of plant	6,394,247	-	-	-	-	-	-	6,394,247
Student transportation	1,844,529	-	-	-	-	-	31,963	1,876,492
Food services operations	-	-	-	-	-	-	4,096,349	4,096,349
Community services	88,459	-	-	-	-	-	-	88,459
Capital outlay	-	-	1,038,394	3,112,537	-	-	7,218,352	11,369,283
Debt service								
Principal	-	-	-	-	6,225,000	4,000,000	-	10,225,000
Interest	-	-	-	-	2,220,794	142	-	2,220,936
Total expenditures	56,777,988	1,188,757	1,038,394	3,134,808	8,466,224	4,053,953	14,900,628	89,560,752
Excess (deficiency) of revenues over (under) expenditures	(914,634)	-	(619,979)	2,591,075	(2,485,627)	8,370,836	(29,689)	6,911,982
Other financing sources								
Operating transfers	-	-	-	-	-	-	-	-
Proceeds from bond issuance	-	-	-	-	-	-	4,000,000	4,000,000
Proceeds from refunding debt issuance	-	-	-	-	-	-	-	-
Bond underwriter premium discount	-	-	-	-	-	-	-	-
Total other financing sources	-	-	-	-	-	-	4,000,000	4,000,000
Net changes in fund balances	(914,634)	-	(619,979)	2,591,075	(2,485,627)	8,370,836	3,970,311	10,911,982
Fund balances, beginning of year	6,691,705	-	16,151,907	14,759,003	14,462,063	5,136,976	8,748,659	65,950,313
Prior Period Restatement	(1,599,936)	-	-	-	-	-	1,599,936	-
Fund balance, beginning of year, restated	5,091,769	-	16,151,907	14,759,003	14,462,063	5,136,976	10,348,595	76,862,295
Fund balances, end of year	\$ 4,177,135	\$ -	\$ 15,531,928	\$ 17,350,078	\$ 11,976,436	\$ 13,507,812	\$ 14,318,906	\$ 76,862,295

See Accompanying Notes.

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2018**

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

Net changes in fund balances - total governmental funds	\$ 10,911,982
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Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation expenses in the Statement of Activities. This is the amount by which capital outlays exceeds depreciation in the period.

Capital outlays	6,085,471
Depreciation expense	(5,588,492)
Adjustments to depreciation expense	(56,604)

Revenue in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds

Decrease in deferred inflow related to the property taxes receivable	(8,350)
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The issuance of long-term debt (e.g., bonds, notes, leases) provides current financial resources to governmental funds, while the repayments of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position:

Bond proceeds	(4,000,000)
Principal payments on bonds	10,225,000
Amortization of premiums	524,454

Some expenses reported in the Statement of Activities do not require the use of current financial resources and are not reported as expenditures in the governmental funds:

Decrease in accrued interest payable	121,277
Decrease in accrued compensated absences	162,799
Loss on disposal of capital assets	(1,981,118)
Contributions to pension plan subsequent to measurement date	5,380,803
Contributions to retiree health plan subsequent to measurement date	774,411
Pension expense	(26,332,701)
OPEB expense	<u>(1,624,870)</u>

Change in net position of governmental activities	<u>\$ (5,405,938)</u>
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**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
COMBINED GENERAL FUND BUDGET
FOR THE YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts		Actual Amount	Variance
	Original Budget	Final Budget		(Unfavorable) Final to Actual
REVENUES				
Taxes	\$ 1,105,815	\$ 1,105,815	\$ 1,299,998	\$ 194,183
Intergovernmental revenue				
Federal	50,000	50,000	98,015	48,015
State	50,021,205	52,090,129	51,973,221	(116,908)
Transportation distribution	1,776,146	1,837,427	1,837,427	-
Charges for services	123,100	123,100	59,007	(64,093)
Investment income	16,000	16,000	13,482	(2,518)
Miscellaneous	238,500	415,154	480,220	65,066
Total revenues	<u>53,330,766</u>	<u>55,637,625</u>	<u>55,761,370</u>	<u>123,745</u>
EXPENDITURES				
Current	-	-	-	-
Instruction	32,776,947	35,770,232	34,055,722	1,714,510
Support services	12,535,184	13,235,184	12,154,904	1,080,280
Central services	2,131,313	2,459,313	2,111,029	348,284
Operation and maintenance of plant	6,375,920	7,265,920	6,385,303	880,617
Student transportation	1,780,146	1,856,427	1,844,529	11,898
Food services operations	-	-	-	-
Community services operations	93,470	123,470	88,459	35,011
Capital outlay	-	-	-	-
Total expenditures	<u>55,692,980</u>	<u>60,710,546</u>	<u>56,639,946</u>	<u>4,070,600</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,362,214)</u>	<u>(5,072,921)</u>	<u>(878,576)</u>	<u>(4,194,345)</u>
Other financing sources (uses)				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in (out)	-	-	-	-
Proceeds from the sale of capital assets	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances (Budget Basis)			(878,576)	
Adjustments to revenues			101,983	
Adjustments to expenditures			(138,041)	
Net change in fund balances (GAAP Basis)			<u>\$ (914,634)</u>	

See Accompanying Notes.

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ENTITLEMENT IDEA-B SPECIAL REVENUE FUND (24106)
FOR THE YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts		Actual Amount	Variance
	Original Budget	Final Budget		Favorable (Unfavorable) Final to Actual
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue				
Federal	1,648,589	2,141,723	1,354,964	(786,759)
State	-	-	-	-
Transportation distribution	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	1,648,589	2,141,723	1,354,964	(786,759)
EXPENDITURES				
Current				
Instruction	1,139,390	1,398,570	995,885	402,685
Support services	413,852	564,105	180,531	383,574
Central services	95,347	179,048	33,302	145,746
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	1,648,589	2,141,723	1,209,718	932,005
Excess (deficiency) of revenues over (under) expenditures	-	-	145,246	(145,246)
Other financing sources (uses)				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in (out)	-	-	-	-
Proceeds from the sale of capital assets	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances (Budget Basis)			145,246	
Adjustments to revenues			(166,207)	
Adjustments to expenditures			20,961	
Net change in fund balances (GAAP Basis)			\$ -	

See Accompanying Notes.

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
STATEMENT OF FIDUCIARY
ASSETS AND LIABILITIES - AGENCY FUNDS
JUNE 30, 2018**

ASSETS

Cash and cash equivalents	<u>\$ 105,269</u>
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LIABILITIES

Deposits held in trust for others	<u>\$ 105,269</u>
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**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The 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 Legislative Finance Committee. The School Board is comprised of five members who are elected for terms of four years. The District operates three schools and two charter school within the District. In conjunction with the regular educational programs, some of these schools offer special education.

This summary of significant accounting policies of the District is presented to assist in the understanding of the District's and the Charter Schools' financial statements. The financial statements and notes are the representation of the District's management that is responsible for the financial statements. The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units.

A. Reporting entity

In evaluating how to define the District for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB Statements No. 14 amended by GASB Statements No. 39, No. 61 and No. 80. Blended component units, although legally separate entities, are in substance part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

Each discretely presented component unit is reported in a separate column in the governmentwide financial statements to emphasize that it is legally separate from the government.

The basic-but not the only-criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters.

A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens.

A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Finally, the nature and significance of a potential component unit to the primary government could warrant its inclusion within the reporting entity.

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Reporting entity (Continued)

The District's Board of Education approved the Jefferson Montessori Academy Charter School and Pecos Connections Academy Charter School for operation in accordance with the criteria listed above. The charter schools are deemed to be fiscally dependent upon the District and have been deemed to be a separate legal entity based on state statute and are presented as a discrete component unit.

The discretely presented component units do not have separately issued financial statements.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the 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 does not have any business-type activities.

In the government-wide Statement of Net Position, the governmental activities column is presented on a consolidated basis by column, and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net position is reported in three parts – net investment in capital assets, restricted net position; and unrestricted net position.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segments 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 such as the sale of lunch tickets and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function such as state and federal grants. Taxes and other items not properly included among program revenues are reported instead *as general revenues*.

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

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as is the fiduciary fund financial statement. Revenues are recorded when earned

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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 levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period, subject to the availability criterion. Sales and use taxes are classified as derived tax revenues and are recognized as revenue when the underlying exchange takes place and the revenues are measurable and available. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met, subject to the availability criterion.

All other revenue items are considered to be measurable and available only when cash is received by the government.

The District reports the following major governmental funds:

General Fund (Funds 11000, 13000, and 14000) – is the District’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. Revenues are provided by the District’s school tax levy, state equalization and transportation funds, state instructional material allocations, and earnings from investments. Expenditures include all costs associated with the daily operations of the schools except for those items included in other funds. The General Fund includes the Pupil Transportation Fund, which is used to account for transportation distribution received from the New Mexico Public Education Department which is used to pay for the costs associated with transporting school age children. It also includes the instructional Materials Fund, which is used to account for the monies received from the New Mexico Public Education Department for the purposes of purchasing instructional materials (books, manuals, periodicals, etc.) used in the education of students.

IDEA-B Entitlement Special Revenue Fund (24106) – is used to account for programs 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.

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Bond Building Capital Projects Fund (31100) – is used to account for the erecting, remodeling, additions and furnishings of school buildings.

Capital Improvements HB-33 Fund (31600) – is used to account for two mill levy funds authorized by the Public-School Capital Improvement Act. The levy must be voted on by local residents and allows the District to impose a property tax.

Debt Service Fund (41000) – is used to accumulate resources for payment of principal and interest due on general obligation bonds. Financing is provided by a special tax levy approved by the voters and assessed by the County Assessor and collected and remitted to the District by the County Treasurer.

Education Technology Debt Service Fund (43000) – is used to account for tax collections and debt service payments specific to the Education Technology note funding. Authority for this fund is the New Mexico Public Education Department.

Additionally, the District reports the following agency fund:

Fiduciary Funds – are used to account for assets held by the District in a trustee capacity or as an agent for individual, private organizations, other governments and/or other funds.

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

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Fund Equity

Deposits and 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 Schools to invest in Certificates of Deposit, obligations of the U.S. Government, and the Local Government Investment Pool. The 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 pool shares. As of June 30, 2018, the District does not have any investments with Local Governmental Investment Pool.

Restricted Assets. Certain proceeds of the District’s revenue bonds and general obligation bonds are classified as restricted assets on the balance sheet because their use is limited by the applicable bond covenants. The Bond Building fund has \$15,089,548 in unspent bond proceeds included in investments as of June 30, 2018.

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Fund Equity (Continued)

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

Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated transfers. Transfers between governmental funds are netted as part of the reconciliation to the government-wide financial statements.

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

The District receives monthly income from a tax levy from Eddy County. The funds are collected by the County Treasurer and are remitted to the District the following month. Under the modified accrual method of accounting, the amount remitted by the County Treasurer in July and August 2018 is considered 'measurable and available' and, accordingly, is recorded as revenue in the governmental fund statements during the year ended June 30, 2018. Period of availability is deemed to be 60 days subsequent to year end. The portion of property taxes receivable not collected within 60 days is classified as a deferred inflow.

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 incur the cost and submit the necessary request for reimbursement or advance, respectively.

Inventory. The District's method of accounting for inventory is the consumption method. Under the consumption approach, governments report inventories they purchase as an asset and defer recognition of the expenditures until the period in which the inventories actually are consumed. Inventory in the General Fund consists of expendable supplies held for consumption. Inventory in the Food Service Special Revenue Fund consists of U.S.D.A. commodities and other purchased food and non-food supplies. The cost of purchased food is recorded as expenditures at the time individual inventory items are consumed.

U.S.D.A. commodities consumed during the year are reported as revenues and expenditures; unused commodities are reported as inventories.

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Fund 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 (amount not rounded) 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. Donated capital assets are recorded at estimated fair market value at the date of donation. Information Technology equipment including software is being capitalized and included in furniture, fixtures and equipment in accordance with NMAC 2.20.1.9 C (5). The District does not have any infrastructure. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Library books are deemed to have useful lives of one year and are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. No interest was included as part of the cost of capital assets under construction. Construction projects paid for by the Public-School Capital Outlay Council are included in the District's capital assets.

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

<u>Assets</u>	<u>Years</u>
Land improvements	20
Buildings and improvements	20-50
Equipment	5-20

Unearned Revenues. The District recognizes grant revenue at the time the related expense is made if the expenditure of funds is the prime factor for determining eligibility for reimbursement; therefore, amounts received and not expended in the Special Revenue Funds are shown as unearned revenues. Amounts receivable from the property taxes levied for the current year that are not considered to be "available" under the current financial resource's measurement focus are reported as deferred revenues in the governmental fund financial statements. Accordingly, the item, unavailable revenue - property taxes, is reported only in the governmental funds balance sheet. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available. The District has recorded \$386,196 related to property taxes considered "unavailable."

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 Board (ERB) and additions to/deductions from ERB's fiduciary net position have been determined on the same basis as they are reported by ERB, on the economic resources measurement focus and accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Fund Equity (Continued)

Post-employment 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.

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

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 government-wide Statement of Net Position.

Long-term Obligations. In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts are included in bonds payable reported in the Statement of Net Position and are amortized into interest expense over the term of the bonds using the straight-line method.

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

Fund Balance Classification Policies and Procedures. The District has implemented GASB Statement No. 54 and has defined the various categories reported in fund balance. 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.

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Fund Equity (Continued)

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.

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. The District's estimates include the useful lives of depreciable assets, net pension liability and related deferred inflows and outflows of resources, and the current portion of compensated absences. Accordingly, actual results could differ from those estimates.

Significant estimates for the District are management's estimate of depreciation on assets over their estimated useful lives, the net pension liability and related amounts, and the current portion of accrued compensated absences.

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 costs." 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 \$51,492,001 in state equalization guarantee distributions during the year ended June 30, 2018. Jefferson Montessori Academy Charter School received \$1,891,177 in state equalization guarantee distributions during the year ended June 30, 2018. Pecos Connections Academy Charter School received \$3,955,320 in state equalization guarantee distributions during the year ended June 30, 2018.

Tax Revenues. The District receives mill levy and ad-valorem tax revenues primarily for debt service and capital outlay purposes. Property taxes are assessed on January 1st of each year and are payable in two equal installments, on November 10th of the year in which the tax bill is prepared and April 10th of the following year

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Revenues (Continued)

with the levies becoming delinquent 30 days (one month) thereafter. The District recognizes tax revenues in the period for which they are levied in the government-wide financial statements.

The District records only the portion of the taxes considered 'measurable' and 'available' in the governmental fund financial statements. The District recognized \$13,860,937 in property tax revenues during the year ended June 30, 2018. Jefferson Montessori Academy Charter School recognized \$120,668 in property tax revenues during the year ended June 30, 2018. The amounts are included in revenue from taxes reported in the Statement of Activities. 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. The District recognized \$17,351,626 in oil and gas tax revenues in fiscal year 2018.

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 \$1,837,427 in transportation distributions during the year ended June 30, 2018.

Instructional Materials. The Public Education Department receives federal mineral leasing funds from which it makes annual allocations to the various school districts for the purchase of educational materials. Of each allocation, 70% is restricted to the requisition of materials listed in the State Board of Education "State Adopted Instructional Material" list, while 30% of each allocation is available for purchases directly from vendors. The District received \$204,110, Jefferson Montessori Academy Charter School received \$6,361, and Pecos Connections Academy Charter School received \$21,221 in instructional materials during the year ended June 30, 2018.

SB-9 State Match. The Director shall distribute to any school district that has imposed a tax under the Public School Capital Improvements Act (22-25-1 to 22-25-10 NMSA 1978) an amount from the public school capital improvements fund that is equal to the amount by which the revenue estimated to be received from the imposed tax as specified in Subsection B of Section 22-25-3 NMSA 1978, assuming a 100% collection rate, is less than an amount calculated by multiplying the product obtained by the rate imposed in the Schools 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. This District received \$0 in State SB-9 matching during the year ended June 30, 2018.

Public School Capital Outlay. The public-school capital outlay fund was created under the provisions of Chapter 22, Article 24, NMSA 1978. The money in the fund may be used for: capital expenditures deemed by the public-school capital outlay council to be necessary for an adequate education program per Section 22-24-4(B); core administrative function of the public-school facilities authority and for project management expense upon approval of the council per Section 22-24-4(G); and for the purpose of demolishing abandoned school district facilities, upon application by a school district to the council, per Section 22-24-4(L). Money in the fund shall be disbursed by warrant of the Department of Finance and Administration on vouchers signed by the Secretary of

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Revenues (Continued)

Finance and Administration following certification by the council that the application has been approved. The District did not receive any funds from PSCOC awards during the year ended June 30, 2018.

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 operates under its own budget, which has been approved by the Federal Department or the flow through agency (usually the New Mexico Public Education Department). The various budgets are approved by the Local School Board and the New Mexico Public Education Department.

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

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

Budgets for the General, Special Revenue, Debt Service, and Capital Projects 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 at the function level. Budgets may be amended in two ways. If a budget transfer is necessary within a major category called a 'series' this may be accomplished with only local Board of Education approval. If a transfer between 'series' or a budget increase is required, approval must also be obtained from Public School Finance Division.

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

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

1. In April or May, the local school board submits to the District Budget Planning Unit (DBPU) of the New Mexico Public Education Department (PED) 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 are submitted to the State of New Mexico Public Education Department.

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

2. In May or June of each year, the proposed “operating” budget will be reviewed and approved by the DBPU and certified and approved by the local school board at a public hearing of which notice has been published by the local school board which fixes the estimated budget for the school district for the ensuing fiscal year.
3. The school board meeting is open for the general public unless a closed meeting has been called.
4. The “operating” budget will be used by the District until they have been notified that the budget has been approved by the DBPU and the local school board. The budget shall be integrated formally into the accounting system. Encumbrances shall be used as an element of control and shall be integrated into the budget system.
5. The District shall make corrections, revisions and amendments to the estimated budgets fixed by the local school board to recognize actual cash balances and carryover funds, if any. These adjustments shall be reviewed and approved by the DBPU.
6. The superintendent is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the school board and the State of New Mexico Public Education Department.
7. Budget change requests are processed in accordance with Supplement 1 (Budget Preparation and Maintenance) of the Manual of Procedures Public School Accounting and Budgeting. Such changes are initiated by the school district and approved by the DBPU.
8. Legal budget control for expenditures is by function.
9. Appropriations lapse at fiscal yearend. Funds unused during the fiscal year may be carried over into the next fiscal year by budgeting those in the subsequent fiscal year’s budget. The budget schedules included in the accompanying financial statements reflect the original budget and the final budget.
10. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Funds.

The School Board may approve amendments to the appropriated budget, which are required when a change is made affecting budgeted ending fund balance. New Mexico Administrative Code 6.20.2.9 prohibits a District from exceeding budgetary control at the function level. The District is required to balance its budgets each year.

The appropriated budget for the year ended June 30, 2018, was properly amended by the District’s Board of Education throughout the year.

The District is required to balance its budgets each year. Accordingly, amounts that are excess or deficient are presented as changes in cash designated for expenditures, not as an excess or deficiency of revenues over expenditures.

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

The District and Charter Schools budget on a modified cash basis with payroll or held checks being accrued and expensed. Therefore, fund balances on the budget statements do not reconcile to cash due to the Charter Schools' accrued payroll which is presented on the accrual basis.

The reconciliation between the Non-GAAP budgetary basis amounts and the financial statements on the GAAP basis for each governmental fund are included in each individual budgetary comparison.

NOTE 3. DEPOSITS AND INVESTMENTS

Section 22-8-40, NMSA 1978 authorizes the investment of District funds in a wide variety of instruments including certificates of deposit and other similar obligations, state investment pool, money market accounts, and United States Government obligations. All invested funds of the District properly followed State investment requirements as of June 30, 2018.

Deposits of funds may be made in interest or non-interest-bearing checking accounts in one or more banks or savings and loan associations within the geographical boundaries of the District. Deposits may be made to the extent that they are insured by an agency of the United States or collateralized as required by statute.

The financial institution must provide pledged collateral for 50% of the deposit amount in excess of the deposit insurance.

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

Excess 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.

All of the District's accounts at an insured depository institution, including non-interest-bearing accounts are insured by the FDIC up to the standard maximum deposit insurance amount of \$250,000.

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District 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, \$65,113,962 of the District's bank balance of \$76,519,016 was subject to custodial credit risk. \$52,885,970 was uninsured and collateralized by collateral held by the pledging bank's trust department, not in the District's name. \$9,464,588 of the District's deposits were uninsured and uncollateralized at June 30, 2018.

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

District:

	Carlsbad National Bank	Wells Fargo Bank	Western Commerce	Total
Deposits	\$ 2,246,106	\$ 7,342,608	\$ 41,352,731	\$ 50,941,445
Repurchase Agreement	-	20,893,077	-	20,893,077
US Government Obligations	4,684,494	-	-	4,684,494
Subtotal	6,930,600	28,235,685	41,352,731	76,519,016
FDIC coverage	(500,000)	(250,000)	(10,655,054) *	(11,405,054)
Total uninsured public funds	6,430,600	27,985,685	30,697,677	65,113,962
Collateralized by securities held by pledging institutions or by its trust department or agent in other than the District's name	<u>7,576,171</u>	<u>28,006,667</u>	<u>17,303,132</u>	<u>52,885,970</u>
Uncollateralized	<u>\$ (1,145,571)</u>	<u>\$ (20,982)</u>	<u>\$ 13,394,545</u>	<u>\$ 12,227,992</u>
Collateral requirements (102% of repurchase agreement)	\$ -	\$ 21,310,939	\$ -	\$ 21,310,939
(50% of uninsured funds)	3,215,300	3,546,304	15,348,839	22,110,443
Pledged collateral	<u>7,576,171</u>	<u>28,006,667</u>	<u>17,303,132</u>	<u>52,885,970</u>
Over (under) collateralized	<u>\$ 4,360,871</u>	<u>\$ 3,149,424</u>	<u>\$ 1,954,293</u>	<u>\$ 9,464,588</u>

*Western Commerce Bank maintains multiple brokered CDs for the District which are individually collateralized by the FDIC for up to \$250,000. Total brokered CDs were \$10,405,054 at June 30, 2018.

The types of collateral allowed are limited to direct obligations of the United States Government and all bonds issued by any agency, school district or political subdivision of the State of New Mexico.

The District has presented certificates of deposits of \$35,982,625 as investments in the Statement of Net Position; however, these are classified as deposits for disclosure purposes.

Reconciliation to the Statement of Net Position

The carrying amounts of deposits shown above are included in the District's Statement of Net Position as follows:

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

Cash and cash equivalents	\$ 34,830,121
Investments	20,893,078
Restricted cash and cash equivalents	4,548,252
Restricted investments	15,089,548
Agency funds cash	<u>105,269</u>
Total cash and cash equivalents	75,466,268
Petty cash	(51,250)
Outstanding checks	<u>1,103,998</u>
Bank balance of deposits	<u>\$ 76,519,016</u>

Jefferson Montessori Academy Charter School:

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the Charter School's deposits may not be returned to it. The Jefferson Montessori Academy Charter School does not have a deposit policy for custodial credit risk, other than following state statutes as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978). At June 30, 2018, \$259,246 of the component unit's bank balance of \$530,133 was subject to custodial credit risk. \$127,528 was uninsured and collateralized by collateral held by the pledging bank's trust department, not in the Charter School's name. \$131,718 of the Charter School's deposits were uninsured and uncollateralized at June 30, 2018.

	<u>Wells Fargo Bank</u>
Amount of deposits	\$ 530,133
FDIC Insurance	<u>(270,887)</u>
Total uninsured public funds	259,246
Collateralized by securities held by pledging institutions or by its trust department or agent in other than the Component Unit's name	<u>127,528</u>
Uninsured and uncollateralized	<u>\$ 131,718</u>
Collateral requirement (50% of uninsured funds)	\$ 129,623
Pledged collateral	<u>127,528</u>
Over (under) collateralized	<u>\$ (2,095)</u>

The types of collateral allowed are limited to direct obligations of the United States Government and all bonds issued by any agency, school district or political subdivision of the State of New Mexico.

As of June 30, 2018, the Charter School did not have any investment balances.

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

Reconciliation to the Statement of Net Position

The carrying amount of deposits shown above are included in the Jefferson Montessori Academy Charter School's Statement of Net Position as follows:

Cash and cash equivalents	\$ 488,055
Total cash and cash equivalents	488,055
Add outstanding checks	42,078
Less petty cash	-
Bank balance of deposits	<u>\$ 530,133</u>

Pecos Connections Academy Charter School:

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the Component Unit's deposits may not be returned to it. The Pecos Connections Academy Charter School does not have a deposit policy for custodial credit risk, other than following state statutes as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978). At June 30, 2018, \$324,095 of the component unit's bank balance of \$574,095 was subject to custodial credit risk. \$112,989 was uninsured and collateralized by collateral held by the pledging bank's trust department, not in the Charter School's name. \$211,106 of the Charter School's deposits were uninsured and uncollateralized at June 30, 2018.

	<u>Wells Fargo Bank</u>
Amount of deposits	\$ 574,095
FDIC Insurance	<u>(250,000)</u>
Total uninsured public funds	324,095
Collateralized by securities held by pledging institutions or by its trust department or agent in other than the Component Unit's name	<u>112,989</u>
Uninsured and uncollateralized	<u>\$ 211,106</u>
Collateral requirement (50 % of uninsured funds)	\$ 162,048
Pledged collateral	<u>112,989</u>
Over (under) collateralized	<u>\$ (49,059)</u>

As of June 30, 2018, the Charter School did not have any investment balances.

Reconciliation to the Statement of Net Position

The carrying amount of deposits shown above are included in the Pecos Connections Academy Charter School's Statement of Net Position as follows:

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

Cash and cash equivalents	\$ 565,670
Total cash and cash equivalents	565,670
Add outstanding checks	8,425
Less petty cash	-
Bank balance of deposits	<u>\$ 574,095</u>

NOTE 4. RECEIVABLES

Receivables for the District as of June 30, 2018 are as follows:

	Combined General Fund	Entitlement IDEA-B	Capital Improvements HB-33	Debt Service	Ed Tech Debt Service	Other Governmental Funds	Total
Taxes receivable							
Property taxes	\$ 23,247	\$ -	\$ 102,636	\$ 130,062	\$ 196,925	\$ 101,256	\$ 554,126
Oil and gas taxes	159,681	-	634,891	521,667	1,459,930	638,715	3,414,884
Due from other governments							
State	116,820	-	-	-	-	475,239	592,059
Federal	-	813,852	-	-	-	708,040	1,521,892
Other receivables							
Reimbursements	<u>316</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>213,240</u>	<u>213,556</u>
Totals by fund	<u>\$ 300,064</u>	<u>\$ 813,852</u>	<u>\$ 737,527</u>	<u>\$ 651,729</u>	<u>\$ 1,656,855</u>	<u>\$ 2,136,490</u>	<u>\$ 6,296,517</u>

The above receivables are deemed 100% collectible.

Property tax revenues in the amount of \$386,196 were not collected within the period of availability have been reclassified as deferred inflows for unavailable revenue in the governmental fund financial statements. All of the above receivables, net of deferred inflows, are deemed to be fully collectible.

Component Units:

The Jefferson Montessori Academy Charter School had receivables due from governments in the amount of \$166,146 and other receivables in the amount of \$0. All receivables are considered 100% collectible.

The Pecos Connections Academy Charter School had receivables due from state and local sources in the amount of \$36,870 and other receivables in the amount of \$0. All receivables are considered 100% collectible.

NOTE 5. INTERFUND RECEIVABLES AND PAYABLE

The District record temporary interfund receivable and payables to enable the funds to operate until grant monies are received. All interfund balances are to be repaid within one year. The composition of interfund balances during the year ended June 30, 2018 is as follows:

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 5. INTERFUND RECEIVABLES AND PAYABLE (CONTINUED)

Governmental Activities	Due from other funds	Due to other funds
Major Funds		
General Fund	\$ 1,705,436	\$ -
Entitlement IDEA-B	-	716,776
Nonmajor Funds		
Special Revenue Funds	-	988,660
Total	\$ 1,705,436	\$ 1,705,436

Component Unit – Jefferson Montessori Academy Charter School:

Governmental Activities	Due from other funds	Due to other funds
Major Funds		
General Fund	\$ 130,562	\$ -
Nonmajor Funds		
Special Revenue Funds	-	127,970
Capital Projects Funds	-	2,592
Total	\$ 130,562	\$ 130,562

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

Component Unit – Pecos Connections Academy Charter School:

Governmental Activities	Due from other funds	Due to other funds
Major Funds		
General Fund	\$ 36,870	\$ -
Nonmajor Funds		
Special Revenue Funds	-	36,870
Total	\$ 36,870	\$ 36,870

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

NOTE 6. CAPITAL ASSETS

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

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 6. CAPITAL ASSETS (CONTINUED)

Capital assets, net of accumulated depreciation, at June 30, 2018, appear in the Statement of Net Position as follows:

	Balance		Additions	Deletions	Adjustments/ Transfers	Balance June 30, 2018
	June 30, 2017	Restatement				
Governmental activities						
Capital Assets not being depreciated:						
Land	\$ 1,346,923	\$ -	\$ -	\$ -	\$ -	\$ 1,346,923
Construction in process	850,977	-	4,600,554	-	(1,974,649)	3,476,882
Total capital assets not being depreciated	<u>2,197,900</u>	<u>-</u>	<u>4,600,554</u>	<u>-</u>	<u>(1,974,649)</u>	<u>4,823,805</u>
Capital Assets being depreciated:						
Land improvements	17,586,000	-	-	-	466,034	18,052,034
Buildings and improvements	145,337,504	-	-	1,960,871	1,508,615	144,885,248
Equipment	8,959,936	-	1,484,917	960,224	-	9,484,629
Total capital assets being depreciated	<u>171,883,440</u>	<u>-</u>	<u>1,484,917</u>	<u>2,921,095</u>	<u>1,974,649</u>	<u>172,421,911</u>
Less accumulated depreciation:						
Land improvements	11,814,836	(5,595,070)	757,710	-	-	6,977,476
Buildings and improvements	52,214,216	-	3,750,384	794,331	-	55,170,269
Equipment	4,572,540	-	1,080,398	145,646	56,604	5,563,896
Total accumulated depreciation	<u>68,601,592</u>	<u>(5,595,070)</u>	<u>5,588,492</u>	<u>939,977</u>	<u>56,604</u>	<u>67,711,641</u>
Net capital assets being depreciated	<u>\$ 105,479,748</u>	<u>\$ 5,595,070</u>	<u>\$ 496,979</u>	<u>\$ 1,981,118</u>	<u>\$ (56,604)</u>	<u>\$ 109,534,075</u>

Depreciation expense for the year ended June 30, 2018 was charged to the following functions:

Direct instruction	\$ 4,895,518
Support services	357,664
Central services	16,765
Operation & maintenance of plant	156,477
Student transportation	55,885
Food services operations	95,006
Community service operations	<u>11,177</u>
Total	<u>\$ 5,588,492</u>

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 6. CAPITAL ASSETS (CONTINUED)

Component Unit - Jefferson Montessori Academy Charter School:

	Balance				Adjustments/		Balance
	June 30, 2017	Additions	Deletions		Transfers		June 30, 2018
Capital assets being depreciated:							
Furniture, fixtures and equipment	\$ 6,295	\$ -	\$ -		\$ 700		\$ 6,995
Less accumulated depreciation:							
Furniture, fixtures and equipment	<u>1,400</u>	<u>700</u>	<u>-</u>		<u>700</u>		<u>2,800</u>
Total capital assets, net of depreciation	<u>\$ 4,895</u>	<u>\$ (700)</u>	<u>\$ -</u>		<u>\$ -</u>		<u>\$ 4,195</u>

Depreciation expense in the amount of \$700 was charged to Direct Instruction in the Statement of Activities.

Component Unit - Pecos Connections Academy Charter School:

The Pecos Connections Academy Charter School does not have any capital assets as of June 30, 2018.

NOTE 7. LONG-TERM DEBT

Primary Government

On June 24, 2004, the District issued general obligation bonds secured by ad valorem taxes to provide funds for the acquisition and construction of major capital facilities. The original amount of the issue was \$7,100,000. The bonds are issued with varying terms, interest rates that range between 2.5% to 4%, and varying amounts of principal maturing each year.

On November 20, 2007, the District issued general obligation bonds secured by ad valorem taxes to provide funds for purposes of purchasing, improving, renovating, remodeling, upgrading, and making additions to the heating and cooling systems in elementary and secondary schools, restrooms at P.R. Leyva Middle School auditorium, playground equipment at elementary schools, and outside lockers at Carlsbad High School. The original amount of the issue was \$7,100,000. The bonds are issued with varying terms, interest rates that range between 3.75% to 4%, and varying amounts of principal maturing each year.

On June 24, 2011, the District issued general obligation bonds secured by ad valorem taxes for purposes of providing funds for an on-going school building and renovation program, to purchase or improve schools' grounds, to purchase computer software and hardware for student use in public schools, and to provide matching funds for capital outlay projects funded pursuant to the Public-School Capital Outlay Act. The original amount of the issue was \$7,000,000. The bonds are issued with varying terms, interest rates that range between 2% to 3.5%, and varying amounts of principal maturing each year.

On February 8, 2012, the District issued general obligation bonds secured by ad valorem taxes for purposes of a lease purchase of educational technology equipment. The original amount of the issue was \$740,000. The bonds are issued with varying terms, interest rates that range between .2% and .85%, with principal in the amount of \$140,000 maturing in 2013, and \$150,000 of principal maturing each subsequent year through 2017.

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 7. LONG- TERM DEBT (CONTINUED)

On May 21, 2014, the District issued general obligation bonds secured by ad valorem taxes for purposes of erecting, remodeling and making additions to and furnish school buildings within the District, to purchase or improve school grounds, to purchase computer software and hardware for student use in public schools, and to provide matching funds for capital outlay projects funded pursuant the Public-School Capital Outlay Act. The original amount of the issue was \$30,000,000. The bonds are issued with varying terms, interest rates that range between 2.5% and 5% and varying amounts of principal maturing each year through August 1, 2027.

On August 31, 2015, the District issued Educational Technology Note Series 2016 secured by ad valorem taxes. The note was issued for an undivided interest in the right to receive certain rent payments. The original amount of the issue was \$2,800,000. The bonds are issued with interest rate of .24% and principal due and paid on September 1, 2015.

On January 19, 2016, the District issued general obligation bonds secured by ad valorem taxes for purposes of erecting, remodeling and making additions to and furnishing school buildings within the District, to purchase or improve school grounds, to purchase computer software and hardware for student use in public schools, and to provide matching funds for capital outlay projects funded pursuant the Public-School Capital Outlay Act. The original amount of the issue was \$30,000,000. The bonds are issued with varying terms, interest rate of 1.97% and varying amounts of principal maturing each year through August 1, 2029.

The following is a summary of the long-term debt and the activity for the District for the year ending June 30, 2018.

	Balance June 30, 2017	Additions	Deletions	Balance June 30, 2018	Due Within One Year
Bonds payable	\$ 57,295,000	\$ -	\$ 6,225,000	\$ 51,070,000	\$ 6,790,000
Educational technology notes	-	4,000,000	4,000,000	-	-
Plus issuance premium	5,707,256	-	524,454	5,182,802	-
Compensated absences	522,359	354,134	516,933	359,560	359,560
Total	<u>\$ 63,524,615</u>	<u>\$ 4,354,134</u>	<u>\$ 11,266,387</u>	<u>\$ 56,612,362</u>	<u>\$ 7,149,560</u>

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 7. LONG- TERM DEBT (CONTINUED)

The final year of payment for bonds outstanding is fiscal year 2030. The annual requirements to amortize all general obligation bonds outstanding as of June 30, 2018, including interest payments, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2019	\$ 6,790,000	\$ 1,916,475	\$ 8,706,475
2020	5,050,000	1,642,094	6,692,094
2021	4,250,000	1,425,250	5,675,250
2022	4,350,000	1,220,500	5,570,500
2023	4,400,000	1,012,688	5,412,688
2024-2028	20,345,000	2,621,613	22,966,613
2029-2030	5,885,000	179,325	6,064,325
	<u>\$ 51,070,000</u>	<u>\$ 10,017,945</u>	<u>\$ 61,087,945</u>

Compensated Absences – Administrative employees of the District are able to accrue a limited amount of vacation and other compensatory time during the year. During fiscal year June 30, 2018, compensated absences decreased by \$162,799 from the prior year accrual. In prior years, the general fund was typically used to liquidate long-term liabilities.

Component Unit - Jefferson Montessori Academy Charter School:

The Jefferson Montessori Academy Charter School has no long-term debt for the year ending June 30, 2018.

Component Unit - Pecos Connections Academy Charter School:

The Pecos Connections Academy Charter School has no long-term debt for the year ending June 30, 2018.

NOTE 8. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. Therefore, the District is a member of the New Mexico Public School Insurance Authority (NMPSIA). NMPSIA 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 for each property damage claim with a \$15,000 deductible per occurrence with a maximum annual deductible of \$60,000. 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

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 8. RISK MANAGEMENT (CONTINUED)

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 Securities, which include 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. No settlements exceeded insurance coverage for 2018.

NOTE 9. PENSION PLAN – EDUCATIONAL RETIREMENT BOARD

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

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

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

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

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

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

- The member's age and earned service credit add up to the sum of 75 or more,
- The member is at least 65 years of age and has five or more years of earned service credit, or
- The member has service credit totaling 25 years or more.

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 9. PENSION PLAN – EDUCATIONAL RETIREMENT BOARD (CONTINUED)

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 67 years of age and has five or more years of earned service credit, or
- The member has service credit totaling 30 years or more.

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

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

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

Benefit Options. The Plan has three benefit options available:

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

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 9. PENSION PLAN – EDUCATIONAL RETIREMENT BOARD (CONTINUED)

- **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

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:

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 9. PENSION PLAN – EDUCATIONAL RETIREMENT BOARD (CONTINUED)

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. Contributions to the pension plan from the District were \$5,380,803 for the year ended June 30, 2018 which equals the required contribution. Contributions to the pension plan from Jefferson Montessori Academy Charter School were \$152,777 for the year ended June 30, 2018 which equals the required contribution. Contributions to the pension plan from Pecos Connections Academy Charter School were \$135,303 for the year ended June 30, 2018, which equals the required contribution.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2018, the District reported a liability of \$151,086,489 for its proportionate share of the net pension liability. At June 30, 2018, Jefferson Montessori Academy Charter School reported a liability of \$4,460,946 for its proportionate share of the net pension liability. At June 30, 2018, Pecos Connections Academy Charter School reported a liability of \$2,463,856 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 ERB Board on April 21, 2017. There were no other significant events of changes in benefit provisions that required an adjustment to the roll-forward liabilities as of June 30, 2017. Therefore, the District's and Charter's portion was established as of the measurement date of June 30, 2017. There were no significant events or changes in benefit provision that required an adjustment to the roll-forward liabilities as of June 30, 2017. The District's and Charter's proportion of the net pension liability was based on a projection of the District and Charter long-term share of contributions to the pension plan relative to the projected contributions of all participating educational institutions, actuarially determined. At June 30, 2017, the District's proportion was 1.35949%, which was an increase of 0.01850% from its proportion measured at June 30, 2016. At June 30, 2017, Jefferson Montessori Academy Charter School's proportion was 0.04014%, which was an increase of 0.00207% from its proportion measured at June 30, 2016. At June 30, 2017, Pecos Connections Academy Charter School's proportion was 0.02217%, which was an increase of 0.02217% from its proportion measured at June 30, 2016.

For the year ended June 30, 2018, the District recognized pension expense of \$20,951,898. For the year ended June 30, 2018, Jefferson Montessori Academy Charter School recognized pension expense of \$536,041. For the year ended June 30, 2018, Pecos Connections Academy Charter School recognized pension expense of \$659,331.

At June 30, 2018, the District and Charters reported deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

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

NOTE 9. PENSION PLAN – EDUCATIONAL RETIREMENT BOARD (CONTINUED)

District:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Difference between expected and actual actuarial experience change of assumptions	\$ 271,215	\$ 2,327,630
Net difference between projected and actual earnings on Pension plan investments	-	20,726
Changes in assumptions	44,105,115	-
Changes in proportion and differences between District contributions and proportionate share of contributions	2,582,694	-
District contributions subsequent to the measurement date	<u>5,380,803</u>	<u>-</u>
Total	<u>\$ 52,339,827</u>	<u>\$ 2,348,356</u>

Jefferson Montessori Academy Charter School:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Difference between expected and actual actuarial experience change of assumptions	\$ 8,008	\$ 68,725
Net difference between projected and actual earnings on Pension plan investments	-	612
Changes in assumptions	1,302,238	-
Changes in proportion and differences between Charter contributions and proportionate share of contributions	135,284	107,331
Charter contributions subsequent to the measurement date	<u>152,777</u>	<u>-</u>
Total	<u>\$ 1,598,307</u>	<u>\$ 176,668</u>

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 9. PENSION PLAN – EDUCATIONAL RETIREMENT BOARD (CONTINUED)

Pecos Connections Academy Charter School:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual actuarial experience change of assumptions	\$ 4,423	\$ 37,958
Net difference between projected and actual earnings on Pension plan investments	-	338
Changes in assumptions	719,248	-
Changes in proportion and differences between Charter contributions and proportionate share of contributions	1,071,618	-
Charter contributions subsequent to the measurement date	135,303	-
Total	\$ 1,930,592	\$ 38,296

The District reported \$5,380,803 as deferred outflows of resources related to pensions resulting from the District's contributions subsequent to the measurement date June 30, 2017 and will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Jefferson Montessori Academy Charter School reported \$152,777 as deferred outflows of resources related to pensions resulting from the Charter's contributions subsequent to the measurement date June 30, 2017 and will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Pecos Connections Academy Charter School reported \$135,303 as deferred outflows of resources related to pensions resulting from the Charter's contributions subsequent to the measurement date June 30, 2017 and will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

District:

	Year Ending June 30,	
2019		\$ 17,551,718
2020		17,822,544
2021		10,480,488
2022		(1,244,082)
2023		-
Total		\$ 44,610,668

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

NOTE 9. PENSION PLAN – EDUCATIONAL RETIREMENT BOARD (CONTINUED)

Jefferson Montessori Academy Charter School:

<u>Year Ending June 30,</u>	
2019	\$ 484,188
2020	493,900
2021	327,506
2022	(36,732)
2023	<u>-</u>
Total	<u>\$ 1,268,862</u>

Pecos Connections Academy Charter School:

<u>Year Ending June 30,</u>	
2019	\$ 664,987
2020	682,111
2021	430,183
2022	(20,288)
2023	<u>-</u>
Total	<u>\$ 1,756,993</u>

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:

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 9. PENSION PLAN – EDUCATIONAL RETIREMENT BOARD (CONTINUED)

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: 40px;"> <tr> <td style="text-align: right;">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 style="text-align: right;">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
CARLSBAD MUNICIPAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 9. PENSION PLAN – EDUCATIONAL 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.

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

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.

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 9. PENSION PLAN – EDUCATIONAL RETIREMENT BOARD (CONTINUED)

Sensitivity of the District’s and Charter’s proportionate share of the net pension liability to changes in the discount rate. The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 5.90%, as well as what the employer name’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.90%) or 1-percentage-point higher (6.90%) than the current rate.

	1 % Decrease 4.90%	Current Discount Rate 5.90%	1 % Increase 6.90%
District's proportionate share of the net pension liability	<u>\$ 196,677,036</u>	<u>\$ 151,086,489</u>	<u>\$ 113,819,926</u>
Jefferson Montessori Academy Charter School's proportionate share of the net pension liability	<u>\$ 5,807,043</u>	<u>\$ 4,460,946</u>	<u>\$ 3,360,622</u>
Pecos Connection Academy Charter School's proportionate share of the net pension liability	<u>\$ 3,207,328</u>	<u>\$ 2,463,856</u>	<u>\$ 1,856,128</u>

Pension Plan Fiduciary Net Position. Detailed information about the ERB’s fiduciary net position is available in the separately issued audited financial statements as of and for the years ended June 30, 2018 and 2017, which are publicly available at www.nmerb.org.

NOTE 10. OTHER POST EMPLOYMENT BENEFITS (OPEB) – STATE RETIREE HEALTH CARE PLAN

Plan description. Employees of the District are provided with OPEB through the Retiree Health Care Fund (the Fund)—a cost-sharing multiple-employer defined benefit OPEB plan administered by the New Mexico Retiree Health Care Authority (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
CARLSBAD MUNICIPAL SCHOOL DISTRICT
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NOTE 10. OTHER POST EMPLOYMENT BENEFITS (OPEB) – STATE RETIREE HEALTH CARE PLAN (CONTINUED)

Employees covered by benefit terms. At June 30, 2017, the Fund’s measurement date, the following State of New Mexico 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 \$774,411 for the year ended June 30, 2018. Contributions to the Fund from Jefferson Montessori Academy Charter School were \$21,969 for the year ended June 30, 2018. Contributions to the Fund from Pecos Connections Academy Charter School were \$22,075 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 \$40,870,253 for its proportionate share of the net OPEB liability. At June 30, 2018, Jefferson Montessori Academy Charter School reported a liability of \$1,307,841 for its proportionate share of the net OPEB liability. At June 30, 2018, Pecos Connections Academy Charter School reported a liability of \$652,108 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 and Charter’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 0.90188%. At June 30, 2017, the Jefferson Montessori Academy Charter School’s proportion was 0.02886%. At June 30, 2017, the Pecos Connections Academy Charter School’s proportion was 0.01439%.

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 10. OTHER POST EMPLOYMENT BENEFITS (OPEB) – STATE RETIREE HEALTH CARE PLAN (CONTINUED)

For the year ended June 30, 2018, the District recognized OPEB expense of \$1,624,870. 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
	<u>Resources</u>	<u>Resources</u>
Difference between expected and actual experience	\$ -	\$ 1,568,384
Differences between actual and projected earnings on OPEB plan investments	-	587,947
Changes of assumptions	-	7,145,643
Contributions made after the measurement date	<u>774,411</u>	<u>-</u>
Total	<u>\$ 774,411</u>	<u>\$ 9,301,974</u>

For the year ended June 30, 2018, the Jefferson Montessori Academy Charter School recognized OPEB expense of \$51,996. At June 30, 2018, the Charter 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
	<u>Resources</u>	<u>Resources</u>
Difference between expected and actual experience	\$ -	\$ 50,188
Differences between actual and projected earnings on OPEB plan investments	-	18,814
Changes of assumptions	-	228,659
Contributions made after the measurement date	<u>21,969</u>	<u>-</u>
Total	<u>\$ 21,969</u>	<u>\$ 297,661</u>

For the year ended June 30, 2018, the Pecos Connections Academy Charter School recognized OPEB expense of \$25,926. At June 30, 2018, the Charter reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 10. OTHER POST EMPLOYMENT BENEFITS (OPEB) – STATE RETIREE HEALTH CARE PLAN (CONTINUED)

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ 25,024
Differences between actual and projected earnings on OPEB plan investments	-	9,381
Changes of assumptions	-	114,013
Contributions made after the measurement date	<u>22,075</u>	<u>-</u>
Total	<u>\$ 22,075</u>	<u>\$ 148,418</u>

Deferred outflows of resources totaling \$774,411 represent District contributions to the Fund made subsequent to the measurement date and will be recognized as a reduction of net OPEB liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

<u>Year Ending June 30,</u>	
2019	\$(1,977,665)
2020	(1,977,665)
2021	(1,977,665)
2022	(1,977,665)
2023	<u>(1,391,314)</u>
Total	<u>\$ (9,301,974)</u>

Deferred outflows of resources totaling \$21,969 represent Jefferson Montessori Academy Charter School contributions to the Fund made subsequent to the measurement date and will be recognized as a reduction of net OPEB liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

<u>Year Ending June 30,</u>	
2019	\$ (63,285)
2020	(63,285)
2021	(63,285)
2022	(63,285)
2023	<u>(44,521)</u>
Total	<u>\$ (297,661)</u>

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 10. OTHER POST EMPLOYMENT BENEFITS (OPEB) – STATE RETIREE HEALTH CARE PLAN (CONTINUED)

Deferred outflows of resources totaling \$22,075 represent Pecos Connections Academy Charter School contributions to the Fund made subsequent to the measurement date and will be recognized as a reduction of net OPEB liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

<u>Year Ending June 30,</u>	
2019	\$ (31,555)
2020	(31,555)
2021	(31,555)
2022	(31,555)
2023	<u>(22,198)</u>
Total	<u>\$ (148,418)</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%
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 years 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.

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 10. OTHER POST EMPLOYMENT BENEFITS (OPEB) – STATE RETIREE HEALTH CARE PLAN (CONTINUED)

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

Asset Class	Target Allocation	Long-Term Rate of Return
U.S. core fixed income	20%	4.1%
U.S. equity - large cap	20%	9.1%
Non U.S. - emerging markets	15%	12.2%
Non U.S. - developed equities	12%	9.8%
Private equity	10%	13.8%
Credit and structured finance	10%	7.3%
Real estate	5%	6.9%
Absolute return	5%	6.1%
U.S. equity - small/mid cap	3%	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.

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%) or 1-percentage-point higher (4.81%) than the **current discount rate**:

1% Decrease (2.81%)	Current Discount (3.81%)	1% Increase (4.81%)
\$ 49,574,980	\$ 40,870,253	\$ 34,040,612

The following presents the net OPEB liability of Jefferson Montessori Academy Charter School, as well as what the Charter’s net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.81%) or 1-percentage-point higher (4.81%) than the **current discount rate**:

1% Decrease (2.81%)	Current Discount (3.81%)	1% Increase (4.81%)
\$ 1,586,391	\$ 1,307,841	\$ 1,089,294

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 10. OTHER POST EMPLOYMENT BENEFITS (OPEB) – STATE RETIREE HEALTH CARE PLAN (CONTINUED)

The following presents the net OPEB liability of Pecos Connections Academy Charter School, as well as what the Charter’s net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.81%) or 1-percentage-point higher (4.81%) than the **current discount rate**:

1% Decrease (2.81%)	Current Discount (3.81%)	1% Increase (4.81%)
\$ 790,997	\$ 652,108	\$ 543,137

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
\$ 34,762,964	\$ 40,870,253	\$ 45,632,428

The following presents the net OPEB liability of Jefferson Montessori Academy Charter School, as well as what the Charter’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
\$ 1,112,409	\$ 1,307,841	\$ 1,460,230

The following presents the net OPEB liability of Pecos Connections Academy Charter School, as well as what the Charter’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
\$ 554,663	\$ 652,108	\$ 728,091

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.

NOTE 11. 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 District expects such amount, if any, to be immaterial.

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 11. CONTINGENT LIABILITIES (CONTINUED)

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

NOTE 12. OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES

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

- A. Deficit fund balance of individual funds. The following funds maintained a deficit fund balance as of June 30, 2018:

Primary Government:

Non-major Funds	
Athletics Fund (22000)	\$ (3,002)
2012 GO Bond Student Library Fund (27107)	<u>(2,311)</u>
Total Governmental Funds	<u><u>\$ (5,313)</u></u>

The District had more liabilities than assets in these funds in the current year. The District anticipates these fund balances will not be in a deficit state in subsequent years.

Component Unit – Jefferson Montessori Academy Charter School:

Major Funds	
Entitlement IDEA-B	\$ <u>(20)</u>
Total Governmental Funds	<u><u>\$ (20)</u></u>

- B. Excess of expenditures over appropriations. The District, Jefferson Montessori Academy Charter School and Pecos Connections Academy Charter School had no funds in which line item expenditures were in excess of the budgeted appropriations for the year ended June 30, 2018.
- C. Designated cash appropriations in excess of available balance The District, Jefferson Montessori Academy Charter School and Pecos Connections Academy Charter School had no designated cash appropriations in excess of available balances in any funds as of June 30, 2018.

NOTE 13. PAYROLL RELATED EXPENDITURES

The District and Charter Schools' expenditures are budgeted on a cash basis, with the exception of those expenditures related to payroll. Payroll expenditures are budgeted on the accrual basis and the beginning fund balance and current year actual expenditures are budgeted on the budgetary comparisons in those funds that have accrued payroll at year end have been adjusted to account for this requirement.

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 14. TAX ABATEMENTS

The District was impacted by the following tax abatements:

Agency number for Agency making the disclosure (Abating Agency)	5008
Abating Agency Name	Eddy County
Abating Agency Type	County
Tax Abatement Agreement Name	Industrial Revenue Bond Agreement
Name of agency affected by abatement agreement (Affected Agency)	Carlsbad Municipal Schools
Agency number of Affected Agency	7010
Agency type of Affected Agency	School District
Recipient(s) of tax abatement	Enterprise Field Services, LLC
Tax abatement program (name and brief description)	Industrial Revenue Bond
Specific Tax(es) Being Abated	Gross Receipts Taxes, Compensating Taxes and AD Valorem taxes
Authority under which abated tax would have been paid to Affected Agency	NMSA 4-59-1 et seq, 1978 Comp as amended
Gross dollar amount, on an accrual basis, by which the Affected Agency's tax revenues were reduced during the reporting period as a result of the tax abatement agreement	\$328,871.29
For any Payments in Lieu of Taxes (PILOTs) or similar payments receivable by the Affected Agency in association with the foregone tax revenue, list the amount of payments received in the current fiscal year	\$328,871.29
If the Abating Agency is omitting any information required in this spreadsheet or by GASB 77, cite the legal basis for such omission	N/A

NOTE 15. 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 intergovernmental revenues based on modifications to Federal and State laws and Federal and State Appropriations.

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 16. RESTRICTED NET POSITION

The government-wide Statement of Net Position for the District reports \$72,457,892 of restricted amounts, all of which is restricted by enabling legislation. For the Jefferson Montessori Academy Charter School restricted net position is \$234,806. For the Pecos Connections Academy Charter School there is not a restricted net position.

NOTE 17. RESTATEMENT OF NET POSITION

ADOPTION OF NEW ACCOUNTING STANDARD

The Governmental Accounting Standards Board (GASB) issued a new accounting pronouncement (Statement No. 75 – Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans) effective for the year ended June 30, 2018. The implementation of GASB 75 has created a restatement of the District’s and Charter’s beginning net position.

As a cost-share employer participating the Retiree Health Care Authority (Plan or “RHCA”) (see Note 10), the District is required to, and has included, in its June 30, 2018 financial statements, the pro rata share of the Plan’s collective “Net Retiree Healthcare Liability”. This share represents the difference between the Plan’s “Total Plan Liability” and the Plan’s “Net Plan Position”, reported at the market value of the investment assets. With the adoption of the new accounting pronouncement, the District, Jefferson Montessori Academy Charter School, and Pecos Connections Academy Charter School have reduced their Unrestricted Net Positions the beginning of the fiscal year in the amount of \$48,547,357, \$1,553,504, and \$774,598, respectively, as shown on the government-wide Statement of Activities.

ACCUMULATED DEPRECIATION

In the June 30, 2017 financial statements, in the District capital assets roll forward footnote, \$6,219,766 was added to accumulated depreciation for land improvements. The correct amount of current depreciation for the year ending June 30, 2017 should have been \$624,696, with an ending accumulated depreciation of \$6,219,766. Accordingly, the Net Investment in Capital Assets portion of Net Position for the District was understated by \$5,595,070, and is shown as a restatement to beginning Net Position on the government-wide Statement of Activities.

NOTE 18. RESTATEMENT OF FUND BALANCE - DEFERRED SICK LEAVE COMPENSATION RESERVE FUND

The District hold funds in reserve for deferred sick leave compensation. In the financial statements for the year ended June 30, 2017, these funds were included in the general fund balance. These expenditures are restricted to paying terminated employees their sick leave. Accordingly, these amounts are shown as a restatement reducing beginning fund balance in the General Fund (11000) and increasing beginning fund balance in the Deferred Sick Leave Reserve Fund (42000), on the Statement of Revenues, Expenditures, and Changes in Fund Balances.

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 19. GOVERNMENTAL FUND BALANCE

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

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

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

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

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

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

	Major Funds				Other	Total
	Operational	Special	Capital Project	Debt Service	Governmental	
	Fund	Revenue Funds	Funds	Funds	Funds	
Fund Balances						
Nonspendable						
Inventory	\$ 89,729	\$ -	\$ -	\$ -	\$ 107,954	\$ 197,683
Prepaid expenditures	-	-	-	-	-	-
Restricted for						
Instructional materials	115,383	-	-	-	-	115,383
Food service	-	-	-	-	-	-
Special revenue	-	-	-	-	4,429,031	4,429,031
Capital projects	-	-	32,882,006	-	8,296,573	41,178,579
Debt service	-	-	-	25,484,248	1,485,348	26,969,596
Committed to	-	-	-	-	-	-
Assigned to	-	-	-	-	-	-
Unassigned	<u>3,972,023</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,972,023</u>
Total fund balances	<u><u>\$ 4,177,135</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 32,882,006</u></u>	<u><u>\$ 25,484,248</u></u>	<u><u>\$ 14,318,906</u></u>	<u><u>\$ 76,862,295</u></u>

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 20. OIL AND GAS LEASE

On October 22, 2017, the District (lessor) entered into an oil and gas lease with SPC Resources, LLC (lessee), for ten dollars and a period of five years, the exclusive rights for the purpose of investigating, exploring, drilling and mining for and producing, extracting, severing, storing and marketing all oil and gas and all associated gaseous minerals and products and hydrocarbons located in, under, and that may be produced from approximately 149 acres of land owned by the District. The lessor and lessee agree this is a “no surface occupancy” lease and that any operations on the surface of the ground require written consent by the lessor. Lessee agrees to pay oil and gas royalties to the District at a rate of 18.75%.

NOTE 21. CONTINGENCY

A Special Audit was conducted for a review of the cash receipting function within the District. The objectives of the engagement, specific procedures performed, and findings identified can be viewed on the New Mexico State Auditor’s website at <https://www.saonm.org/> using the audit reports search function and the keyword “7010”.

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
EDUCATIONAL RETIREMENT BOARD (ERB) PENSION PLAN
FOR THE YEARS ENDED JUNE 30, 2018 - 2015
LAST 10 FISCAL YEARS* (UNAUDITED)**

	Fiscal Year Measurement Date	2018 2017	2017 2016	2016 2015	2015 2014
Primary Government					
District's proportion of the net pension liability		1.35949%	1.34099%	1.30623%	1.26280%
District's proportionate share of the net pension liability		\$ 151,086,489	\$ 96,503,454	\$ 84,607,996	\$ 72,050,819
District's covered employee payroll		\$ 38,715,655	\$ 38,299,188	\$ 35,664,263	\$ 34,806,911
District's proportionate share of the net pension liability as a percentage of its covered employee payroll		390%	252%	237%	207%
ERB 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.

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
EDUCATIONAL RETIREMENT BOARD (ERB) PENSION PLAN
FOR THE YEARS ENDED JUNE 30, 2018 - 2015
LAST 10 FISCAL YEARS* (UNAUDITED)**

	Fiscal Year Measurement Date	2018 2017	2017 2016	2016 2015	2015 2014
Component Unit - Jefferson Montessori Academy					
Charter's proportion of the net pension liability		0.04014%	0.03807%	0.04164%	0.03926%
Charter's proportionate share of the net pension liability		\$ 4,460,946	\$ 2,739,682	\$ 2,697,134	\$ 2,240,061
Charter's covered employee payroll		\$ 1,143,110	\$ 1,082,295	\$ 1,136,905	\$ 1,082,138
Charter's proportionate share of the net pension liability as a percentage of its covered employee payroll		390%	253%	237%	207%
ERB Plan fiduciary net position as a percentage of the total pension liability		52.95%	61.58%	63.97%	66.54%
Component Unit - Pecos Connections Academy					
Charter's proportion of the net pension liability		0.02217%	0.00000%	0.00000%	0.00000%
Charter's proportionate share of the net pension liability		\$ 2,463,856	\$ -	\$ -	\$ -
Charter's covered employee payroll		\$ 631,359	\$ -	\$ -	\$ -
Charter's proportionate share of the net pension liability as a percentage of its covered employee payroll		390%	0%	0%	0%
ERB Plan fiduciary net position as a percentage of the total pension liability		52.95%	0.00%	0.00%	0.00%

* 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 Charter is not available prior to fiscal year 2015, the year the statement's requirements became effective.

STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
SCHEDULE OF PROPORTIONATE SHARE OF NET OPEB LIABILITY
RETIREE HEALTH CARE AUTHORITY (RHCA) OPEB PLAN
FOR THE YEAR ENDED JUNE 30, 2018
LAST 10 FISCAL YEARS* (UNAUDITED)

	Fiscal Year	2018
	Measurement Date	<u>2017</u>
Primary Government		
District's proportion of the net OPEB liability		0.90188%
District's proportionate share of the net OPEB liability		\$ 40,870,253
District's covered employee payroll		\$ 37,569,140
District's proportionate share of the net OPEB liability as a percentage of its covered employee payroll		108.79%
RHCA Plan fiduciary net position as a percentage of the total pension liability		11.34%

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the District will present information for available years. Complete information for the District is not available prior to 2018, the year the statement's requirements became effective.

STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
SCHEDULE OF PROPORTIONATE SHARE OF NET OPEB LIABILITY
RETIREE HEALTH CARE AUTHORITY (RHCA) OPEB PLAN
FOR THE YEAR ENDED JUNE 30, 2018
LAST 10 FISCAL YEARS* (UNAUDITED)

	Fiscal Year Measurement Date	<u>2018</u> <u>2017</u>
Component Unit - Jefferson Montessori Academy		
Charter's proportion of the net OPEB liability		0.02886%
Charter's proportionate share of the net OPEB liability		\$ 1,307,841
Charter's covered employee payroll		\$ 1,202,206
Charter's proportionate share of the net OPEB liability as a percentage of its covered employee payroll		108.79%
RHCA Plan fiduciary net position as a percentage of the total pension liability		11.34%
Component Unit - Pecos Connections Academy		
Charter's proportion of the net OPEB liability		0.01439%
Charter's proportionate share of the net OPEB liability		\$ 652,108
Charter's covered employee payroll		\$ 599,437
Charter's proportionate share of the net OPEB liability as a percentage of its covered employee payroll		108.79%
RHCA Plan fiduciary net position as a percentage of the total pension liability		11.34%

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Charter will present information for available years. Complete information for the Charter is not available prior to 2018, the year the statement's requirements became effective.

STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
SCHEDULE OF CONTRIBUTIONS
EDUCATIONAL RETIREMENT BOARD (ERB) PENSION PLAN
FOR THE YEARS ENDED JUNE 30, 2018 - 2015
LAST 10 FISCAL YEARS* (UNAUDITED)

Primary Government	June 30,			
	2018	2017	2016	2015
Statutorily required contributions	\$ 5,380,803	\$ 5,381,682	\$ 5,316,325	\$ 5,161,306
Contribution in relation to the statutorily required contributions	\$ 5,380,803	\$ 5,381,682	\$ 5,316,325	\$ 5,161,306
Annual contribution deficiency	\$ -	\$ -	\$ -	\$ -

* 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.

STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
SCHEDULE OF CONTRIBUTIONS
EDUCATIONAL RETIREMENT BOARD (ERB) PENSION PLAN
FOR THE YEARS ENDED JUNE 30, 2018 - 2015
LAST 10 FISCAL YEARS* (UNAUDITED)

	June 30,			
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Component Unit -				
Jefferson Montessori Academy				
Statutorily required contributions	\$ 152,777	\$ 158,874	\$ 151,242	\$ 164,554
Contribution in relation to the statutorily required contributions	<u>\$ 152,777</u>	<u>\$ 158,874</u>	<u>\$ 151,242</u>	<u>\$ 164,554</u>
Annual contribution deficiency	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Component Unit -				
Pecos Connections Academy				
Statutorily required contributions	\$ 135,303	\$ 87,771	\$ -	\$ -
Contribution in relation to the statutorily required contributions	<u>\$ 135,303</u>	<u>\$ 87,771</u>	<u>\$ -</u>	<u>\$ -</u>
Annual contribution deficiency	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

* 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 Charter is not available prior to fiscal year 2015, the year the statement's requirements became effective.

STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
SCHEDULE OF CONTRIBUTIONS
RETIREE HEALTH CARE AUTHORITY (RHCA) OPEB PLAN
FOR THE YEAR ENDED JUNE 30, 2018
LAST 10 FISCAL YEARS* (UNAUDITED)

	2018
Primary Government	
Contractually required contribution	\$ 774,411
Contributions in relation to the contractually required	<u>\$ 774,411</u>
Contribution deficiency (excess)	<u><u>\$ -</u></u>
Employer's covered employee payroll	\$ 37,569,140
Contributions as a percentage of covered employee payroll	2.06%

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the District will present information for available years. Complete information for the District is not available prior to fiscal year 2018, the year the statement's requirements became effective.

STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
SCHEDULE OF CONTRIBUTIONS
RETIREE HEALTH CARE AUTHORITY (RHCA) OPEB PLAN
FOR THE YEAR ENDED JUNE 30, 2018
LAST 10 FISCAL YEARS* (UNAUDITED)

	2018
Component Unit - Jefferson Montessori Academy	
Contractually required contribution	\$ 21,969
Contributions in relation to the contractually required	<u>\$ 21,969</u>
Contribution deficiency (excess)	<u><u>\$ -</u></u>
Employer's covered employee payroll	\$ 1,202,206
Contributions as a percentage of covered employee payroll	1.83%
Component Unit - Pecos Connections Academy	
Contractually required contribution	\$ 22,075
Contributions in relation to the contractually required	<u>\$ 22,075</u>
Contribution deficiency (excess)	<u><u>\$ -</u></u>
Employer's covered employee payroll	\$ 599,437
Contributions as a percentage of covered employee payroll	3.68%

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Charter will present information for available years. Complete information for the Charter is not available prior to fiscal year 2018, the year the statement's requirements became effective.

STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
JUNE 30, 2018

ERB PLAN

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

Changes in assumptions and methods. Actuarial assumptions and methods are set by the Educational Retirement Board'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 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%.

RHCA PLAN

Changes in benefit provisions. There were no modifications to the benefit provisions as this is the first year of adoption of the OPEB accounting standard.

Changes in assumptions and methods. There were no modifications to the assumptions and methods as this is the first year of adoption of the OPEB accounting standard.

SUPPLEMENTARY INFORMATION

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

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

Non-Instructional Support (23000) - To account for funds paid to the Schools for student activity travel. Accumulated funds are used to replace activity buses. Funding authority is the New Mexico Public Education Department.

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

Migrant Children Education (24103) – To account for federal sources administered by the State Public Education Department to provide for special education needs of children of migratory agricultural workers. Authority for the creation of this fund is Public Law 100-297.

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

Competitive IDEA-B (24108) – Research-based model program for the New Mexico Autism Project to improve the outcomes for students with Autism Spectrum Disorders.

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

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
NON-MAJOR FUND DESCRIPTIONS
JUNE 30, 2018**

SPECIAL REVENUE FUNDS (CONTINUED)

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

IDEA Private School Share (24115) – Under 34 CFR §§ 300.132-300.133, an LEA must spend a proportionate amount of their IDEA-B Basic Entitlement and, if applicable, Preschool sub-grant funds for special education and related services (“equitable participation services”) to students with disabilities who are parentally placed in private elementary and secondary schools (“equitable participation services”) located in the school district served by the LEA. The private schools must be non-profit institutions. Children aged three through five are considered to be parentally placed private school children with disabilities, only if they are enrolled in a private school that meets the definition of elementary school in 34 CFR §300.13. New Mexico State law defines an elementary school as “a public school providing instruction for grades kindergarten through eight, unless there is a junior high school program approved by the state board [department], in which case it means a public school providing instruction for grades kindergarten through six” 22-1-3(A) NMSA 1978.

IDEA-B “Risk Pool” (24120) – Entitlement funds that are set aside each year for the Puente para los Ninos high-cost child program.

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

Teacher/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. Authority for creation of this fund is the Rehabilitation Act of 1973, as amended, Title III, Section 303(b)-(d). 20 U.S.C. 777a and 797a.

Title I 1300A School Improvement (24162) – To improve Title I schools identified for improvement, corrective action, or restructuring. Authority for the creation of this fund is School Improvement Grants (SIG) section 1003 (g) of Title I of the Elementary and Secondary Education Act of 1965.

Carl D Perkins Secondary – Current (24174), Carl D Perkins Secondary- PY Unliq. Obligation (24175), Carl D Perkins Redistribution (24176) and Carl D Perkins HSTW - Redistribution (24182) – 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.

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
NON-MAJOR FUND DESCRIPTIONS
JUNE 30, 2018**

SPECIAL REVENUE FUNDS (CONTINUED)

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.

Exxon Education Foundation (26102) – Donations from the Exxon Education Foundation to support education with an emphasis on math and science. Authority for the creation of this fund is the New Mexico Public Education Department.

Chevron School Grant (26205) - The Chevron School Grant program supports education by helping fund eligible classroom projects at local public schools. Authority for the creation of this fund is the New Mexico Public Education Department.

Bridge Early College High School (26215) – To account for a program that is educationally driven by local business community to develop the local workforce and reduce the high school drop-out rate. Authority is Public School Code Section 22, NMSA 1978.

United Way (26218) – To account for mini-grants awarded to the District by the United Way of Carlsbad and South Eddy County. The awards are based on grant applications submitted by various schools and departments for instruction and instructional support purposes. The expenditures of the grant funds are made in support of the approved/funded proposals. The authority for this fund is the New Mexico Public Education Department.

Dual Credit Instructional Materials (27103) - SB943 (2007) and SB31 (2008) create a dual credit program that allows public high school students in school districts, charter schools and state-supported schools in the state to earn both high school and college credit for qualifying dual credit courses. Authority is Senate Bills 943 and 31.

2012 G.O. Bond Student Library Fund (27107) – This award allows schools to acquire library books, equipment, and library resources for public school libraries statewide. The funding was made available through Senate Bill 66, Laws of 2012, 2nd Session, 2012 Senate and House Bill.

New Mexico Reads to Lead (27114) – To account for a program that increases the quality of reading instruction, provides screening assessment for use in planning data-driven instruction and reaches out to parents and families with free resources in English and Spanish to support children’s reading at home. Authority is Laws of 2013 House Bill 2.

Teacher Recruitment Support Initiative (27128) – Teacher recruitment awarded to all LEA’s by the NM PED for signing bonuses for new teachers, covering cost of travel to recruit/hire, update district web site with regards to recruitment or the cost of other advertising such as newspaper or external website.

Truancy Initiative PED (27141) – The purpose of the Truancy and Dropout Prevention Coaches program is to establish a cohort of truancy and dropout prevention coaches placed in Elementary, Middle and High Schools whose role is to work with students, families, communities, schools, and districts to improve attendance for habitually truant students as well as to decrease the number of students dropping out of school.

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
NON-MAJOR FUND DESCRIPTIONS
JUNE 30, 2018**

SPECIAL REVENUE FUNDS (CONTINUED)

Pre-K Initiative (27149) – Half-day program services for 300 students. Funding provided shall be used as specified by the 2015 PreK Act. Must be implemented as specified in the approved application.

Breakfast for Elementary Students (27155) – To account for Legislative Appropriation to implement Breakfast in the Classroom for elementary students in need of improvement based on AYP designation. Authority for the creation of this fund is the New Mexico Public Education Department.

K3 Plus (27166) –To account for a program that extends the school year for K-3 by 25 instructional days beginning before school starts. Authority for the creation of this fund is the New Mexico Public Education Department (Title II part A).

Workforce Readiness (27179) – This fund is used to help students discover the wide range of career options available to them, chart the most efficient path for students to achieve those goals and work directly with business and industry partners to ensure that their experience results in the most necessary skills, credentials, and technical knowledge to be successful in the students’ next step as they enter postsecondary or workforce engagement. House Bill 2 of the regular 2013 Legislative Session provides funding for this fund.

New Mexico Grown Fruits & Vegetables (27183) – To account for appropriations received from the New Mexico Public Education Department for the purchase of New Mexico grown fresh fruits and vegetables for school meal programs. Authority for the creation of this fund is the New Mexico Public Education Department.

College Counselor Initiative (27189) – The purpose of the NM College Counselor Initiative is to establish a cohort of high school counselors placed across the state whose role is solely dedicated to college attendance through education about college admission and financial aid. With a school counselor committed exclusively to college preparation and guidance, students will have greater access to information, as well as increased support throughout the application, admission and acceptance processes to colleges in New Mexico and across the country. New Mexico Public Education Department’s Policy Division is issuing this RFA to all New Mexico high schools interested in hosting a college counselor to provide these services.

Teachers “Hard to Staff” Stipend (27195) – To account for the grant awarded to a school district as additional compensation for hard to staff positions of teachers. Funding authority for this fund is the New Mexico Public Education Department.

NM Highway Dept (Road) (28120) – To account for road funds, provided by the New Mexico Department of Transportation for parking lot and bus area improvements. Authority for creation of this fund is the Board of Education pursuant to grant agreement requirements.

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

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
NON-MAJOR FUND DESCRIPTIONS
JUNE 30, 2018**

CAPITAL PROJECTS FUNDS

Capital projects funds are used to account for acquisition and construction of major facilities.

Special Capital Outlay – Local (31300) – 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. To account for special appropriations made by the Public Schools Capital Outlay Council (PSCOC) based on school facility needs. The allocations are made through a standards-based process that ranks the condition of every school building in the State and provides funding to allow public school facilities to meet an adequate level statewide.

Special Capital Outlay – State (31400) – To account for special appropriations monies received from the State of New Mexico under Chapter 4, Laws of 1966 for the purpose of specific capital outlay projects. Funding authority is the New Mexico Public Education Department.

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

Capital Improvements SB-9 – Local (31701) is used to account for resources received through Senate Bill 9 and local tax levies obtained for the purpose of building, remodeling, and equipping classroom facilities. Funding authority is the New Mexico Public Education Department.

Education Technology Notes (31900) – To account for revenue received from any revenue bonds issued into as part of a lease purchase agreement under the Education Technology Act. The Education Technology Act was enacted to implement a provision of Article IX Section 11 of the Constitution of New Mexico which declares that a school district may create a debt under the constitution by entering into a lease purchase arrangement to acquire education technology without submitting the proposition to a vote of the qualified electors of the school district.

DEBT SERVICE FUNDS

Deferred Sick Leave Reserve (42000) – To account for the transfers from other funds. The expenditures are restricted to paying terminated employees their sick leave.

NON-MAJOR GOVERNMENTAL FUNDS

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2018**

	Special Revenue Funds			
	21000	22000	23000	24101
	Food Services	Athletics	Non-Instruct Support	Title I
ASSETS				
Cash and cash equivalents	\$ 1,671,760	\$ -	\$ 556,212	\$ -
Investments	-	-	-	-
Accounts receivable, collectible				
Taxes	-	-	-	-
Due from other governments	90,638	-	-	267,235
Other receivables	210,215	-	3,025	-
Interfund receivables	-	-	-	-
Inventory	107,954	-	-	-
Total assets	<u>\$ 2,080,567</u>	<u>\$ -</u>	<u>\$ 559,237</u>	<u>\$ 267,235</u>
LIABILITIES				
Accounts payable	24,470	-	-	-
Accrued payroll	113,819	-	10,979	45,192
Interfund payables	-	3,002	-	222,043
Total liabilities	<u>138,289</u>	<u>3,002</u>	<u>10,979</u>	<u>267,235</u>
DEFERRED INFLOWS OF RESOURCES				
Delinquent property taxes	-	-	-	-
Total liabilities and deferred inflows of resources	<u>138,289</u>	<u>3,002</u>	<u>10,979</u>	<u>267,235</u>
FUND BALANCES				
Nonspendable	107,954	-	-	-
Restricted for				
General fund	-	-	-	-
Special revenue	1,834,324	(3,002)	548,258	-
Capital projects	-	-	-	-
Debt service	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	<u>1,942,278</u>	<u>(3,002)</u>	<u>548,258</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 2,080,567</u>	<u>\$ -</u>	<u>\$ 559,237</u>	<u>\$ 267,235</u>

See Accompanying Notes.

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2018**

	Special Revenue Funds			
	24103 Migrant Children Education	24108 Competitive IDEA-B	24109 IDEA-B Preschool	24113 Education of Homeless
ASSETS				
Cash and cash equivalents	\$ 60	\$ -	\$ 1,079	\$ -
Investments	-	-	-	-
Accounts receivable, collectible				
Taxes	-	-	-	-
Due from other governments	-	6,470	867	13,069
Other receivables	-	-	-	-
Interfund receivables	-	-	-	-
Inventory	-	-	-	-
Total assets	<u>\$ 60</u>	<u>\$ 6,470</u>	<u>\$ 1,946</u>	<u>\$ 13,069</u>
LIABILITIES				
Accounts payable	-	-	-	-
Accrued payroll	-	-	1,946	182
Interfund payables	60	6,470	-	12,887
Total liabilities	<u>60</u>	<u>6,470</u>	<u>1,946</u>	<u>13,069</u>
DEFERRED INFLOWS OF RESOURCES				
Delinquent property taxes	-	-	-	-
Total liabilities and deferred inflows of resources	<u>60</u>	<u>6,470</u>	<u>1,946</u>	<u>13,069</u>
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted for				
General fund	-	-	-	-
Special revenue	-	-	-	-
Capital projects	-	-	-	-
Debt service	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 60</u>	<u>\$ 6,470</u>	<u>\$ 1,946</u>	<u>\$ 13,069</u>

See Accompanying Notes.

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2018**

	Special Revenue Funds				
	24115 IDEA Private School Share	24120 IDEA-B "Risk Pool"	24132 IDEA-B "Risk Plan"	24154 Teacher/Prin Training & Recruiting	24162 Title I 1300A School Improvement
ASSETS					
Cash and cash equivalents	\$ 131	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-
Accounts receivable, collectible					
Taxes	-	-	-	-	-
Due from other governments	307	-	77,991	158,742	-
Other receivables	-	-	-	-	-
Interfund receivables	-	-	-	-	-
Inventory	-	-	-	-	-
Total assets	<u>\$ 438</u>	<u>\$ -</u>	<u>\$ 77,991</u>	<u>\$ 158,742</u>	<u>\$ -</u>
LIABILITIES					
Accounts payable	-	-	-	-	-
Accrued payroll	73	-	3,818	14,133	-
Interfund payables	365	-	74,173	123,083	-
Total liabilities	<u>438</u>	<u>-</u>	<u>77,991</u>	<u>137,216</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES					
Delinquent property taxes	-	-	-	-	-
Total liabilities and deferred inflows of resources	<u>438</u>	<u>-</u>	<u>77,991</u>	<u>137,216</u>	<u>-</u>
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted for					
General fund	-	-	-	-	-
Special revenue	-	-	-	21,526	-
Capital projects	-	-	-	-	-
Debt service	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,526</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 438</u>	<u>\$ -</u>	<u>\$ 77,991</u>	<u>\$ 158,742</u>	<u>\$ -</u>

See Accompanying Notes.

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2018**

	Special Revenue Funds				
	24174 Carl D Perkins Secondary Current	24175 Carl D Perkins Secondary-PY Unliq. Oblig.	24176 Carl D Perkins Redistribution	24182 Impact Aid Carl D Perkins HSTW	25153 Title XIX Medicaid 3/21 Years
ASSETS					
Cash and cash equivalents	\$ -	\$ 14,010	\$ -	\$ -	\$ 1,461,008
Investments	-	-	-	-	-
Accounts receivable, collectible					
Taxes	-	-	-	-	-
Due from other governments	16,455	-	590	-	75,676
Other receivables	-	-	-	-	-
Interfund receivables	-	-	-	-	-
Inventory	-	-	-	-	-
Total assets	<u>\$ 16,455</u>	<u>\$ 14,010</u>	<u>\$ 590</u>	<u>\$ -</u>	<u>\$ 1,536,684</u>
LIABILITIES					
Accounts payable	-	-	-	-	-
Accrued payroll	-	-	-	-	40,189
Interfund payables	16,455	14,010	590	-	-
Total liabilities	<u>16,455</u>	<u>14,010</u>	<u>590</u>	<u>-</u>	<u>40,189</u>
DEFERRED INFLOWS OF RESOURCES					
Delinquent property taxes	-	-	-	-	-
Total liabilities and deferred inflows of resources	<u>16,455</u>	<u>14,010</u>	<u>590</u>	<u>-</u>	<u>40,189</u>
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted for					
General fund	-	-	-	-	-
Special revenue	-	-	-	-	1,496,495
Capital projects	-	-	-	-	-
Debt service	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,496,495</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 16,455</u>	<u>\$ 14,010</u>	<u>\$ 590</u>	<u>\$ -</u>	<u>\$ 1,536,684</u>

See Accompanying Notes.

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2018**

	Special Revenue Funds				
	26102 Exxon Education Foundation	26205 Chevron School Grant	26215 Bridge Early College High School	26218 United Way	27103 Dual Credit Instructional Materials
ASSETS					
Cash and cash equivalents	\$ 5,000	\$ 495,574	\$ -	\$ 4,188	\$ -
Investments	-	-	-	-	-
Accounts receivable, collectible					
Taxes	-	-	-	-	-
Due from other governments	-	-	-	-	7,243
Other receivables	-	-	-	-	-
Interfund receivables	-	-	-	-	-
Inventory	-	-	-	-	-
Total assets	<u>\$ 5,000</u>	<u>\$ 495,574</u>	<u>\$ -</u>	<u>\$ 4,188</u>	<u>\$ 7,243</u>
LIABILITIES					
Accounts payable	-	-	-	-	-
Accrued payroll	-	-	-	-	-
Interfund payables	-	-	-	-	7,243
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,243</u>
DEFERRED INFLOWS OF RESOURCES					
Delinquent property taxes	-	-	-	-	-
Total liabilities and deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,243</u>
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted for					
General fund	-	-	-	-	-
Special revenue	5,000	495,574	-	4,188	-
Capital projects	-	-	-	-	-
Debt service	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balances	<u>5,000</u>	<u>495,574</u>	<u>-</u>	<u>4,188</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 5,000</u>	<u>\$ 495,574</u>	<u>\$ -</u>	<u>\$ 4,188</u>	<u>\$ 7,243</u>

See Accompanying Notes.

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2018**

	Special Revenue Funds				
	27107	27114	27128	27141	27149
	2012 GO Bond Student Library Fund	NM Reads to Lead	Teacher Recruitment Support Initiative	Truancy Initiative PED	Pre-K Initiative
ASSETS					
Cash and cash equivalents	\$ 3,901	\$ 34,808	\$ -	\$ -	\$ -
Investments	-	-	-	-	-
Accounts receivable, collectible					
Taxes	-	-	-	-	-
Due from other governments	-	37,652	22,201	52,558	137,955
Other receivables	-	-	-	-	-
Interfund receivables	-	-	-	-	-
Inventory	-	-	-	-	-
Total assets	<u>\$ 3,901</u>	<u>\$ 72,460</u>	<u>\$ 22,201</u>	<u>\$ 52,558</u>	<u>\$ 137,955</u>
LIABILITIES					
Accounts payable	2,313	-	-	-	-
Accrued payroll	-	-	811	4,690	-
Interfund payables	3,899	72,460	21,390	47,868	137,955
Total liabilities	<u>6,212</u>	<u>72,460</u>	<u>22,201</u>	<u>52,558</u>	<u>137,955</u>
DEFERRED INFLOWS OF RESOURCES					
Delinquent property taxes	-	-	-	-	-
Total liabilities and deferred inflows of resources	<u>6,212</u>	<u>72,460</u>	<u>22,201</u>	<u>52,558</u>	<u>137,955</u>
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted for					
General fund	-	-	-	-	-
Special revenue	(2,311)	-	-	-	-
Capital projects	-	-	-	-	-
Debt service	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balances	<u>(2,311)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 3,901</u>	<u>\$ 72,460</u>	<u>\$ 22,201</u>	<u>\$ 52,558</u>	<u>\$ 137,955</u>

See Accompanying Notes.

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2018**

	Special Revenue Funds				
	27155 Breakfast for Elementary Students	27166 K3 Plus	27179 Workforce Readiness	27183 NM Grown Fruits & Vegetables	27189 College Counselor Initiative
ASSETS					
Cash and cash equivalents	\$ 52,729	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-
Accounts receivable, collectible					
Taxes	-	-	-	-	-
Due from other governments	-	176,884	-	7,333	-
Other receivables	-	-	-	-	-
Interfund receivables	-	-	-	-	-
Inventory	-	-	-	-	-
Total assets	<u>\$ 52,729</u>	<u>\$ 176,884</u>	<u>\$ -</u>	<u>\$ 7,333</u>	<u>\$ -</u>
LIABILITIES					
Accounts payable	-	-	-	-	-
Accrued payroll	-	37,270	-	-	-
Interfund payables	52,729	139,614	-	7,333	-
Total liabilities	<u>52,729</u>	<u>176,884</u>	<u>-</u>	<u>7,333</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES					
Delinquent property taxes	-	-	-	-	-
Total liabilities and deferred inflows of resources	<u>52,729</u>	<u>176,884</u>	<u>-</u>	<u>7,333</u>	<u>-</u>
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted for					
General fund	-	-	-	-	-
Special revenue	-	-	-	-	-
Capital projects	-	-	-	-	-
Debt service	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 52,729</u>	<u>\$ 176,884</u>	<u>\$ -</u>	<u>\$ 7,333</u>	<u>\$ -</u>

See Accompanying Notes.

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2018**

	Special Revenue Funds			Capital Projects Funds	
	27195 Teachers "Hard to Staff" Stipend	28120 NM Highway Dept (Road)	29102 Private Direct Grants	31300 Special Capital Outlay - Local	31400 Special Capital Outlay - State
ASSETS					
Cash and cash equivalents	\$ -	\$ -	\$ 28,979	\$ 305,000	\$ -
Investments	-	-	-	-	-
Accounts receivable, collectible					
Taxes	-	-	-	-	-
Due from other governments	33,413	-	-	-	-
Other receivables	-	-	-	-	-
Interfund receivables	-	-	-	-	-
Inventory	-	-	-	-	-
Total assets	<u>\$ 33,413</u>	<u>\$ -</u>	<u>\$ 28,979</u>	<u>\$ 305,000</u>	<u>\$ -</u>
LIABILITIES					
Accounts payable	-	-	-	-	-
Accrued payroll	8,382	-	-	-	-
Interfund payables	25,031	-	-	-	-
Total liabilities	<u>33,413</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES					
Delinquent property taxes	-	-	-	-	-
Total liabilities and deferred inflows of resources	<u>33,413</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted for					
General fund	-	-	-	-	-
Special revenue	-	-	28,979	-	-
Capital projects	-	-	-	305,000	-
Debt service	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balances	<u>-</u>	<u>-</u>	<u>28,979</u>	<u>305,000</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 33,413</u>	<u>\$ -</u>	<u>\$ 28,979</u>	<u>\$ 305,000</u>	<u>\$ -</u>

See Accompanying Notes.

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2018**

	Capital Projects Funds			Debt Service	Total Nonmajor Governmental Funds
	31700	31701	31900	42000	
	Capital Improvements SB-9 State	Capital Improvements SB-9 Local	Education Technology Notes	Deferred Sick Leave Reserve	
ASSETS					
Cash and cash equivalents	\$ 54,215	\$ 5,967,962	\$ 1,824,924	\$ 239,960	\$ 12,721,500
Investments	-	-	-	1,253,375	1,253,375
Accounts receivable, collectible					-
Taxes	-	739,971	-	-	739,971
Due from other governments	-	-	-	-	1,183,279
Other receivables	-	-	-	-	213,240
Interfund receivables	-	-	-	-	-
Inventory	-	-	-	-	107,954
Total assets	<u>\$ 54,215</u>	<u>\$ 6,707,933</u>	<u>\$ 1,824,924</u>	<u>\$ 1,493,335</u>	<u>\$ 16,219,319</u>
LIABILITIES					
Accounts payable	-	384,190	139,257	-	550,230
Accrued payroll	-	-	-	7,987	289,471
Interfund payables	-	-	-	-	988,660
Total liabilities	<u>-</u>	<u>384,190</u>	<u>139,257</u>	<u>7,987</u>	<u>1,828,361</u>
DEFERRED INFLOWS OF RESOURCES					
Delinquent property taxes	-	72,052	-	-	72,052
Total liabilities and deferred inflows of resources	<u>-</u>	<u>456,242</u>	<u>139,257</u>	<u>7,987</u>	<u>1,900,413</u>
FUND BALANCES					
Nonspendable	-	-	-	-	107,954
Restricted for					
General fund	-	-	-	-	-
Special revenue	-	-	-	-	4,429,031
Capital projects	54,215	6,251,691	1,685,667	-	8,296,573
Debt service	-	-	-	1,485,348	1,485,348
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balances	<u>54,215</u>	<u>6,251,691</u>	<u>1,685,667</u>	<u>1,485,348</u>	<u>14,318,906</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 54,215</u>	<u>\$ 6,707,933</u>	<u>\$ 1,824,924</u>	<u>\$ 1,493,335</u>	<u>\$ 16,219,319</u>

See Accompanying Notes.

STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	Special Revenue Funds			
	21000	22000	23000	24101
	Food Services	Athletics	Non-Instruct Support	Title I
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues				-
Federal grants	3,198,745	-	-	741,666
State grants	-	-	-	-
Transportation distribution	-	-	-	-
Charges for services	927,934	117,286	475,838	-
Investment income	942	-	567	-
Miscellaneous	764	300	44,329	-
Total revenues	<u>4,128,385</u>	<u>117,586</u>	<u>520,734</u>	<u>741,666</u>
EXPENDITURES				
Current				
Instruction	-	119,237	520,573	660,050
Support services				
Students	-	-	-	29,133
Instruction	-	-	-	25,241
General administration	-	-	-	27,242
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Operation of non-instructional services				
Food services operations	4,023,345	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>4,023,345</u>	<u>119,237</u>	<u>520,573</u>	<u>741,666</u>
Excess (deficiency) of revenues over (under) expenditures	<u>105,040</u>	<u>(1,651)</u>	<u>161</u>	<u>-</u>
Other financing sources				
Operating transfers	-	-	-	-
Proceeds from bond issuance	-	-	-	-
Proceeds from refunding debt issuance	-	-	-	-
Bond underwriter premium discount	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	<u>105,040</u>	<u>(1,651)</u>	<u>161</u>	<u>-</u>
Fund balances, beginning of year	1,837,238	(1,351)	548,097	-
Prior Period Restatement	-	-	-	-
Fund balance, beginning of year, restated	<u>1,837,238</u>	<u>(1,351)</u>	<u>548,097</u>	<u>-</u>
Fund balances, end of year	<u>\$ 1,942,278</u>	<u>\$ (3,002)</u>	<u>\$ 548,258</u>	<u>\$ -</u>

See Accompanying Notes.

STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018

	Special Revenue Funds			
	24103 Migrant Children Education	24108 Competitive IDEA-B	24109 IDEA-B Preschool	24113 Education of Homeless
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues				
Federal grants	884	6,470	15,525	15,775
State grants	-	-	-	-
Transportation distribution	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	<u>884</u>	<u>6,470</u>	<u>15,525</u>	<u>15,775</u>
EXPENDITURES				
Current				
Instruction	-	3,983	4,551	11,572
Support services				
Students	-	2,258	18,215	3,040
Instruction	884	-	-	1,163
General administration	-	229	823	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Operation of non-instructional services				
Food services operations	-	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>884</u>	<u>6,470</u>	<u>23,589</u>	<u>15,775</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>(8,064)</u>	<u>-</u>
Other financing sources				
Operating transfers	-	-	-	-
Proceeds from bond issuance	-	-	-	-
Proceeds from refunding debt issuance	-	-	-	-
Bond underwriter premium discount	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	<u>-</u>	<u>-</u>	<u>(8,064)</u>	<u>-</u>
Fund balances, beginning of year	-	-	8,064	-
Prior Period Restatement	-	-	-	-
Fund balance, beginning of year, restated	<u>-</u>	<u>-</u>	<u>8,064</u>	<u>-</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See Accompanying Notes.

STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018

	Special Revenue Funds				
	24115 IDEA Private School Share	24120 IDEA-B "Risk Pool"	24132 IDEA-B "Risk Plan"	24154 Teacher/Prin Training & Recruiting	24162 Title I 1300A School Improvement
REVENUES					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues					
Federal grants	1,098	-	149,769	226,275	-
State grants	-	-	-	-	-
Transportation distribution	-	-	-	-	-
Charges for services	-	-	-	-	-
Investment income	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total revenues	<u>1,098</u>	<u>-</u>	<u>149,769</u>	<u>226,275</u>	<u>-</u>
EXPENDITURES					
Current					
Instruction	-	-	149,720	203,089	-
Support services					
Students	1,061	-	-	185	-
Instruction	-	-	-	1,085	-
General administration	37	-	-	10,170	-
School administration	-	-	49	11,746	-
Central services	-	-	-	-	-
Operation & maintenance of plant	-	-	-	-	-
Student transportation	-	-	-	-	-
Operation of non-instructional services					
Food services operations	-	-	-	-	-
Community services	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	<u>1,098</u>	<u>-</u>	<u>149,769</u>	<u>226,275</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources					
Operating transfers	-	-	-	-	-
Proceeds from bond issuance	-	-	-	-	-
Proceeds from refunding debt issuance	-	-	-	-	-
Bond underwriter premium discount	-	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, beginning of year	-	-	-	21,526	-
Prior Period Restatement	-	-	-	-	-
Fund balance, beginning of year, restated	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,526</u>	<u>-</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,526</u>	<u>\$ -</u>

See Accompanying Notes.

STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018

	Special Revenue Funds				
	24174	24175	24176	24182	25153
	Carl D Perkins Secondary Current	Carl D Perkins Secondary-PY Unliq. Oblig.	Carl D Perkins Redistribution	Impact Aid Carl D Perkins HSTW	Title XIX Medicaid 3/21 Years
REVENUES					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues					
Federal grants	40,681	-	590	-	1,045,260
State grants	-	-	-	-	-
Transportation distribution	-	-	-	-	-
Charges for services	-	-	-	-	-
Investment income	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total revenues	<u>40,681</u>	<u>-</u>	<u>590</u>	<u>-</u>	<u>1,045,260</u>
EXPENDITURES					
Current					
Instruction	37,116	-	569	-	130,769
Support services					
Students	-	-	-	-	528,443
Instruction	1,321	-	-	-	7,365
General administration	1,446	-	21	-	-
School administration	798	-	-	-	-
Central services	-	-	-	-	-
Operation & maintenance of plant	-	-	-	-	-
Student transportation	-	-	-	-	-
Operation of non-instructional services					
Food services operations	-	-	-	-	-
Community services	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	<u>40,681</u>	<u>-</u>	<u>590</u>	<u>-</u>	<u>666,577</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>378,683</u>
Other financing sources					
Operating transfers	-	-	-	-	-
Proceeds from bond issuance	-	-	-	-	-
Proceeds from refunding debt issuance	-	-	-	-	-
Bond underwriter premium discount	-	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>378,683</u>
Fund balances, beginning of year	-	-	-	-	1,117,812
Prior Period Restatement	-	-	-	-	-
Fund balance, beginning of year, restated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,117,812</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,496,495</u>

See Accompanying Notes.

STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018

	Special Revenue Funds				
	26102 Exxon Education Foundation	26205 Chevron School Grant	26215 Bridge Early College High School	26218 United Way	27103 Dual Credit Instructional Materials
REVENUES					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues					
Federal grants	-	-	-	-	-
State grants	-	-	-	-	741
Transportation distribution	-	-	-	-	-
Charges for services	-	-	-	-	-
Investment income	-	-	-	-	-
Miscellaneous	5,000	520,000	-	-	-
Total revenues	<u>5,000</u>	<u>520,000</u>	<u>-</u>	<u>-</u>	<u>741</u>
EXPENDITURES					
Current					
Instruction	-	24,426	-	-	28,464
Support services					
Students	-	-	-	-	-
Instruction	-	-	-	-	-
General administration	-	-	-	-	-
School administration	-	-	-	-	-
Central services	-	-	-	-	-
Operation & maintenance of plant	-	-	-	-	-
Student transportation	-	-	-	-	-
Operation of non-instructional services					
Food services operations	-	-	-	-	-
Community services	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	<u>-</u>	<u>24,426</u>	<u>-</u>	<u>-</u>	<u>28,464</u>
Excess (deficiency) of revenues over (under) expenditures	<u>5,000</u>	<u>495,574</u>	<u>-</u>	<u>-</u>	<u>(27,723)</u>
Other financing sources					
Operating transfers	-	-	-	-	-
Proceeds from bond issuance	-	-	-	-	-
Proceeds from refunding debt issuance	-	-	-	-	-
Bond underwriter premium discount	-	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	<u>5,000</u>	<u>495,574</u>	<u>-</u>	<u>-</u>	<u>(27,723)</u>
Fund balances, beginning of year	-	-	-	4,188	27,723
Prior Period Restatement	-	-	-	-	-
Fund balance, beginning of year, restated	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,188</u>	<u>27,723</u>
Fund balances, end of year	<u>\$ 5,000</u>	<u>\$ 495,574</u>	<u>\$ -</u>	<u>\$ 4,188</u>	<u>\$ -</u>

See Accompanying Notes.

STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018

	Special Revenue Funds				
	27107	27114	27128	27141	27149
	2012 GO Bond Student Library Fund	NM Reads to Lead	Teacher Recruitment Support Initiative	Truancy Initiative PED	Pre-K Initiative
REVENUES					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues					
Federal grants	-	-	-	-	-
State grants	37,440	188,206	22,201	107,641	137,955
Transportation distribution	-	-	-	-	-
Charges for services	-	-	-	-	-
Investment income	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total revenues	<u>37,440</u>	<u>188,206</u>	<u>22,201</u>	<u>107,641</u>	<u>137,955</u>
EXPENDITURES					
Current					
Instruction	-	188,206	-	-	137,955
Support services					
Students	-	-	-	107,641	-
Instruction	8,129	-	-	-	-
General administration	-	-	-	-	-
School administration	-	-	-	-	-
Central services	-	-	22,201	-	-
Operation & maintenance of plant	-	-	-	-	-
Student transportation	-	-	-	-	-
Operation of non-instructional services					
Food services operations	-	-	-	-	-
Community services	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	<u>8,129</u>	<u>188,206</u>	<u>22,201</u>	<u>107,641</u>	<u>137,955</u>
Excess (deficiency) of revenues over (under) expenditures	<u>29,311</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources					
Operating transfers	-	-	-	-	-
Proceeds from bond issuance	-	-	-	-	-
Proceeds from refunding debt issuance	-	-	-	-	-
Bond underwriter premium discount	-	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	<u>29,311</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, beginning of year	(31,622)	-	-	-	-
Prior Period Restatement	-	-	-	-	-
Fund balance, beginning of year, restated	<u>(31,622)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, end of year	<u>\$ (2,311)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See Accompanying Notes.

STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018

	Special Revenue Funds				
	27155 Breakfast for Elementary Students	27166 K3 Plus	27179 Workforce Readiness	27183 NM Grown Fruits & Vegetables	27189 College Counselor Initiative
REVENUES					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues					
Federal grants	-	-	-	-	-
State grants	65,671	284,046	-	7,333	-
Transportation distribution	-	-	-	-	-
Charges for services	-	-	-	-	-
Investment income	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total revenues	<u>65,671</u>	<u>284,046</u>	<u>-</u>	<u>7,333</u>	<u>-</u>
EXPENDITURES					
Current					
Instruction	-	238,808	-	-	-
Support services					
Students	-	8,186	-	-	-
Instruction	-	2,754	-	-	-
General administration	-	-	-	-	-
School administration	-	2,338	-	-	-
Central services	-	-	-	-	-
Operation & maintenance of plant	-	-	-	-	-
Student transportation	-	31,963	-	-	-
Operation of non-instructional services					
Food services operations	65,671	-	-	7,333	-
Community services	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	<u>65,671</u>	<u>284,049</u>	<u>-</u>	<u>7,333</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(3)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources					
Operating transfers	-	-	-	-	-
Proceeds from bond issuance	-	-	-	-	-
Proceeds from refunding debt issuance	-	-	-	-	-
Bond underwriter premium discount	-	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	<u>-</u>	<u>(3)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, beginning of year	-	3	-	-	-
Prior Period Restatement	-	-	-	-	-
Fund balance, beginning of year, restated	<u>-</u>	<u>3</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See Accompanying Notes.

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018**

	Special Revenue Funds			Capital Projects Funds	
	27195 Teachers "Hard to Staff" Stipend	28120 NM Highway Dept (Road)	29102 Private Direct Grants	31300 Special Capital Outlay - Local	31400 Special Capital Outlay - State
REVENUES					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues					
Federal grants	-	-	-	-	-
State grants	33,413	-	-	-	250,000
Transportation distribution	-	-	-	-	-
Charges for services	-	-	-	-	-
Investment income	-	-	-	-	-
Miscellaneous	-	-	106,500	200,000	-
Total revenues	<u>33,413</u>	<u>-</u>	<u>106,500</u>	<u>200,000</u>	<u>250,000</u>
EXPENDITURES					
Current					
Instruction	33,413	-	101,407	-	-
Support services					
Students	-	-	-	-	-
Instruction	-	-	-	-	-
General administration	-	-	-	-	-
School administration	-	-	-	-	-
Central services	-	-	-	-	-
Operation & maintenance of plant	-	-	-	-	-
Student transportation	-	-	-	-	-
Operation of non-instructional services					
Food services operations	-	-	-	-	-
Community services	-	-	-	-	-
Capital outlay	-	-	-	45,000	250,000
Debt service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	<u>33,413</u>	<u>-</u>	<u>101,407</u>	<u>45,000</u>	<u>250,000</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>5,093</u>	<u>155,000</u>	<u>-</u>
Other financing sources					
Operating transfers	-	-	-	-	-
Proceeds from bond issuance	-	-	-	-	-
Proceeds from refunding debt issuance	-	-	-	-	-
Bond underwriter premium discount	-	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	<u>-</u>	<u>-</u>	<u>5,093</u>	<u>155,000</u>	<u>-</u>
Fund balances, beginning of year	-	-	23,886	150,000	-
Prior Period Restatement	-	-	-	-	-
Fund balance, beginning of year, restated	<u>-</u>	<u>-</u>	<u>23,886</u>	<u>150,000</u>	<u>-</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,979</u>	<u>\$ 305,000</u>	<u>\$ -</u>

See Accompanying Notes.

STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018

	Capital Projects Funds			Debt Service	Total Nonmajor Governmental Funds
	31700	31701	31900	42000	
	Capital Improvements SB-9 State	Capital Improvements SB-9 Local	Education Technology Notes	Deferred Sick Leave Reserve	
REVENUES					
Property taxes	\$ -	\$ 5,718,014	\$ -	\$ -	5,718,014
Intergovernmental revenues					
Federal grants	-	-	-	-	5,442,738
State grants	165,890	-	-	-	1,300,537
Transportation distribution	-	-	-	-	-
Charges for services	-	-	-	-	1,521,058
Investment income	-	-	-	-	1,509
Miscellaneous	-	192	9,998	-	887,083
Total revenues	<u>165,890</u>	<u>5,718,206</u>	<u>9,998</u>	<u>-</u>	<u>14,870,939</u>
EXPENDITURES					
Current					
Instruction	-	-	-	-	2,593,908
Support services					
Students	-	-	-	-	698,162
Instruction	-	-	-	-	47,942
General administration	-	22,264	-	-	62,232
School administration	-	-	-	-	14,931
Central services	-	-	-	114,588	136,789
Operation & maintenance of plant	-	-	-	-	-
Student transportation	-	-	-	-	31,963
Operation of non-instructional services					
Food services operations	-	-	-	-	4,096,349
Community services	-	-	-	-	-
Capital outlay	161,452	4,169,622	2,592,278	-	7,218,352
Debt service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	<u>161,452</u>	<u>4,191,886</u>	<u>2,592,278</u>	<u>114,588</u>	<u>14,900,628</u>
Excess (deficiency) of revenues over (under) expenditures	<u>4,438</u>	<u>1,526,320</u>	<u>(2,582,280)</u>	<u>(114,588)</u>	<u>(29,689)</u>
Other financing sources					
Operating transfers	-	-	-	-	-
Proceeds from bond issuance	-	-	4,000,000	-	4,000,000
Proceeds from refunding debt issuance	-	-	-	-	-
Bond underwriter premium discount	-	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>4,000,000</u>	<u>-</u>	<u>4,000,000</u>
Net changes in fund balances	<u>4,438</u>	<u>1,526,320</u>	<u>1,417,720</u>	<u>(114,588)</u>	<u>3,970,311</u>
Fund balances, beginning of year	49,777	4,725,371	267,947	-	8,748,659
Prior Period Restatement	-	-	-	1,599,936	1,599,936
Fund balance, beginning of year, restated	<u>49,777</u>	<u>4,725,371</u>	<u>267,947</u>	<u>1,599,936</u>	<u>10,348,595</u>
Fund balances, end of year	<u>\$ 54,215</u>	<u>\$ 6,251,691</u>	<u>\$ 1,685,667</u>	<u>\$ 1,485,348</u>	<u>\$ 14,318,906</u>

See Accompanying Notes.

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
COMBINING BALANCE SHEET - GENERAL FUND
JUNE 30, 2018**

	<i>11000</i> Operational Fund	<i>13000</i> Transportation Fund	<i>14000</i> Instructional Materials Fund	Total
ASSETS				
Cash and cash equivalents	\$ 5,226,866	\$ -	\$ 115,383	\$ 5,342,249
Investments	-	-	-	-
Accounts receivables				
Property taxes	182,928	-	-	182,928
Due from other governments	116,820	-	-	116,820
Other receivables	316	-	-	316
Inventory	89,729	-	-	89,729
Interfund receivables	1,705,436	-	-	1,705,436
Total assets	<u>\$ 7,322,095</u>	<u>\$ -</u>	<u>\$ 115,383</u>	<u>\$ 7,437,478</u>
LIABILITIES				
Liabilities				
Accounts payable	\$ 178,909	\$ -	\$ -	\$ 178,909
Accrued payroll	3,064,690	-	-	3,064,690
Interfund payables	-	-	-	-
Total liabilities	<u>3,243,599</u>	<u>-</u>	<u>-</u>	<u>3,243,599</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	<u>16,744</u>	<u>-</u>	<u>-</u>	<u>16,744</u>
FUND BALANCES				
Nonspendable	89,729	-	-	89,729
Restricted for				
General Fund	-	-	115,383	115,383
Unassigned	<u>3,972,023</u>	<u>-</u>	<u>-</u>	<u>3,972,023</u>
Total fund balances	<u>4,061,752</u>	<u>-</u>	<u>115,383</u>	<u>4,177,135</u>
Total Liabilities, Deferred Inflows, and Fund Balances	<u>\$ 7,322,095</u>	<u>\$ -</u>	<u>\$ 115,383</u>	<u>\$ 7,437,478</u>

See Accompanying Notes.

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2018**

	<i>11000</i>	<i>13000</i>	<i>14000</i>	
	Operational	Transportation	Instructional	
	Fund	Fund	Materials Fund	Total
REVENUES				
Property taxes	\$ 1,409,081	\$ -	\$ -	\$ 1,409,081
Intergovernmental revenues				
Federal grants	98,015	-	-	98,015
State grants	51,764,111	-	204,110	51,968,221
Transportation distribution	-	1,837,427	-	1,837,427
Charges for services	59,007	-	-	59,007
Investment income	13,482	-	-	13,482
Miscellaneous	478,121	-	-	478,121
Total revenues	<u>53,821,817</u>	<u>1,837,427</u>	<u>204,110</u>	<u>55,863,354</u>
EXPENDITURES				
Current				
Instruction	33,844,716	-	203,329	34,048,045
Support services				
Students	5,329,650	-	-	5,329,650
Instruction	1,981,543	-	-	1,981,543
General administration	710,129	-	-	710,129
School administration	4,285,697	-	-	4,285,697
Central services	2,095,689	-	-	2,095,689
Operation & maintenance of plant	6,394,247	-	-	6,394,247
Student transportation	7,102	1,837,427	-	1,844,529
Other support services	-	-	-	-
Food services operations	-	-	-	-
Community services operations	88,459	-	-	88,459
Capital outlay	-	-	-	-
Total expenditures	<u>54,737,232</u>	<u>1,837,427</u>	<u>203,329</u>	<u>56,777,988</u>
Net changes in fund balances	<u>(915,415)</u>	<u>-</u>	<u>781</u>	<u>(914,634)</u>
Fund balances, beginning	6,577,103	-	114,602	6,691,705
Restatement	(1,599,936)	-	-	(1,599,936)
Fund balance, beginning of year, restated	<u>4,977,167</u>	<u>-</u>	<u>114,602</u>	<u>5,091,769</u>
Fund balances, ending	<u>\$ 4,061,752</u>	<u>\$ -</u>	<u>\$ 115,383</u>	<u>\$ 4,177,135</u>

See Accompanying Notes.

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
BUDGET TO ACTUAL (NON-GAAP BUDGETARY BASIS)
OPERATIONAL FUND (11000)
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Budgeted Amounts</u>		<u>Actual Amount</u>	Variance
	<u>Original Budget</u>	<u>Final Budget</u>		(Unfavorable) Final to Actual
REVENUES				
Taxes	\$ 1,105,815	\$ 1,105,815	\$ 1,299,998	\$ 194,183
Intergovernmental revenue				
Federal	50,000	50,000	98,015	48,015
State	49,790,835	51,832,167	51,769,111	(63,056)
Transportation distribution	-	-	-	-
Charges for services	123,100	123,100	59,007	(64,093)
Investment income	16,000	16,000	13,482	(2,518)
Miscellaneous	238,500	415,154	480,220	65,066
Total revenues	<u>51,324,250</u>	<u>53,542,236</u>	<u>53,719,833</u>	<u>177,597</u>
EXPENDITURES				
Current				
Instruction	32,497,963	35,397,668	33,852,394	1,545,274
Support services	12,535,184	13,235,184	12,154,904	1,080,280
Central services	2,131,313	2,459,313	2,111,029	348,284
Operation and maintenance of plant	6,375,920	7,265,920	6,385,303	880,617
Student transportation	4,000	19,000	7,102	11,898
Food services operations	-	-	-	-
Community services operations	93,470	123,470	88,459	35,011
Capital outlay	-	-	-	-
Total expenditures	<u>53,637,850</u>	<u>58,500,555</u>	<u>54,599,191</u>	<u>3,901,364</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,313,600)</u>	<u>(4,958,319)</u>	<u>(879,358)</u>	<u>(4,078,961)</u>
Other financing sources (uses)				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in (out)	-	-	-	-
Proceeds from the sale of capital assets	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances (Budget Basis)			(879,358)	
Adjustments to revenues			101,983	
Adjustments to expenditures			(138,041)	
Net change in fund balances (GAAP Basis)			<u>\$ (915,416)</u>	

See Accompanying Notes.

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
TRANSPORTATION FUND (13000)
FOR THE YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget	Amount	Favorable (Unfavorable) Final to Actual
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue				
Federal	-	-	-	-
State	-	-	-	-
Transportation distribution	1,776,146	1,837,427	1,837,427	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	1,776,146	1,837,427	1,837,427	-
EXPENDITURES				
Current				
Instruction	-	-	-	-
Support services	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	1,776,146	1,837,427	1,837,427	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	1,776,146	1,837,427	1,837,427	-
Excess (deficiency) of revenues over expenditures	-	-	-	-
Other financing sources (uses)				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in (out)	-	-	-	-
Proceeds from the sale of capital assets	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances (Budget Basis)			-	
Adjustments to revenues			-	
Adjustments to expenditures			-	
Net change in fund balances (GAAP Basis)			\$ -	

See Accompanying Notes.

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
INSTRUCTIONAL MATERIALS FUND (14000)
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Budgeted Amounts</u>		Actual Amount	Variance
	<u>Original Budget</u>	<u>Final Budget</u>		Favorable (Unfavorable) Final to Actual
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue				
Federal	-	-	-	-
State	230,370	257,962	204,110	(53,852)
Transportation distribution	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	<u>230,370</u>	<u>257,962</u>	<u>204,110</u>	<u>(53,852)</u>
EXPENDITURES				
Current				
Instruction	278,984	372,564	203,328	169,236
Support services	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>278,984</u>	<u>372,564</u>	<u>203,328</u>	<u>169,236</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(48,614)</u>	<u>(114,602)</u>	<u>782</u>	<u>(115,384)</u>
Other financing sources (uses)				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in (out)	-	-	-	-
Proceeds from the sale of capital assets	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances (Budget Basis)			782	
Adjustments to revenues			-	
Adjustments to expenditures			-	
Net change in fund balances (GAAP Basis)			<u>\$ 782</u>	

See Accompanying Notes.

JEFFERSON MONTESSORI ACADEMY CHARTER SCHOOL

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
JEFFERSON MONTESSORI ACADEMY CHARTER SCHOOL
COMBINING BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2018**

	General Funds *		Special Revenue	
	11000	14000	21000	23000
	Operational Fund	Instructional Materials	Food Service	Non-Instructional Support
ASSETS				
Current assets				
Cash and cash equivalents	\$ 276,145	\$ 6,042	\$ 40,021	\$ 2,215
Receivables				
Due from other governments	-	-	-	-
Other	-	-	-	-
Due from other funds	<u>130,562</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u><u>\$ 406,707</u></u>	<u><u>\$ 6,042</u></u>	<u><u>\$ 40,021</u></u>	<u><u>\$ 2,215</u></u>
LIABILITIES				
Current liabilities				
Accrued payroll	\$ 142,135	\$ -	\$ -	\$ -
Due to other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u><u>142,135</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
FUND BALANCES				
Spendable				
Restricted for				
Educational purposes	-	-	-	2,215
Food service	-	-	40,021	-
Capital acquisitions and improvements	-	-	-	-
Unassigned	<u>264,572</u>	<u>6,042</u>	<u>-</u>	<u>-</u>
Total fund balances	<u><u>264,572</u></u>	<u><u>6,042</u></u>	<u><u>40,021</u></u>	<u><u>2,215</u></u>
Total liabilities and fund balances	<u><u>\$ 406,707</u></u>	<u><u>\$ 6,042</u></u>	<u><u>\$ 40,021</u></u>	<u><u>\$ 2,215</u></u>

* Major fund

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
JEFFERSON MONTESSORI ACADEMY CHARTER SCHOOL
COMBINING BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2018**

	Special Revenue		Capital Projects	
	24106 *	27114 *	31200	31600
	Entitlement IDEA - B	New Mexico Reads to lead	Public School Capital Outlay	HB -33 Capital Improvements
ASSETS				
Current assets				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 120,497
Receivables				
Due from other governments	88,656	45,939	30,662	374
Other	-	-	-	-
Due from other funds	-	-	-	-
Total assets	\$ 88,656	\$ 45,939	\$ 30,662	\$ 120,871
LIABILITIES				
Current liabilities				
Accrued payroll	\$ 2	\$ 6,643	\$ -	\$ -
Due to other funds	88,674	39,296	2,592	-
Total liabilities	88,676	45,939	2,592	-
FUND BALANCES				
Spendable				
Restricted for				
Educational purposes	(20)	-	-	-
Food service	-	-	-	-
Capital acquisitions and improvements	-	-	28,070	120,871
Unassigned	-	-	-	-
Total fund balances	(20)	-	28,070	120,871
Total liabilities and fund balances	\$ 88,656	\$ 45,939	\$ 30,662	\$ 120,871

* Major fund

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
JEFFERSON MONTESSORI ACADEMY CHARTER SCHOOL
COMBINING BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2018**

	Capital Projects		
	31700	31701	
	Capital	Capital	
	Improvements	Improvements	
	SB - 9	SB - 9 State	Total
ASSETS			
Current assets			
Cash and cash equivalents	\$ 17,673	\$ 25,461	\$ 488,054
Receivables			
Due from other governments	-	515	166,146
Other	-	-	-
Due from other funds	-	-	130,562
Total assets	\$ 17,673	\$ 25,976	\$ 784,762
LIABILITIES			
Current liabilities			
Accrued payroll	\$ -	\$ -	\$ 148,780
Due to other funds	-	-	130,562
Total liabilities	-	-	279,342
FUND BALANCES			
Spendable			
Restricted for			
Educational purposes	-	-	2,195
Food service	-	-	40,021
Capital acquisitions and improvements	17,673	25,976	192,590
Unassigned	-	-	270,614
Total fund balances	17,673	25,976	505,420
Total liabilities and fund balances	\$ 17,673	\$ 25,976	\$ 784,762

* Major fund

STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
JEFFERSON MONTESSORI ACADEMY CHARTER SCHOOL
RECONCILIATION OF THE COMBINING BALANCE SHEET -
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
JUNE 30, 2018

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

Fund balances - total governmental funds	\$ 505,420
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds:</p>	
Capital assets	6,995
Accumulated depreciation	(2,800)
<p>Deferred inflow of resources are not financial resources and are not reported in the funds and include:</p>	
Related to pensions	1,598,306
Related to retiree healthcare	21,969
<p>Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:</p>	
Net pension liability	(4,460,946)
Net OPEB liability	(1,307,841)
<p>Deferred outflow of resources are not financial resources and are not reported in the funds and include:</p>	
Related to pensions	(176,668)
Related to retiree healthcare	<u>(297,661)</u>
Total net position - governmental activities	<u><u>\$ (4,113,226)</u></u>

STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
JEFFERSON MONTESSORI ACADEMY CHARTER SCHOOL
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	General Funds *		Special Revenue	
	11000	14000	21000	23000
	Operational	Instructional Materials	Food Service	Non-Instructional Support
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues				
Federal grants	-	-	55,579	-
State grants	1,891,176	6,361	-	-
Transportation distribution	-	-	-	-
Charges for services	4,387	-	31,740	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	<u>1,895,563</u>	<u>6,361</u>	<u>87,319</u>	<u>-</u>
EXPENDITURES				
Current				
Instruction	1,081,386	12,640	-	-
Support services				
Students	57,886	-	-	-
Instruction	42,590	-	-	-
General administration	117,870	-	-	-
School administration	65,295	-	-	-
Central services	176,224	-	-	-
Operation & maintenance of plant	148,375	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food services operations	18,658	-	81,356	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>1,708,284</u>	<u>12,640</u>	<u>81,356</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>187,279</u>	<u>(6,279)</u>	<u>5,963</u>	<u>-</u>
Other financing sources (uses)				
Operating transfers	-	-	-	-
Proceeds from bond issuance	-	-	-	-
Proceeds from refunding debt issuance	-	-	-	-
Bond underwriter premium discount	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	<u>187,279</u>	<u>(6,279)</u>	<u>5,963</u>	<u>-</u>
Fund balances, beginning of year	77,293	12,321	34,058	2,215
Prior Period Restatement	-	-	-	-
Fund balance, beginning of year, restated	<u>77,293</u>	<u>12,321</u>	<u>34,058</u>	<u>2,215</u>
Fund balances, end of year	<u>\$ 264,572</u>	<u>\$ 6,042</u>	<u>\$ 40,021</u>	<u>\$ 2,215</u>

* Major Fund

See Accompanying Notes.

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
JEFFERSON MONTESSORI ACADEMY CHARTER SCHOOL
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018**

	Special Revenue		Capital Projects	
	24106 *	27114 *	31200	31600
	Entitlement IDEA - B	New Mexico Reads to Lead	Public School Capital Outlay	HB -33 Capital Improvements
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ 60,004
Intergovernmental revenues				
Federal grants	46,115	-	-	-
State grants	-	75,830	122,647	-
Transportation distribution	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	<u>46,115</u>	<u>75,830</u>	<u>122,647</u>	<u>60,004</u>
EXPENDITURES				
Current				
Instruction	46,135	-	-	-
Support services				
Students	-	75,830	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food services operations	-	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	122,647	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>46,135</u>	<u>75,830</u>	<u>122,647</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(20)</u>	<u>-</u>	<u>-</u>	<u>60,004</u>
Other financing sources (uses)				
Operating transfers	-	-	-	-
Proceeds from bond issuance	-	-	-	-
Proceeds from refunding debt issuance	-	-	-	-
Bond underwriter premium discount	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	<u>(20)</u>	<u>-</u>	<u>-</u>	<u>60,004</u>
Fund balances, beginning of year	-	-	28,070	60,867
Prior Period Restatement	-	-	-	-
Fund balance, beginning of year, restated	<u>-</u>	<u>-</u>	<u>28,070</u>	<u>60,867</u>
Fund balances, end of year	<u>\$ (20)</u>	<u>\$ -</u>	<u>\$ 28,070</u>	<u>\$ 120,871</u>

* Major Fund

See Accompanying Notes.

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
JEFFERSON MONTESSORI ACADEMY CHARTER SCHOOL
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018**

	Capital Projects		Total
	31700	31701	
	Capital	Capital	
	Improvements	Improvements	
	SB - 9	SB - 9 State	
REVENUES			
Property taxes	\$ -	\$ 60,664	\$ 120,668
Intergovernmental revenues			
Federal grants	-	-	101,694
State grants	-	-	2,096,014
Transportation distribution	-	-	-
Charges for services	-	-	36,127
Investment income	-	-	-
Miscellaneous	-	-	-
Total revenues	-	60,664	2,354,503
EXPENDITURES			
Current			
Instruction	-	-	1,140,161
Support services			
Students	-	-	133,716
Instruction	-	-	42,590
General administration	-	-	117,870
School administration	-	-	65,295
Central services	-	-	176,224
Operation & maintenance of plant	-	-	148,375
Student transportation	-	-	-
Other support services	-	-	-
Food services operations	-	-	100,014
Community services	-	-	-
Capital outlay	-	87,150	209,797
Debt service			
Principal	-	-	-
Interest	-	-	-
Total expenditures	-	87,150	2,134,042
Excess (deficiency) of revenues over (under) expenditures	-	(26,486)	220,461
Other financing sources (uses)			
Operating transfers	-	-	-
Proceeds from bond issuance	-	-	-
Proceeds from refunding debt issuance	-	-	-
Bond underwriter premium discount	-	-	-
Total other financing sources (uses)	-	-	-
Net changes in fund balances	-	(26,486)	220,461
Fund balances, beginning of year	17,673	52,462	284,959
Prior Period Restatement	-	-	-
Fund balance, beginning of year, restated	17,673	52,462	284,959
Fund balances, end of year	\$ 17,673	\$ 25,976	\$ 505,420

* Major Fund

See Accompanying Notes.

STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
JEFFERSON MONTESSORI ACADEMY CHARTER SCHOOL
RECONCILIATION OF COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
TO STATEMENT OF ACTIVITIES
JUNE 30, 2018

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

Net change in fund balances - total governmental funds	\$	220,461
Depreciation expense		(700)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and are not reported as expenditures in the governmental funds:

Pension contribution		152,777
Pension expense		(688,821)
Retiree health contribution		21,969
OPEB expense		<u>(51,996)</u>
Change in net position of governmental activities	\$	<u>(346,310)</u>

STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
JEFFERSON MONTESSORI ACADEMY CHARTER SCHOOL
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
OPERATIONAL FUND (11000)
FOR THE YEAR ENDED JUNE 30, 2018

	Budgeted Amounts		Actual Amount	Variance
	Original Budget	Final Budget		Favorable (Unfavorable) Final to Actual
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue				
Federal	-	-	-	-
State	1,626,905	1,890,481	1,891,177	696
Transportation distribution	-	-	-	-
Charges for services	-	4,000	4,387	387
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	1,626,905	1,894,481	1,895,564	1,083
EXPENDITURES				
Current				
Instruction	1,049,888	1,253,727	1,081,387	172,340
Support services	303,030	350,962	283,641	67,321
Central services	144,893	181,993	176,224	5,769
Operation and maintenance of plant	132,809	163,722	148,375	15,347
Student transportation	-	-	-	-
Food services operations	16,602	21,370	18,658	2,712
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	1,647,222	1,971,774	1,708,285	263,489
Excess (deficiency) of revenues over (under) expenditures	(20,317)	(77,293)	187,279	(264,572)
Other financing sources (uses)				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in (out)	-	-	-	-
Proceeds from the sale of capital assets	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances (Budget Basis)			187,279	
Adjustments to revenues			-	
Adjustments to expenditures			-	
Net change in fund balances (GAAP Basis)			\$ 187,279	

See Accompanying Notes.

STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
JEFFERSON MONTESSORI ACADEMY CHARTER SCHOOL
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
INSTRUCTIONAL MATERIALS FUND (14000)
FOR THE YEAR ENDED JUNE 30, 2018

	Budgeted Amounts		Actual Amount	Variance
	Original Budget	Final Budget		Favorable (Unfavorable) Final to Actual
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue				
Federal	-	-	-	-
State	4,761	6,362	8,970	2,608
Transportation distribution	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	4,761	6,362	8,970	2,608
EXPENDITURES				
Current				
Instruction	14,473	18,683	12,640	6,043
Support services	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	14,473	18,683	12,640	6,043
Excess (deficiency) of revenues				
over (under) expenditures	(9,712)	(12,321)	(3,670)	(8,651)
Other financing sources (uses)				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in (out)	-	-	-	-
Proceeds from the sale of capital assets	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances (Budget Basis)			(3,670)	
Adjustments to revenues			(2,609)	
Adjustments to expenditures			-	
Net change in fund balances (GAAP Basis)			\$ (6,279)	

See Accompanying Notes.

STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
JEFFERSON MONTESSORI ACADEMY CHARTER SCHOOL
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ENTITLEMENT IDEA-B SPECIAL REVENUE FUND (24106)
FOR THE YEAR ENDED JUNE 30, 2018

	Budgeted Amounts		Actual Amount	Variance
	Original Budget	Final Budget		Favorable (Unfavorable) Final to Actual
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue				
Federal	46,135	46,135	88,655	42,520
State	-	-	-	-
Transportation distribution	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	46,135	46,135	88,655	42,520
EXPENDITURES				
Current				
Instruction	46,135	46,135	46,135	-
Support services	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	46,135	46,135	46,135	-
Excess (deficiency) of revenues over expenditures	-	-	42,520	(42,520)
Other financing sources (uses)				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in (out)	-	-	-	-
Proceeds from the sale of capital assets	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances (Budget Basis)			42,520	
Adjustments to revenues			(42,540)	
Adjustments to expenditures			-	
Net change in fund balances (GAAP Basis)			\$ (20)	

See Accompanying Notes.

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
JEFFERSON MONTESSORI ACADEMY CHARTER SCHOOL
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
NEW MEXICO READS TO LEAD SPECIAL REVENUE FUND (27114)
FOR THE YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts		Actual Amount	Variance
	Original Budget	Final Budget		Favorable (Unfavorable) Final to Actual
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue				
Federal	-	-	-	-
State	82,512	82,512	148,664	66,152
Transportation distribution	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	<u>82,512</u>	<u>82,512</u>	<u>148,664</u>	<u>66,152</u>
EXPENDITURES				
Current				
Instruction	-	-	-	-
Support services	-	82,512	75,830	6,682
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>-</u>	<u>82,512</u>	<u>75,830</u>	<u>6,682</u>
Excess (deficiency) of revenues over expenditures	<u>82,512</u>	<u>-</u>	<u>72,834</u>	<u>(72,834)</u>
Other financing sources (uses)				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in (out)	-	-	-	-
Proceeds from the sale of capital assets	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances (Budget Basis)			72,834	
Adjustments to revenues			(72,834)	
Adjustments to expenditures			-	
Net change in fund balances (GAAP Basis)			<u>\$ -</u>	

See Accompanying Notes.

PECOS CONNECTIONS ACADEMY CHARTER SCHOOL

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
PECOS CONNECTIONS ACADEMY CHARTER SCHOOL
COMBINING BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2018**

	General Funds *		Special Revenue	
	11000	14000	24106 *	Total
	Operational	Instructional Materials	Entitlement IDEA - B	
ASSETS				
Current assets				
Cash and cash equivalents	\$ 565,670	\$ -	\$ -	\$ 565,670
Receivables				
Due from other governments	-	-	36,870	36,870
Other	-	-	-	-
Due from other funds	36,870	-	-	36,870
Total assets	<u>\$ 602,540</u>	<u>\$ -</u>	<u>\$ 36,870</u>	<u>\$ 639,410</u>
LIABILITIES				
Current liabilities				
Accrued payroll	\$ 42,450	\$ -	\$ -	\$ 42,450
Due to other funds	-	-	36,870	36,870
Total liabilities	<u>42,450</u>	<u>-</u>	<u>36,870</u>	<u>79,320</u>
FUND BALANCES				
Spendable				
Restricted for				
Educational purposes	-	-	-	-
Food service	-	-	-	-
Capital acquisitions and improvements	-	-	-	-
Unassigned	560,090	-	-	560,090
Total fund balances	<u>560,090</u>	<u>-</u>	<u>-</u>	<u>560,090</u>
Total liabilities and fund balances	<u>\$ 602,540</u>	<u>\$ -</u>	<u>\$ 36,870</u>	<u>\$ 639,410</u>

* Major fund

STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
PECOS CONNECTIONS ACADEMY CHARTER SCHOOL
RECONCILIATION OF THE COMBINING BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2018

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

Fund balances - total governmental funds	\$ 560,090
Deferred inflow of resources are not financial resources and are not reported in the funds and include:	
Related to pensions	1,930,592
Related to retiree healthcare	22,075
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:	
Net pension liability	(2,463,856)
Net OPEB liability	(652,108)
Deferred outflow of resources are not financial resources and are not reported in the funds and include:	
Related to pensions	(38,296)
Related to retiree healthcare	<u>(148,418)</u>
Total net position - governmental activities	<u>\$ (789,921)</u>

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
PECOS CONNECTIONS ACADEMY CHARTER SCHOOL
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018**

	General Funds *		Special Revenue	Total
	11000	14000	24106 *	
	Operational	Instructional Materials	Entitlement IDEA - B	
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues				
Federal grants	-	-	70,172	70,172
State grants	3,955,320	21,221	-	3,976,541
Transportation distribution	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	<u>3,955,320</u>	<u>21,221</u>	<u>70,172</u>	<u>4,046,713</u>
EXPENDITURES				
Current				
Instruction	2,445,342	21,221	70,172	2,536,735
Support services				
Students	641,188	-	-	641,188
Instruction	49,800	-	-	49,800
General administration	133,300	-	-	133,300
School administration	77,165	-	-	77,165
Central services	160,051	-	-	160,051
Operation & maintenance of plant	138,073	-	-	138,073
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food services operations	-	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>3,644,919</u>	<u>21,221</u>	<u>70,172</u>	<u>3,736,312</u>
Excess (deficiency) of revenues over (under) expenditures	<u>310,401</u>	<u>-</u>	<u>-</u>	<u>310,401</u>
Other financing sources (uses)				
Operating transfers	-	-	-	-
Proceeds from bond issuance	-	-	-	-
Proceeds from refunding debt issuance	-	-	-	-
Bond underwriter premium discount	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	<u>310,401</u>	<u>-</u>	<u>-</u>	<u>310,401</u>
Fund balances, beginning of year	249,689	-	-	249,689
Prior Period Restatement	-	-	-	-
Fund balance, beginning of year, restated	<u>249,689</u>	<u>-</u>	<u>-</u>	<u>249,689</u>
Fund balances, end of year	<u>\$ 560,090</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 560,090</u>

* Major fund

See Accompanying Notes.

STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
PECOS CONNECTIONS ACADEMY CHARTER SCHOOL
RECONCILIATION OF COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
TO STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

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

Net change in fund balances - total governmental funds	\$	310,401
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Some expenses reported in the statement of activities do not require
the use of current financial resources and are not reported as
expenditures in the governmental funds:

Pension contribution		135,303
Pension expense		(794,634)
Retiree health contribution		22,075
OPEB expense		<u>(25,928)</u>
Change in net position of governmental activities	\$	<u><u>(352,783)</u></u>

STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
PECOS CONNECTION ACADEMY CHARTER SCHOOL
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
OPERATIONAL FUND (11000)
FOR THE YEAR ENDED JUNE 30, 2018

	Budgeted Amounts		Actual Amount	Variance
	Original Budget	Final Budget		Favorable (Unfavorable) Final to Actual
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue				
Federal	-	-	-	-
State	3,011,560	3,955,320	3,955,320	-
Transportation distribution	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	<u>3,011,560</u>	<u>3,955,320</u>	<u>3,955,320</u>	<u>-</u>
EXPENDITURES				
Current				
Instruction	2,025,150	2,821,910	2,445,343	376,567
Support services	785,930	1,006,931	901,454	105,477
Central services	101,778	208,214	160,051	48,163
Operation and maintenance of plant	148,702	148,702	138,073	10,629
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>3,061,560</u>	<u>4,185,757</u>	<u>3,644,921</u>	<u>540,836</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(50,000)</u>	<u>(230,437)</u>	<u>310,399</u>	<u>(540,836)</u>
Other financing sources (uses)				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in (out)	-	-	-	-
Proceeds from the sale of capital assets	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances (Budget Basis)			310,399	
Adjustments to revenues			-	
Adjustments to expenditures			-	
Net change in fund balances (GAAP Basis)			<u>\$ 310,399</u>	

See Accompanying Notes.

STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
PECOS CONNECTION ACADEMY CHARTER SCHOOL
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
INSTRUCTIONAL MATERIALS FUND (14000)
FOR THE YEAR ENDED JUNE 30, 2018

	Budgeted Amounts		Actual Amount	Variance
	Original Budget	Final Budget		(Unfavorable) Final to Actual
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue				
Federal	-	-	-	-
State	-	16,679	21,221	4,542
Transportation distribution	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	-	16,679	21,221	4,542
EXPENDITURES				
Current				
Instruction	-	21,221	21,221	-
Support services	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	-	21,221	21,221	-
Excess (deficiency) of revenues over (under) expenditures	-	(4,542)	-	4,542
Other financing sources (uses)				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in (out)	-	-	-	-
Proceeds from the sale of capital assets	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances (Budget Basis)			-	
Adjustments to revenues			-	
Adjustments to expenditures			-	
Net change in fund balances (GAAP Basis)			\$ -	

See Accompanying Notes.

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
PECOS CONNECTION ACADEMY CHARTER SCHOOL
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ENTITLEMENT IDEA-B SPECIAL REVENUE FUND (24106)
FOR THE YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts		Actual Amount	Variance
	Original Budget	Final Budget		Favorable (Unfavorable) Final to Actual
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue				
Federal	49,212	70,172	70,172	-
State	-	-	-	-
Transportation distribution	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	<u>49,212</u>	<u>70,172</u>	<u>70,172</u>	<u>-</u>
EXPENDITURES				
Current				
Instruction	-	70,172	70,172	-
Support services	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>-</u>	<u>70,172</u>	<u>70,172</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>49,212</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources (uses)				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in (out)	-	-	-	-
Proceeds from the sale of capital assets	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances (Budget Basis)				-
Adjustments to revenues				-
Adjustments to expenditures				-
Net change in fund balances (GAAP Basis)			<u>\$ -</u>	

See Accompanying Notes.

OTHER SUPPLEMENTARY INFORMATION

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
SCHEDULE OF DEPOSITS - DISTRICT
JUNE 30, 2018**

Deposit Account Type	Western Commerce Bank	Wells Fargo Bank	Carlsbad National Bank	Totals
Primary Government				
Operational - checking	\$ 5,133,515	\$ -	\$ -	\$ 5,133,515
Operational - sweep	-	19,639,702	-	19,639,702
Capital improvements - checking	25,155,452	-	-	25,155,452
Activity fund - checking	658,710	-	-	658,710
Debt service - checking	-	4,000,000	-	4,000,000
Debt service - sweep	-	1,253,375	-	1,253,375
Accounts payable clearing - checking	-	2,571,262	-	2,571,262
Payroll clearing - checking	-	771,346	-	771,346
Cafeteria - checking	-	-	1,697,854	1,697,854
Bond building - checking	-	-	548,252	548,252
US Government Obligations	-	-	4,684,494	4,684,494
Certificates of Deposit	<u>10,405,054</u>	<u>-</u>	<u>-</u>	<u>10,405,054</u>
Total on deposit	41,352,731	28,235,685	6,930,600	76,519,016
Reconciling items				
Add petty cash				51,250
Less outstanding checks	<u>3,175</u>	<u>1,100,778</u>	<u>45</u>	<u>1,103,998</u>
Reconciled balance at June 30, 2018	<u>\$ 41,349,556</u>	<u>\$ 27,134,907</u>	<u>\$ 6,930,555</u>	<u>\$ 75,466,268</u>
Reconciliation to financial statements				
Deposits and investments per financial statements				
Cash and cash equivalents				\$ 34,830,121
Investments				20,893,078
Restricted cash and cash equivalents				4,548,252
Restricted investments				15,089,548
Statement of fiduciary assets and liabilities				<u>105,269</u>
				<u>\$ 75,466,268</u>

STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
SCHEDULE OF DEPOSITS - COMPONENT UNITS
JUNE 30, 2018

Jefferson Montessori Academy Charter School

Deposit Account Type	Wells Fargo Bank
Operational - interest bearing checking	\$ 509,246
Federal account - checking	<u>20,887</u>
Total on deposit	530,133
Less outstanding checks	<u>42,078</u>
Reconciled balance at June 30, 2018	488,055
Plus petty cash	<u>-</u>
Component Unit cash and cash equivalents	<u>\$ 488,055</u>

Pecos Connections Academy Charter School

Deposit Account Type	
Operational - interest bearing checking	<u>\$ 574,095</u>
Total on deposit	574,095
Less outstanding checks	<u>8,425</u>
Reconciled balance at June 30, 2018	565,670
Plus petty cash	<u>-</u>
Component Unit cash and cash equivalents	<u>\$ 565,670</u>

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
SCHEDULE OF CASH RECONCILIATION - DISTRICT
FOR THE YEAR ENDED JUNE 30, 2018**

	<i>11000</i>	<i>13000</i>	<i>14000</i>	<i>21000</i>
	Operational Fund	Transportation Fund	Instructional Materials Fund	Food Services Fund
Beginning cash balance, June 30, 2017	\$ 6,688,965	\$ -	\$ 114,602	\$ 1,671,725
Additions to cash:				
2017-18 revenues	53,722,291	1,837,427	204,109	3,828,729
Receipt of prior year loans	1,250,758	-	-	-
Transfer from other funds	-	-	-	-
Loans from other funds	-	-	-	-
Total additions to cash	<u>54,973,049</u>	<u>1,837,427</u>	<u>204,109</u>	<u>3,828,729</u>
Deductions to cash:				
2017-18 expenditures	54,599,191	1,837,427	203,328	3,809,879
Repayment of Loans	-	-	-	-
Transfer to other funds	-	-	-	-
Loans to other funds	1,705,436	-	-	-
Total deductions to cash	<u>56,304,627</u>	<u>1,837,427</u>	<u>203,328</u>	<u>3,809,879</u>
Adjustments:				
Change in held checks	(31,461)	-	-	(20,685)
Change in investment sweep	-	-	-	-
Returned checks	-	-	-	1,400
Interfunds	(2,455)	-	-	-
Petty cash	-	-	-	-
Changes in accounts receivable/payable	(96,605)	-	-	470
Total adjustments to cash	<u>(130,521)</u>	<u>-</u>	<u>-</u>	<u>(18,815)</u>
Ending cash balance, June 30, 2018	<u>\$ 5,226,866</u>	<u>\$ -</u>	<u>\$ 115,383</u>	<u>\$ 1,671,760</u>

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
SCHEDULE OF CASH RECONCILIATION - DISTRICT (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018**

	22000 Athletics Fund	23000 Non-Instruction Fund	24000 Federal Flowthrough Fund	25000 Federal Direct Fund
Beginning cash balance, June 30, 2017	\$ 112	\$ 560,953	\$ 4	\$ 1,063,494
Additions to cash:				
2017-18 revenues	117,584	522,683	2,917,972	1,047,965
Receipt of prior year loans	-	-	-	-
Transfer from other funds	-	-	-	-
Loans from other funds	3,002	-	1,186,912	-
Total additions to cash	<u>120,586</u>	<u>522,683</u>	<u>4,104,884</u>	<u>1,047,965</u>
Deductions to cash:				
2017-18 expenditures	120,723	523,659	2,417,361	666,577
Repayment of Loans	-	-	1,095,187	-
Transfer to other funds	-	-	-	-
Loans to other funds	-	-	-	-
Total deductions to cash	<u>120,723</u>	<u>523,659</u>	<u>3,512,548</u>	<u>666,577</u>
Adjustments:				
Change in held checks	-	(1,356)	23,096	16,126
Change in investment sweep	-	-	-	-
Returned checks	25	(255)	-	-
Interfunds	-	-	2,455	-
Petty cash	-	(50)	-	-
Changes in accounts receivable/payable	-	(2,104)	(602,611)	-
Total adjustments to cash	<u>25</u>	<u>(3,765)</u>	<u>(577,060)</u>	<u>16,126</u>
Ending cash balance, June 30, 2018	<u>\$ -</u>	<u>\$ 556,212</u>	<u>\$ 15,280</u>	<u>\$ 1,461,008</u>

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
SCHEDULE OF CASH RECONCILIATION - DISTRICT (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018**

	26000	27000	28000	29000
	Local Grants	State Flowthrough	State Flowthrough	Local or State Fund
Beginning cash balance, June 30, 2017	\$ 4,188	\$ 1	\$ -	\$ 23,886
Additions to cash:				
2017-18 revenues	525,000	610,292	-	106,500
Receipt of prior year loans	-	-	8	-
Transfer from other funds	-	-	-	-
Loans from other funds	-	515,522	-	-
Total additions to cash	<u>525,000</u>	<u>1,125,814</u>	<u>8</u>	<u>106,500</u>
Deductions to cash:				
2017-18 expenditures	24,426	880,749	-	101,407
Repayment of Loans	-	155,563	8	-
Transfer to other funds	-	-	-	-
Loans to other funds	-	-	-	-
Total deductions to cash	<u>24,426</u>	<u>1,036,312</u>	<u>8</u>	<u>101,407</u>
Adjustments:				
Change in held checks	-	34,135	-	-
Change in investment sweep	-	-	-	-
Returned checks	-	-	-	-
Interfunds	-	-	-	-
Petty cash	-	-	-	-
Changes in accounts receivable/payable	-	(32,200)	-	-
Total adjustments to cash	<u>-</u>	<u>1,935</u>	<u>-</u>	<u>-</u>
Ending cash balance, June 30, 2018	<u>\$ 504,762</u>	<u>\$ 91,438</u>	<u>\$ -</u>	<u>\$ 28,979</u>

STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
SCHEDULE OF CASH RECONCILIATION - DISTRICT (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018

	31100	31200	31300	31600
	Bond Building	Public School Capital Outlay	Special Capital Outlay State	Cap. Improv. HB33
Beginning cash balance, June 30, 2017	\$ 480,517	\$ -	\$ 150,000	\$ 14,939,907
Additions to cash:				
2017-18 revenues	418,414	-	200,000	5,292,846
Receipt of prior year loans	-	-	-	-
Transfer from other funds	-	-	-	-
Loans from other funds	-	-	-	-
Total additions to cash	<u>418,414</u>	<u>-</u>	<u>200,000</u>	<u>5,292,846</u>
Deductions to cash:				
2017-18 expenditures	932,521	-	45,000	3,226,413
Repayment of Loans	-	-	-	8
Transfer to other funds	-	-	-	-
Loans to other funds	-	-	-	-
Total deductions to cash	<u>932,521</u>	<u>-</u>	<u>45,000</u>	<u>3,226,421</u>
Adjustments:				
Change in held checks	-	-	-	-
Change in investment sweep	581,842	-	-	-
Returned checks	-	-	-	-
Interfunds	-	-	-	-
Petty cash	-	-	-	-
Changes in accounts receivable/payable	-	-	-	-
Total adjustments to cash	<u>581,842</u>	<u>-</u>	<u>-</u>	<u>-</u>
Ending cash balance, June 30, 2018	<u>\$ 548,252</u>	<u>\$ -</u>	<u>\$ 305,000</u>	<u>\$ 17,006,332</u>

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
SCHEDULE OF CASH RECONCILIATION - DISTRICT (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018**

	31700	31701	31900	41000
	Cap. Improv. SB9 (State)	Cap. Improv. SB9 (Local)	Ed Tech Equipment Act	Debt Service Fund
Beginning cash balance, June 30, 2017	\$ 54,215	\$ 5,170,400	\$ 267,947	\$ 2,698,478
Additions to cash:				
2017-18 revenues	165,890	5,280,949	4,009,998	5,886,330
Receipt of prior year loans	-	-	-	-
Transfer from other funds	-	-	-	-
Loans from other funds	-	-	-	-
Total additions to cash	<u>165,890</u>	<u>5,280,949</u>	<u>4,009,998</u>	<u>5,886,330</u>
Deductions to cash:				
2017-18 expenditures	165,890	4,483,387	2,453,021	8,466,845
Repayment of Loans	-	-	-	-
Transfer to other funds	-	-	-	-
Loans to other funds	-	-	-	-
Total deductions to cash	<u>165,890</u>	<u>4,483,387</u>	<u>2,453,021</u>	<u>8,466,845</u>
Adjustments:				
Change in held checks	-	-	-	-
Change in investment sweep	-	-	-	1,716,282
Returned checks	-	-	-	-
Interfunds	-	-	-	-
Petty cash	-	-	-	-
Changes in accounts receivable/payable	-	-	-	-
Total adjustments to cash	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,716,282</u>
Ending cash balance, June 30, 2018	<u>\$ 54,215</u>	<u>\$ 5,967,962</u>	<u>\$ 1,824,924</u>	<u>\$ 1,834,245</u>

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
SCHEDULE OF CASH RECONCILIATION - DISTRICT (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018**

	<i>42000</i>	<i>43000</i>	
	Deferred Sick Leave	Ed Tech Debt Service	Total
	<u> </u>	<u> </u>	<u> </u>
Beginning cash balance, June 30, 2017	\$ 364,281	\$ 937,242	\$ 35,190,917
Additions to cash:			
2017-18 revenues	-	11,178,109	97,873,088
Receipt of prior year loans	-	-	1,250,766
Transfer from other funds	-	-	-
Loans from other funds	-	-	1,705,436
Total additions to cash	<u>-</u>	<u>11,178,109</u>	<u>100,829,290</u>
Deductions to cash:			
2017-18 expenditures	114,589	4,054,324	89,126,717
Repayment of Loans	-	-	1,250,766
Transfer to other funds	-	-	-
Loans to other funds	-	-	1,705,436
Total deductions to cash	<u>114,589</u>	<u>4,054,324</u>	<u>92,082,919</u>
Adjustments:			
Change in held checks	2,157	-	22,012
Change in investment sweep	(11,889)	(6,135,232)	(3,848,997)
Returned checks	-	-	1,170
Interfunds	-	-	-
Petty cash	-	-	(50)
Changes in accounts receivable/payable	-	-	(733,050)
Total adjustments to cash	<u>(9,732)</u>	<u>(6,135,232)</u>	<u>(4,558,915)</u>
Ending cash balance, June 30, 2018	<u>\$ 239,960</u>	<u>\$ 1,925,795</u>	<u>\$ 39,378,373</u>

STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
SCHEDULE OF CASH RECONCILIATION - COMPONENT UNITS
FOR THE YEAR ENDED JUNE 30, 2018

Jefferson Montessori Academy	11000	13000	14000	21000	22000
	Operational Fund	Transportation Fund	Instructional Materials Fund	Food Services Fund	Athletics Fund
Cash, June 30, 2017	\$ 124,360	\$ -	\$ 9,712	\$ 28,958	\$ -
Additions to cash:					
2017-18 revenues	1,895,710	-	8,970	87,319	-
Receipt of prior year loans	110,910	-	-	-	-
Loans from other funds	-	-	-	-	-
Total additions to cash	<u>2,006,620</u>	<u>-</u>	<u>8,970</u>	<u>87,319</u>	<u>-</u>
Deductions to cash:					
2017-18 expenditures	1,708,431	-	12,640	81,356	-
Repayment of Loans	-	-	-	-	-
Loans to other funds	130,562	-	-	-	-
Total deductions to cash	<u>1,838,993</u>	<u>-</u>	<u>12,640</u>	<u>81,356</u>	<u>-</u>
Adjustments:					
Change in receivables	-	-	-	5,100	-
Change in held checks	(15,842)	-	-	-	-
Total adjustments to cash	<u>(15,842)</u>	<u>-</u>	<u>-</u>	<u>5,100</u>	<u>-</u>
Cash, June 30, 2018	<u>\$ 276,145</u>	<u>\$ -</u>	<u>\$ 6,042</u>	<u>\$ 40,021</u>	<u>\$ -</u>
Pecos Connections Academy	11000	13000	14000	21000	22000
	Operational Fund	Transportation Fund	Instructional Materials Fund	Food Services Fund	Athletics Fund
Cash, June 30, 2017	\$ 200,606	\$ -	\$ -	\$ -	\$ -
Additions to cash:					
2017-18 revenues	3,955,320	-	21,222	-	-
Receipt of prior year loans	40,830	-	-	-	-
Loans from other funds	-	-	-	-	-
Total additions to cash	<u>3,996,150</u>	<u>-</u>	<u>21,222</u>	<u>-</u>	<u>-</u>
Deductions to cash:					
2017-18 expenditures	3,644,921	-	21,222	-	-
Repayment of Loans	-	-	-	-	-
Loans to other funds	36,870	-	-	-	-
Total deductions to cash	<u>3,681,791</u>	<u>-</u>	<u>21,222</u>	<u>-</u>	<u>-</u>
Adjustments	<u>50,705</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash, June 30, 2018	<u>\$ 565,670</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
SCHEDULE OF CASH RECONCILIATION - COMPONENT UNITS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018**

Jefferson Montessori Academy	23000	24000	25000	26000	27000
	Non-Instruction Fund	Federal Flowthrough Fund	Federal Direct Fund	Local Grants	State Flowthrough
Cash, June 30, 2017	\$ 2,215	\$ -	\$ -	\$ -	\$ -
Additions to cash:					
2017-18 revenues	-	-	-	-	102,725
Receipt of prior year loans	-	-	-	-	-
Loans from other funds	-	88,674	-	-	39,296
Total additions to cash	-	88,674	-	-	142,021
Deductions to cash:					
2017-18 expenditures	-	46,135	-	-	75,830
Repayment of Loans	-	42,539	-	-	64,788
Loans to other funds	-	-	-	-	-
Total deductions to cash	-	88,674	-	-	140,618
Adjustments:					
Change in receivables	-	-	-	-	-
Change in held checks	-	-	-	-	(1,403)
Total adjustments to cash	-	-	-	-	(1,403)
Cash, June 30, 2018	<u>\$ 2,215</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Pecos Connections Academy	23000	24000	25000	26000	27000
	Non-Instruction Fund	Federal Flowthrough Fund	Federal Direct Fund	Local Grants	State Flowthrough
Cash, June 30, 2017	\$ -	\$ -	\$ -	\$ -	\$ -
Additions to cash:					
2017-18 revenues	-	37,262	-	-	-
Receipt of prior year loans	-	-	-	-	-
Loans from other funds	-	36,870	-	-	-
Total additions to cash	-	74,132	-	-	-
Deductions to cash:					
2017-18 expenditures	-	70,172	-	-	-
Repayment of Loans	-	40,830	-	-	-
Loans to other funds	-	-	-	-	-
Total deductions to cash	-	111,002	-	-	-
Adjustments	-	36,870	-	-	-
Cash, June 30, 2018	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
SCHEDULE OF CASH RECONCILIATION - COMPONENT UNITS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018**

Jefferson Montessori Academy	31100	31200	31300	31600	31700
	Bond Building	Public School Capital Outlay	Special Capital Outlay State	Cap. Improv. HB33	Cap. Improv. SB9 (State)
Cash, June 30, 2017	\$ -	\$ -	\$ -	\$ 60,221	\$ 17,673
Additions to cash:					
2017-18 revenues	-	123,638	-	60,276	-
Receipt of prior year loans	-	-	-	-	-
Loans from other funds	-	2,592	-	-	-
Total additions to cash	-	126,230	-	60,276	-
Deductions to cash:					
2017-18 expenditures	-	122,647	-	-	-
Repayment of Loans	-	3,583	-	-	-
Loans to other funds	-	-	-	-	-
Total deductions to cash	-	126,230	-	-	-
Adjustments:					
Change in receivables	-	-	-	-	-
Change in held checks	-	-	-	-	-
Total adjustments to cash	-	-	-	-	-
Cash, June 30, 2018	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 120,497</u>	<u>\$ 17,673</u>
Pecos Connections Academy	31100	31200	31300	31600	31700
	Bond Building	Public School Capital Outlay	Special Capital Outlay State	Cap. Improv. HB33	Cap. Improv. SB9 (State)
Cash, June 30, 2017	\$ -	\$ -	\$ -	\$ -	\$ -
Additions to cash:					
2017-18 revenues	-	-	-	-	-
Receipt of prior year loans	-	-	-	-	-
Loans from other funds	-	-	-	-	-
Total additions to cash	-	-	-	-	-
Deductions to cash:					
2017-18 expenditures	-	-	-	-	-
Repayment of Loans	-	-	-	-	-
Loans to other funds	-	-	-	-	-
Total deductions to cash	-	-	-	-	-
Adjustments	-	-	-	-	-
Cash, June 30, 2018	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
SCHEDULE OF CASH RECONCILIATION - COMPONENT UNITS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018**

Jefferson Montessori Academy	31701	31900	41000	
	Cap. Improv. SB9 (Local)	Ed Tech Equipment Act	Debt Service Fund	Total
Cash, June 30, 2017	\$ 51,634	\$ -	\$ -	\$ 294,773
Additions to cash:				
2017-18 revenues	60,977	-	-	2,339,615
Receipt of prior year loans	-	-	-	110,910
Loans from other funds	-	-	-	130,562
Total additions to cash	<u>60,977</u>	<u>-</u>	<u>-</u>	<u>2,581,087</u>
Deductions to cash:				
2017-18 expenditures	87,150	-	-	2,134,189
Repayment of Loans	-	-	-	110,910
Loans to other funds	-	-	-	130,562
Total deductions to cash	<u>87,150</u>	<u>-</u>	<u>-</u>	<u>2,375,661</u>
Adjustments:				
Change in receivables	-	-	-	5,100
Change in held checks	-	-	-	(17,245)
Total adjustments to cash	<u>-</u>	<u>-</u>	<u>-</u>	<u>(12,145)</u>
Cash, June 30, 2018	<u>\$ 25,461</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 488,054</u>
Pecos Connections Academy	31701	31900	41000	
	Cap. Improv. SB9 (Local)	Ed Tech Equipment Act	Debt Service Fund	Total
Cash, June 30, 2017	\$ -	\$ -	\$ -	\$ 200,606
Additions to cash:				
2017-18 revenues	-	-	-	4,013,804
Receipt of prior year loans	-	-	-	40,830
Loans from other funds	-	-	-	36,870
Total additions to cash	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,091,504</u>
Deductions to cash:				
2017-18 expenditures	-	-	-	3,736,315
Repayment of Loans	-	-	-	40,830
Loans to other funds	-	-	-	36,870
Total deductions to cash	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,814,015</u>
Adjustments	<u>-</u>	<u>-</u>	<u>-</u>	<u>87,575</u>
Cash, June 30, 2018	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 565,670</u>

STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
SCHEDULE OF COLLATERAL PLEDGED BY DEPOSITORY FOR PUBLIC FUNDS
YEAR ENDED JUNE 30, 2018

Name of Depository	Description of Pledged Collateral	Maturity	CUSIP Number	Fair Market Value June 30, 2018	Name and Locations of Safekeeper
District:					
Western Commerce Bank					
	FNMA #254589	1/1/2023	31371KX55	\$ 63,378	Federal Home Loan Bank, Irvine, TX
	FNMA #254501	9/1/2022	31371KU25	16,683	Federal Home Loan Bank, Irvine, TX
	FNMA #758904	12/1/2033	31403VDH9	59,448	Federal Home Loan Bank, Irvine, TX
	FNMA #256714	4/1/2027	31317NDT9	67,160	Federal Home Loan Bank, Irvine, TX
	FNMA #256852	8/1/2027	31371NH57	91,245	Federal Home Loan Bank, Irvine, TX
	FNMA #826080	7/1/2035	31407BXH7	321,320	Federal Home Loan Bank, Irvine, TX
	FNMA #745740	7/1/2036	31403DP26	176,332	Federal Home Loan Bank, Irvine, TX
	FNMA #776565	4/1/2034	31404RW29	459,776	Federal Home Loan Bank, Irvine, TX
	FNMA #MA0121	7/1/2029	31417YD38	200,120	Federal Home Loan Bank, Irvine, TX
	GNMA II #005265	12/20/2041	36202FZ66	746,473	Federal Home Loan Bank, Irvine, TX
	FNMA #AE0937	2/1/2041	34419BBF1	507,181	Federal Home Loan Bank, Irvine, TX
	GNMA #005302	2/20/2042	36202F3K0	416,659	Federal Home Loan Bank, Irvine, TX
	FNMA #AJ7680	12/1/2041	3138EORA9	673,560	Federal Home Loan Bank, Irvine, TX
	FNMA #AB2318	1/1/2041	31416XSG6	1,010,793	Federal Home Loan Bank, Irvine, TX
	FNMA #255631	3/1/2035	31371L4Q9	154,447	Federal Home Loan Bank, Irvine, TX
	GNMA #MA1149	7/20/2043	36179NH27	903,405	Federal Home Loan Bank, Irvine, TX
	FHLMC #G14660	1/1/2028	3128MDMH3	478,956	Federal Home Loan Bank, Irvine, TX
	FHLMC #G08540	8/1/2043	3128MJS68	649,055	Federal Home Loan Bank, Irvine, TX
	FHLMC #G07601	7/1/2043	3128M9X64	1,273,405	Federal Home Loan Bank, Irvine, TX
	FHLMC #G15143	1/1/2029	3128MDS5C3	1,081,232	Federal Home Loan Bank, Irvine, TX
	FNMA #AL3784	7/1/2028	3138ELF24	635,735	Federal Home Loan Bank, Irvine, TX
	SBAP 2010/20B	2/1/2031	83162CTB9	776,152	Federal Home Loan Bank, Irvine, TX
	FNMA #AL3956	8/1/2028	3138ELME0	600,470	Federal Home Loan Bank, Irvine, TX
	SBAP 2010/20B 1	2/1/2030	83162CWV1	1,521,436	Federal Home Loan Bank, Irvine, TX
	FNMA #AL8367	7/1/2046	3138ETJM9	1,084,026	Federal Home Loan Bank, Irvine, TX
	FNMA #BE2926	12/1/2036	3140FNHC1	1,110,251	Federal Home Loan Bank, Irvine, TX
	FNMA #AR2626	2/1/2043	3138NY4L6	2,224,434	Federal Home Loan Bank, Irvine, TX
	Total Western Commerce Bank			<u>17,303,132</u>	
Wells Fargo Bank					
	FNMA FNMS 3.00%	2/1/2043	3138W1H67	\$ 725,081	Bank of New York Mellon
	FNMA FNMS 3.00%	10/1/2035	3138WFW4D	2,871,536	Bank of New York Mellon
	FNMA FNMS 3.00%	6/1/2043	3138WYCM5	2,472,666	Bank of New York Mellon
	FNMA FNMS 2.50%	7/1/2031	3140F7Q51	1,044,307	Bank of New York Mellon
	Repurchase Agreement			<u>20,893,077</u>	Bank of New York Mellon
	Total Wells Fargo Bank			<u>28,006,667</u>	
Carlsbad National Bank					
	FNMA Pool #Ma1290	1/12/2032	31418ANG9	\$ 924,341	Federal Home Loan Bank of Dallas
	FHLMC Pool #C91649	1/4/2033	3128P7N6	1,647,129	Federal Home Loan Bank of Dallas
	FNMA Pool #MA1424	1/4/2033	31418ASN9	1,331,818	Federal Home Loan Bank of Dallas
	FNMA Pool #1543	1/8/2033	31418AWD6	1,232,161	Federal Home Loan Bank of Dallas
	FNMA Pool #MA2198	1/3/2035	31418BNQ5	1,328,316	Federal Home Loan Bank of Dallas
	FNMA Pool #AL5704	1/4/2044	3138ENKS7	1,112,406	Federal Home Loan Bank of Dallas
	Total Carlsbad National Bank			<u>7,576,171</u>	
	Total Primary Government Pledged Collateral			<u>\$ 52,885,970</u>	
Jefferson Montessori Academy Charter School:					
Wells Fargo					
	FNMA FNMS 3.50%	2/1/2042	3138E7VC5	\$ 25,747	Bank of New York Mellon
	FNMA FNMS 3.50%	11/1/2041	3138EHB50	57,073	Bank of New York Mellon
	FNMA FNMS 3.00%	10/1/2035	31418BVJ2	3,082	Bank of New York Mellon
	FNMA FNMS 2.50%	8/1/2031	31418CAK0	<u>\$ 41,626</u>	Bank of New York Mellon
	Total Wells Fargo			<u>\$ 127,528</u>	
	Total Jefferson Montessori Academy Charter			<u>\$ 127,528</u>	
Pecos Connections Academy Charter School:					
Wells Fargo					
	FNMA FNMS 3.00%	11/1/2042	3138MBP23	\$ 112,989	Bank of New York Mellon
	Total Wells Fargo			<u>\$ 112,989</u>	
	Total Pecos Connections Academy Charter			<u>\$ 112,989</u>	

STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES - AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

Clubs	Balance June 30, 2017	Additions	Deletions	Balance June 30, 2018
Cash and cash equivalents				
Art Club	\$ 370	\$ 1,529	\$ 183	\$ 1,716
Baseball Booster Club	40	-	-	40
Biology Club	1,950	-	-	1,950
BPA Club	4,931	33,405	31,256	7,080
Central Office Employee Fund	1,600	-	-	1,600
Chemistry Club	3,996	-	-	3,996
CHS Spirit Committee	2,910	3,161	4,497	1,574
Computer Club	323	-	-	323
Cross Country Booster Club (Athletics/Activity)	72	-	-	72
Culinary Club	1,552	7,556	3,885	5,223
DECA Club	570	-	-	570
Educator Rising Club	5,598	12,002	8,318	9,282
Elementary PTA	3,404	-	-	3,404
FCCLA Club	9,683	872	1,656	8,899
Fellowship of High School Students	256	-	-	256
FFA Club	12,527	31,148	27,560	16,115
Football Booster Club	427	-	-	427
French Club	944	110	-	1,054
Golf Booster Club	194	-	-	194
Honor Society	4,400	3,426	2,464	5,362
HOSA Club	1,565	-	-	1,565
JAG-Phoenix (Wellman)	434	-	-	434
Key Club	6,964	4,740	5,044	6,660
Rodeo Booster Club	489	-	-	489
Softball Booster Club	140	-	-	140
Spanish Club	171	110	-	281
Spirit Team-Cheerleading Booster Club	8,465	12,163	10,739	9,889
Swimming Booster Club	1,573	-	614	959
Tennis Booster Club	164	-	-	164
Theatre Club	6,625	3,385	4,948	5,062
Track-Boys Booster Club	2,488	-	-	2,488
Track-Girls Booster Club	1,403	-	-	1,403
VICA Club	4,254	6,300	5,224	5,330
Volleyball Booster Club	867	275	-	1,142
Wrestling Booster Club	126	-	-	126
Total cash and cash equivalents	<u>\$ 91,475</u>	<u>\$ 120,182</u>	<u>\$ 106,388</u>	<u>\$ 105,269</u>
Receivables				
Educator Rising Club	\$ 20	\$ -	\$ 20	\$ -
FFA Club	778	-	778	-
Spirit Team-Cheerleading Booster Club	55	-	55	-
Volleyball Booster Club	75	-	75	-
Total receivables	<u>\$ 928</u>	<u>\$ -</u>	<u>\$ 928</u>	<u>\$ -</u>

COMPLIANCE SECTION



**INDEPENDENT AUDITOR'S 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***

The Board of Education
Carlsbad Municipal School District
Carlsbad, New Mexico and
Brian Colón, Esq.
New Mexico State Auditor
Santa Fe, New Mexico

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the discretely presented component units, each major fund, the aggregate remaining fund information, and the budgetary comparisons of the general fund and major special revenue funds, of the Carlsbad Municipal 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. We have also audited the financial statements of the governmental activities, each major fund, the aggregate remaining fund information and the budgetary comparisons for the general fund and each major special revenue fund of each discretely presented component unit, presented as supplementary information, as defined by the Governmental Accounting Standards Board (GASB) as of and for the year ended June 30, 2018, as listed in the Table of Contents, and have issued our report thereon dated August 15, 2019.

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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control that we consider to be a material weaknesses and significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal

The Board of Education
Carlsbad Municipal School District and
Brian Colón, Esq.
New Mexico State Auditor

control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as item 2018-002 to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items 2018-004, 2018-005, and 2018-010.

Compliance and Other Matters

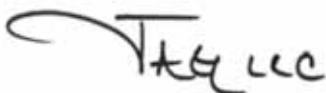
As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards* as items 2018-001, 2018-003, 2018-006, 2018-007, 2018-008, 2018-009, 2018-011, 2018-012, 2018-013, and 2018-014.

The District's Responses to Findings

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

Purpose of this Report

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



Jaramillo Accounting Group LLC (JAG)
Albuquerque, New Mexico
August 15, 2019



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

The Board of Education
Carlsbad Municipal School District
Carlsbad, New Mexico and
Brian Colón, Esq.
New Mexico State Auditor
Santa Fe, New Mexico

Report on Compliance for the Major Federal Program

We have audited Carlsbad Municipal School District's (the "District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2018. The District's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its 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 (CFR) 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 non-compliance 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 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 the major federal program. However, our audit does not provide a legal determination of the District's compliance.

The Board of Education
Carlsbad Municipal School District and
Brian Colón, Esq.
New Mexico State Auditor

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 its major federal program for the year ended June 30, 2018.

Other Matters

The results of our auditing procedures disclosed an instance of non-compliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying Schedule of Findings and Questioned Costs as items 2018-015 and 2018-016. Our opinion on each major federal program is not modified with respect to these matters.

The District's response to the non-compliance findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance 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, non-compliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material non-compliance 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.

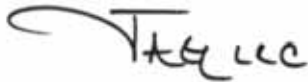
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material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

The Board of Education
Carlsbad Municipal School District and
Brian Colón, Esq.
New Mexico State Auditor

compliance, as described in the accompanying Schedule of Findings and Questioned Costs as item 2018-016 that we consider to be a significant deficiency.

The District's response to the internal control over compliance finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

A handwritten signature in black ink, appearing to read "JAG LLC", with a stylized flourish above the letters.

Jaramillo Accounting Group LLC (JAG)
Albuquerque, New Mexico
August 15, 2019

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018**

Federal Grantor or Pass-Through Grantor/Program Title	Pass-through Number	Federal CFDA	Passed-through to Subrecipients	Federal Expenditures
U.S. Department of Education				
<i>Passthrough - State of NM Public Education Department</i>				
Title I Grants to Local Educational Agencies	24101	84.010	\$ -	\$ 741,666
Migrant Education State Grant Program	24103	84.011	-	884
<i>Special Education Cluster (IDEA)</i>				
Special Education - Grants to States (IDEA B)	24106	84.027	-	1,188,757
Special Education - Grants to States (IDEA B - Competitive)	24108	84.027	-	6,470
Special Ed- Preschool Grants (IDEA B - Pre-School)	24109	84.173	-	23,589
Private School Share	24115	84.027	-	1,098
Special Education - Results Plan	24132	84.027	-	149,769
Total Special Education Cluster (IDEA)			-	1,369,683
Education of Homeless Teens and Children	24113	84.196	-	15,775
Career and Technical Education - Basic Grants to States (Carl D. Perkins - Secondary -Current)	24174	84.048	-	40,681
Career and Technical Education - Basic Grants to States (Carl D. Perkins - Secondary - Redistributions)	24176	84.048	-	590
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	24154	84.367	-	226,275
Total U.S. Department of Education			-	2,395,554
U.S. Department of Agriculture				
<i>Child Nutrition Cluster</i>				
<i>Pass-through State of New Mexico Public Education Department</i>				
<i>Cash Assistance</i>				
School Breakfast	21000	10.553	-	1,017,420
National School Lunch Program	21000	10.555	-	1,887,934
<i>Pass-through State of New Mexico Human Services Department</i>				
Non-Cash Assistance (Commodities) USDA Food Commodities	21000	10.555	-	293,391
Total U.S. Department of Agriculture			-	3,198,745
Total Federal Financial Assistance			\$ -	\$ 5,594,299

See Notes to Schedule of Expenditures
of Federal Awards.

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018**

NOTE 1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal grant activity of Carlsbad Municipal Schools (District) under programs of the federal government for the year ended June 30, 2018. The information in this Schedule is presented in accordance with the requirements of Title 2 *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position or changes in financial position of the District.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting, which is the same basis as was used to prepare the fund financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance wherein certain types of expenditures are

NOTE 3. SUBRECIPIENTS

The Carlsbad Municipal Schools did not provide any federal awards to any subrecipients during the fiscal year.

NOTE 4. NON-CASH FEDERAL ASSISTANCE

The District receives USDA Commodities for use in sponsoring the National School Lunch and Breakfast program. Per USDA guidance (FPI-18-2), donated USDA commodities should be grouped with the National School Lunch Program and used the same CFDA number as the National School Lunch Program. The value of commodities received for the year ended June 30, 2018 was \$293,391. Commodities are recorded as revenues and expenditures in the Food Service Fund.

NOTE 5. INDIRECT COST RATE

During the year ended June 30, 2018, the New Mexico Public Education Department reimbursed the District for indirect costs at 3.67%.

NOTE 6. RECONCILIATION OF FEDERAL REVENUE TO FEDERAL EXPENDITURES

Federal expenditures as reported on Schedule of Expenditures of	
Federal Awards	\$ 5,594,299
District as contractor relationship	
Medicaid (Fund 25153)	1,045,260
Indirect cost recovery (Fund 11000)	98,015
Advance reimbursement (Fund 24109)	<u>(8,064)</u>
Federal revenue as reported in the financial statements	<u>\$ 6,729,510</u>

STATE OF NEW MEXICO
 CARLSBAD MUNICIPAL SCHOOL DISTRICT
 SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
 FOR THE YEAR ENDED JUNE 30, 2018

Finding No.	Description	Current Year Status
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PRIMARY GOVERNMENT

Financial Statement Findings

2017-001	Late Audit Report	Repeated
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Federal Award Findings

2017-002	Removal of Students from the Regulatory Adjusted Cohort	Resolved
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COMPONENT UNITS

JEFFERSON MONTESSORI ACADEMY CHARTER SCHOOL

None

PECOS CONNECTION ACADEMY CHARTER SCHOOL

None

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

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements:

- | | |
|--|------------|
| 1. Type of auditor’s report issued | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weakness identified? | Yes |
| b. Significant deficiencies identified not considered to be material weaknesses? | Yes |
| c. Non-compliance material to financial statements noted? | Yes |

Federal Awards:

- | 1. Internal control over major programs: | | | | | |
|---|-------------------------|------------------------|----------------|-------------------------|--|
| a. Material weakness identified? | No | | | | |
| b. Significant deficiencies identified not considered to be material weaknesses? | Yes | | | | |
| 2. Type of auditor’s report issued on compliance for major programs | Unmodified | | | | |
| 3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)? | Yes | | | | |
| 4. Identification of major programs: | | | | | |
| <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center; width: 40%;"><u>CFDA
Number</u></th> <th style="text-align: center;"><u>Federal Program</u></th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">10.553, 10.555</td> <td style="text-align: center;">Child Nutrition Cluster</td> </tr> </tbody> </table> | <u>CFDA
Number</u> | <u>Federal Program</u> | 10.553, 10.555 | Child Nutrition Cluster | |
| <u>CFDA
Number</u> | <u>Federal Program</u> | | | | |
| 10.553, 10.555 | Child Nutrition Cluster | | | | |
| 5. Dollar threshold used to distinguish between type A and type B programs: | \$750,000 | | | | |
| 6. Auditee qualified as low-risk auditee? | Yes | | | | |

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

SECTION II – FINANCIAL STATEMENT FINDINGS

2018-001 (PREVIOUSLY REPORTED AS 2017-001) LATE AUDIT REPORT (PRIMARY GOVERNMENT AND COMPONENT UNITS)

TYPE OF FINDING: Material Non-compliance

CONDITION

The District's audited financial statements were not submitted by the regulatory due date of November 15, 2018. The District has not made progress from the prior year.

CRITERIA

NMAC 2.2.2.9A requires that financial statement audits of school districts are due to the Office of the State Auditor no later than November 15.

EFFECT

The District's audit was submitted to the Office of the State Auditor after the statutory deadline. The District is not in compliance with its requirements. Information was not timely for the users of the financial statements.

CAUSE

The District experienced turnover in their key positions and was not prepared for the audit fieldwork weeks as scheduled which resulted in the auditors being unable to complete their test work and financial statement preparation timely.

RECOMMENDATION

The District should ensure that requested audit documentation is provided as agreed upon and that the District is prepared audit fieldwork as scheduled with their auditor.

MANAGEMENT RESPONSE

Corrective Action: The District is contracting a consultant to facilitate the management of the business office while hiring a Finance Director.

Due Date of Completion: On going

Responsible Party: Superintendent

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CARLSBAD MUNICIPAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
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SECTION II – FINANCIAL STATEMENT FINDINGS (CONTINUED)

2018-002 INTERNAL CONTROL OVER FINANCIAL CLOSE AND REPORTING

TYPE OF FINDING: Material Weakness

CONDITION

During our audit, we noted the following exceptions over the District’s financial close and reporting process:

The capital asset roll-forward starting with prior year financial statement balances and capital asset depreciation schedules for building and land improvements could not be timely produced after year-end. When produced, current year additions and deletions to the schedule and transfers from Construction in Progress had not been performed, nor had depreciation been calculated. A material restatement of \$5,595,070 was made to beginning accumulated depreciation for land improvements.

Restatement of Fund Balance - Deferred Sick Leave Compensation Reserve. The District hold funds in reserve for deferred sick leave compensation. In the financial statements for the year ended June 30, 2017, these funds were included in the District’s General Fund. These expenditures are restricted to paying terminated employees their sick leave. Accordingly, these amounts are shown as a restatement reducing beginning fund balance in the General Fund (11000) and increasing beginning fund balance in the Deferred Sick Leave Reserve Fund (42000), on the Statement of Revenues, Expenditures, and Changes in Fund Balances in the amount of \$1,599,936.

After year-end, the District identified intergovernmental receivables amounting to \$603,204, based on their year-end Request for Reimbursement (RFR) listing. Through our testing of subsequent intergovernmental receipts, we identified an additional \$1,510,747 in revenue to accrue.

After year-end, the District identified accounts payable amounting to \$50,020, based on their outstanding invoice listing. Through our testing of subsequent disbursements, we identified an additional \$1,105,456 in expenses to accrue.

The District had not prepared an agency fund roll-forward timely after year-end.

The unadjusted, cash-basis, trial balance that was submitted to the auditors for the fiscal year ended June 30, 2018, incorrectly contained certain accrual entries, including receivables in several funds. It also included interfund loans from the general fund to other funds.

CRITERIA

NMAC 6.20.2.12 requires that the District “create and maintain ... financial reports which facilitate the discharge of assigned responsibilities and monitors activities at each level of the organizational structure.”

New Mexico Manual of Procedures for Public School Accounting and Budget (PSAB), Supplement 5, Financial Statements. “The financial statements are the responsibility of the district. The IPA must provide the adjusting entries and supporting documentation to the district for any differences between the district’s records and the financial reports in the audit. The district should review and approve the audit draft prior to it being submitted to the state auditor.”

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CARLSBAD MUNICIPAL SCHOOL DISTRICT
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SECTION II – FINANCIAL STATEMENT FINDINGS (CONTINUED)

2018-002 INTERNAL CONTROL OVER FINANCIAL CLOSE AND REPORTING (CONTINUED)

The State Auditor Rule (2.2.2, NMAC) requires that the school district shall maintain adequate accounting records to prepare financial statements in accordance with Generally Accepted Accounting Principles (GAAP), and cooperate with the Independent Public Accountant (IPA) by providing in a timely manner the information required to express an opinion on the agency's financial statements. Districts should familiarize themselves with the contents of the annual audit. If the IPA prepares the financial statements, this fact must be disclosed in notes to the financial statements and may result in an audit finding if there is "ineffective oversight of the financial reporting and internal control processes by those charged by governance." (Statement of Auditing Standards, SAS 115).

Financial Standards for New Mexico Public Schools and School Districts, 6.20.2.14 NMAC. "In accordance with GASB 34, school districts shall use a full accrual basis of accounting in preparation of annual financial statements and cash basis of accounting for budgeting and reporting."

New Mexico Manual of Procedures for Public School Accounting and Budget (PSAB), Supplement 2, Internal Control Structure. "The Financial Management System (FMS) generally produces reports containing operational, financial, and compliance related information recorded on a cash basis of accounting, making it possible to efficiently manage the cash functions of the school district. Additional software is generally needed to convert from a cash basis to an accrual basis of accounting required by Generally Accepted Accounting Practices (GAAP) and Generally Accepted Governmental Auditing Standards (GAGAS).

EFFECT

There could have been misstatements of the financial statements. Additionally, the basis of accounting which the financial management system was maintained does not appear to be fully cash basis or fully modified accrual basis. While cash reports to PED reconciled to the cash basis as required, this is not ideal. The status of the budget was not tracked properly on a cash basis through the entire year.

CAUSE

Turnover, ineffective management oversight, lack of effective internal controls relating to the financial close and reporting process.

RECOMMENDATION

We recommend management evaluate all aspects of the financial close and reporting process and establish effective internal controls and procedures to ensure timely and accurate financial statements and supporting schedules.

We also recommend that the District maintain its books on a cash basis in the financial management system, and track and record modified and full accrual entries separately for financial reporting purposes.

**STATE OF NEW MEXICO
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SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018**

SECTION II – FINANCIAL STATEMENT FINDINGS (CONTINUED)

2018-002 INTERNAL CONTROL OVER FINANCIAL CLOSE AND REPORTING (CONTINUED)

MANAGEMENT RESPONSE

Corrective Action: The business director or designee will implement financial closing procedures to comply with accounting standards and State requirements.

Due Date of Completion: June 30, 2019

Responsible Party: Finance Director

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

SECTION II - FINANCIAL STATEMENT FINDINGS (CONTINUED)

2018-003 PED OBMS REPORTING

TYPE OF FINDING: Other Non-compliance

CONDITION

During our testing over budgetary controls, we noted that for the third and fourth quarter "Actuals Revenue Rollup Report" for fiscal year ended June 30, 2018, the District did not provide any revenue amounts to PED. Additionally, there were delays reconciling the Cash Report and related activity between the amounts expected by the New Mexico Public Education Department (PED) and the District.

CRITERIA

6.20.2.10(C) NMAC states: "School districts shall submit periodic financial reports to the department using the department-approved format. Reporting shall be either monthly or quarterly at the discretion of the department. The school district shall be notified of its required reporting frequency in writing by the department. Required reporting frequency may be changed by the department at any time during the year. Reports are due at the department by the last working day of the month following the end of the required reporting period, unless extended to a later date by the secretary of education."

EFFECT

Since the District did not include all required, relevant information in the periodic reports to PED, the department could not provide adequate and timely monitoring of the condition of the entity's financial position and operations.

CAUSE

It is unknown why the District did not include revenue actuals in their quarterly reports to PED. The cash reports were delayed due to the prior auditor's reissuance of the financial statements and the deferred sick leave bank.

RECOMMENDATION

We recommend that the District evaluate its reporting processes and procedures and that it put in place proper controls to ensure that all stakeholders are provided required information.

MANAGEMENT RESPONSE

Corrective Action: The District has experienced personnel turnover and reporting has been submitted late. Director/Staff will be trained to submit required report in a timely manner.

Due Date of Completion: June 30, 2019

Responsible Party: Finance Director

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
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SECTION II - FINANCIAL STATEMENT FINDINGS (CONTINUED)

2018-004 INVENTORY CONTROLS

TYPE OF FINDING: Significant Deficiency

CONDITION

During our testing of year-end supplies inventory, we noted the following exceptions:

- Per an analysis of the year-end inventory balance report, stock used is higher than available stock (negative ending balance), which is not possible. 20 item numbers totaled and ending balance of (444) units (\$4,210)
- Per our count of inventory compared to the year-end inventory balance report, excess stock was found compared to the ending report balance. 71 item numbers had a total variance of 2,951 excess units counted over the report balance (\$22,384).
- Per our count of inventory compared to the year-end inventory balance report, shortage of stock was found compared to the ending report balance. 98 item numbers had a total variance of 24,144 units counted short of the report balance (\$26,163).

CRITERIA

Inventory counts are completed on an annual basis and the accounting records should be adjusted to reflect the amounts on hand to ensure accurate financial reporting.

EFFECT

Errors in the year-end inventory count lead to inaccurate inventory balances if not identified and corrected.

CAUSE

There were not adequate controls in place to ensure that the perpetual inventory system records were properly maintained and that the records were properly adjusted to reflect on-hand amounts.

RECOMMENDATION

The District should establish a quality control review process where spot checks are performed to recount selected inventory items. These spot checks should be performed by an employee other than the original counter. Variances should be investigated and corrected.

MANAGEMENT RESPONSE

Corrective Action: A physical inventory was performed and it will be reconciled to the financial reports.

Due Date of Completion: June 30, 2019

Responsible Party: Financial Director

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CARLSBAD MUNICIPAL SCHOOL DISTRICT
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FOR THE YEAR ENDED JUNE 30, 2018**

SECTION II - FINANCIAL STATEMENT FINDINGS (CONTINUED)

2018-005 INVESTMENT INTEREST

TYPE OF FINDING: Significant Deficiency

CONDITION

During our testing of investment balances, we noted the District had not recorded FY18 investment earned interest income in the following accounts, for the following amounts:

- \$356,604 in unrecorded interest in Western Commerce Bank investment accounts
- \$61,554 in unrecorded interest in Carlsbad National Bank investment accounts

CRITERIA

Cash Control Standards for New Mexico Public Schools and School Districts, 6.20.2.14 NMAC. "All bank accounts shall be reconciled on a monthly basis. Reconciled bank statements are to be reviewed by the business manager and/or assistant superintendent for business administration. The bank statement, deposit slips, and canceled checks shall be made available to the district's auditor during the annual audit."

New Mexico Manual of Procedures for Public School Accounting and Budget (PSAB), Supplement 7, Cash Controls. "The (PED) Cash Report should flow directly from the General Ledger. Before completing the Cash Report districts/charter schools should first reconcile all bank accounts and *properly record any adjusting items such as interest* or deductions for banking supplies, or for loans made by the district operational fund to other funds. The cash balance on the final line of the cash report should tie directly to the general ledger cash accounts total."

EFFECT

It is important for good internal cash control to reconcile and make proper entries each month as part of the District's month end closing procedures, in order to ensure that assets are protected and accounted for in a professional and timely manner.

CAUSE

We noted that the Comptroller prepared bank reconciliations for cash accounts on a monthly basis, which were then reviewed and approved by the Director of Business/Finance. However, for investment accounts, the Comptroller stopped reconciling and recording associated adjusting items during FY18 and the Director did not catch this in review.

RECOMMENDATION

The District should implement procedures to ensure that bank reconciliations reconcile to the general ledger and the PED cash report. Any unexplained differences should be investigated and corrective action taken immediately.

MANAGEMENT RESPONSE

Corrective Action: The District has reviewed the Cash Control procedures currently used to ensure that all bank accounts are reconciled on a monthly basis and that all adjusting items are properly recorded. A Monthly Closing Checklist will be developed to outline all month end closing procedures and the staff member responsible to

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
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SECTION II - FINANCIAL STATEMENT FINDINGS (CONTINUED)

2018-005 INVESTMENT INTEREST (CONTINUED)

completing each action. The Checklist will be routed to all appropriate staff persons for initial and task completion dates. The Checklist will be routed to the Director of Finance for final review and approval. Any errors and/or missed transactions will be corrected and posted to the General Ledger prior to finalizing the monthly close process.

Due Date of Completion: Completed

Responsible Party: Finance Director

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CARLSBAD MUNICIPAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
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SECTION II - FINANCIAL STATEMENT FINDINGS (CONTINUED)

2018-006 SCHOOL PERSONNEL ACT (JEFFERSON MONTESSORI ACADEMY CHARTER SCHOOL)

TYPE OF FINDING: Other Non-compliance

CONDITION

During our testing of payroll and the School Personnel Act, we noted the following exceptions:

- 21 of 21 tested, for whom the statute was applicable, did not have signed contracts 10 days before the start of the school year

CRITERIA

School Personnel Act Statute 22-10A-23 (B), NMSA 1978 Reemployment; acceptance; rejection; binding contract states "Written employment contracts between local school boards or governing authorities of state agencies and certified school instructors shall be executed by the parties no later than ten days before the first day of a school year."

EFFECT

Students may not have teachers in the classroom at the start of school if contracts are not executed proactively.

CAUSE

Administration did not ensure state policies were followed and review did not ensure proper execution.

RECOMMENDATION

We recommend that the Academy ensure all employees contracts for the school year are executed no later than ten days before the first day of the school year. There are software options to help with this – for teachers who may be out of town during the summer.

MANAGEMENT RESPONSE

Corrective Action: Management had processes in place using letters of intent to ensure all staffing needs were met. The early dating of these were meant to meet the requirement of NMSA. Administration will make sure all staff contracts comply with statute and are appropriately dated moving forward.

Due Date of Completion: August 31, 2019

Responsible Party: Superintendent and Assistant Business Manager

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FOR THE YEAR ENDED JUNE 30, 2018**

SECTION II - FINANCIAL STATEMENT FINDINGS (CONTINUED)

2018-007 BANK COLLATERALIZATION (JEFFERSON MONTESSORI ACADEMY CHARTER SCHOOL)

TYPE OF FINDING: Other Non-compliance

CONDITION

The Academy had one bank account that was uninsured in the amount of \$259,246. State law requires collateralization of \$129,623 of this uninsured amount. The Academy did not have sufficient collateral in place to meet the State requirement and was under collateralized by \$2,095.

CRITERIA

New Mexico State Statute Section 6-10-17, NMSA 1978, requires the Academy to collateralize an amount equal to one-half of the balance not covered by the Federal Deposit Insurance Corporation (FDIC) for depository accounts.

CAUSE

Administration did not ensure this requirement was met – internal controls were not in place.

EFFECT

If the bank failed due to insufficient capital, the District could lose public monies. Public funds were not secured as required.

RECOMMENDATION

The Academy should arrange for collateral for bank deposits in excess of \$250,000. Alternatively, the Academy could maintain deposits with multiple banks with less than \$250,000 in each.

MANAGEMENT RESPONSE

Corrective Action: The un-collateralized amount was a result of PED issuing the final June SEG payment on the final day, Friday, 6/29/2018, before the period was closed. As a result, the collateral holder was updated on the next business day, Monday, 7/2/18, to the newly required collateral balance to match the school's cash held over \$250,000. This is a timing issue resulting from other entities missing their statutory deadlines. The school will continue to monitor its pledged collateral amounts in regard to its cash held over \$250,000.

Due Date of Completion: July 2, 2018

Responsible Party: Business Manager and Assistant Business Manager

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CARLSBAD MUNICIPAL SCHOOL DISTRICT
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FOR THE YEAR ENDED JUNE 30, 2018**

SECTION II - FINANCIAL STATEMENT FINDINGS (CONTINUED)

2018-008 SCHOOL PERSONNEL ACT (PECOS CONNECTIONS ACADEMY CHARTER SCHOOL)

TYPE OF FINDING: Other Non-compliance

CONDITION

During our testing of payroll and the School Personnel Act, we noted the following exceptions:

- 13 of 23 tested, for whom the statute was applicable, did not have signed contracts 10 days before the start of the school year

CRITERIA

School Personnel Act Statute 22-10A-23 (B), NMSA 1978 Reemployment; acceptance; rejection; binding contract states "Written employment contracts between local school boards or governing authorities of state agencies and certified school instructors shall be executed by the parties no later than ten days before the first day of a school year."

EFFECT

Students may not have teachers in the classroom at the start of school if contracts are not executed proactively.

CAUSE

Administration did not ensure state policies were followed and review did not ensure proper execution.

RECOMMENDATION

We recommend that the Academy ensure all employees contracts for the school year are executed no later than ten days before the first day of the school year. There are software options to help with this – for teachers who may be out of town during the summer.

MANAGEMENT RESPONSE

Corrective Action: PCA acknowledges these issues were discovered and will work to improve processes to ensure the findings are corrected. The discovered issue was caused due to the nature of the virtual school and third-party services that were used to ensure PCA employees were given contracts.

Due to the remote nature of the employees, PCA has contracted with Connections Academy LLC, a third-party vendor for human services. As part of this agreement, Connections Academy LLC keeps records of all PCA employees, including contracts and performance evaluations. The records are typically available at the request of school administration.

During the 2018 annual audit, the request for contracts were made and forwarded to the third-party vendor. After a number of days, the third-party vendor cited department turnover and let school administration know that they did not have copies of the current year contracts. Hence, they determined the best path forward was to re-execute the current year contracts of the missing employees.

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SECTION II - FINANCIAL STATEMENT FINDINGS (CONTINUED)

2018-008 SCHOOL PERSONNEL ACT (PECOS CONNECTIONS ACADEMY CHARTER SCHOOL) (CONTINUED)

Due Date of Completion: PCA will set forth a process for improvement that follows:

1. All returning employees will receive employment contracts prior to the end of the previous school year beginning in May 2019.
2. All new employees will have an employment contract prior to their first day of work beginning in July 2019 and moving forward.
3. PCA will establish an employee file and keep hard copies of all contracts within the PCA office, to be completed by August 31, 2019.
4. PCA will assume responsibility of records keeping on employment files. Employment files will be reviewed quarterly with an annual review to ensure all employment documents, to include contracts, are up to date.

Responsible Party: Principal

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CARLSBAD MUNICIPAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018**

SECTION II - FINANCIAL STATEMENT FINDINGS (CONTINUED)

2018-009 BANK COLLATERALIZATION (PECOS CONNECTIONS ACADEMY CHARTER SCHOOL)

TYPE OF FINDING: Other Non-compliance

CONDITION

The Academy had one bank account that was uninsured in the amount of \$324,095. State law requires collateralization of \$162,048 of this uninsured amount. The Academy did not have sufficient collateral in place to meet the State requirement and was under collateralized by \$49,059.

CRITERIA

New Mexico State Statute Section 6-10-17, NMSA 1978, requires the Academy to collateralize an amount equal to one-half of the balance not covered by the Federal Deposit Insurance Corporation (FDIC) for depository accounts.

CAUSE

Administration did not ensure this requirement was met – internal controls were not in place.

EFFECT

If the bank failed due to insufficient capital, the District could lose public monies. Public funds were not secured as required.

RECOMMENDATION

The Academy should arrange for collateral for bank deposits in excess of \$250,000. Alternatively, the Academy could maintain deposits with multiple banks with less than \$250,000 in each.

MANAGEMENT RESPONSE

Corrective Action: The un-collateralized amount was a result of PED issuing the final June SEG payment on the final day, Friday, 6/29/2018, before the period was closed. As a result, the collateral holder was updated on the next business day, Monday, 7/2/18, to the newly required collateral balance to match the school's cash held over \$250,000. This is a timing issue resulting from other entities missing their statutory deadlines.

We reached out to Wells Fargo Relationship Manager and Analyst with the Public Funds Collateral Management and have reviewed steps to inform them of incoming deposits to assure that same day pledge is posted so as to secure public funds.

Due Date of Completion: Immediately upon notification of finding.

Responsible Party: Business Manager

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018**

SECTION II - FINANCIAL STATEMENT FINDINGS (CONTINUED)

2018-010 CASH MANAGEMENT AND JOURNAL ENTRIES – SEGREGATION OF DUTIES

TYPE OF FINDING: Significant Deficiency

CONDITION

During our testing over cash management controls, we noted that during the year ending June 30, 2018, the Assistant Comptroller prepared the monthly bank reconciliations and had also posted entries to the general ledger. The bank reconciliations and journal entries to the general ledger were reviewed by the Finance Director on a monthly basis. These reviews were informal in that they were not evidenced by a signature and date.

CRITERIA

New Mexico Manual of Procedures for Public School Accounting and Budget (PSAB), Supplement 2, Internal Control Structure. "Each school district is responsible for establishing and maintaining an internal control structure including policies and procedures and is also responsible for ensuring that the school district complies with laws and regulations applicable to state and federal programs. (Section 22-1-1, NMSA 1978; 6.20.2.11, NMAC). These internal control policies should be based on the 1994 report issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and standards adopted by the American Institute of Certified Public Accountants and the Federal Office of Management and Budget." One of the five components of the COSO framework is control activities, one attribute of which is proper segregation of duties.

The General Accounting Office (GAO) publication, Standards for Internal Control in the Federal Government defines segregation of duties where "management divides or segregates key duties and responsibilities among different people to reduce the risk of error, misuse, or fraud. This includes separating the responsibilities for authorizing transactions, processing and recording them, reviewing the transactions, and handling any related assets so that no one individual controls all key aspects of a transaction or event."

EFFECT

Improper segregation of duties inhibits preventing, detecting, and mitigating certain fraud-related risks from individuals performing non-compatible duties.

CAUSE

The District had experienced staffing changes at the beginning of the fiscal year under audit.

RECOMMENDATION

We recommend that duties for the cash management process ensure there is proper segregation between those who:

- Open the mail or copy checks received.
- Prepare deposits.
- Post cash receipts.
- Deposit cash receipts.
- Reconcile bank accounts.
- Investigate discrepancies or issues with cash.
- Maintain cash receipts journal.
- Have access to cash.
- Post journal entries to the general ledger.

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CARLSBAD MUNICIPAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018**

SECTION II - FINANCIAL STATEMENT FINDINGS (CONTINUED)

2018-010 CASH MANAGEMENT AND JOURNAL ENTRIES – SEGREGATION OF DUTIES (CONTINUED)

Also, we recommend the District ensure bank reconciliations are performed no later than two weeks after month end. The preparation and review should be evidenced by the signature of the person performing and reviewing. This should allow enough time for completion of the reconciliation at month end in conjunction with the month-end financial statements.

MANAGEMENT RESPONSE

Corrective Action: The District has reviewed the current duty assignments for each Finance Department staff member and will initiate the changes necessary to appropriately segregate duties the assigned duties. A formal method of audit review of transactions will be reinforced and properly documented with the reviewer’s initials and the date reviewed. Any unexplained variances that surface during the reconciliation and review processes will be thoroughly investigated and corrected during the month end closing procedures. The recommended duty segregation listed will be followed to the extent possible taking into account the number of staff in the Finance Department. Formal review procedures will be implemented and enforced to enhance the control structure.

Due Date of Completion: Completed

Responsible Party: Finance Director

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

SECTION II - FINANCIAL STATEMENT FINDINGS (CONTINUED)

2018-011 MILEAGE RATES – PER DIEM AND MILEAGE ACT

TYPE OF FINDING: Other Non-compliance

CONDITION

During our test work over mileage reimbursement expenses, we became aware that the District had been reimbursing mileage at a rate of 51 cents per mile prior to November 2017, instead of 80% of the IRS federal rate at January 1 (43 cents per mile) of the previous calendar year, as required. The difference was an overpayment of \$1,317.52.

CRITERIA

In accordance with Section 10-8-1 to 10-8-8 NMSA 1978 (1995 Repl. Pamp.), 2.42.2 NMAC governs the payment of per diem rates and mileage and the reimbursement of expenses for all salaried and non-salaried public officers and employees of all state agencies and *local public bodies*, except for certain exceptions.

2.42.2.11 NMAC requires that the rate of mileage reimbursement for private conveyance be set to 80% of the internal revenue service standard mileage rate set January 1 of the previous year for each mile traveled in a privately-owned vehicle.

New Mexico Manual of Procedures for Public School Accounting and Budget (PSAB), Supplement 20, Training and Travel reaffirms this same requirement. The 2016 IRS mileage reimbursement rate was 54 cents per mile. 80% of this amount would then be 43 cents per mile.

EFFECT

The District overpaid mileage reimbursements to employees totaling \$1,317.52.

CAUSE

The Finance Department may not have been aware of this requirement and did not have a process in place to update the rate on an annual basis prior to a new Finance Director coming in.

RECOMMENDATION

The District should implement adequate controls to ensure that the mileage reimbursement rate is updated on an annual basis and that it is in compliance with all relevant compliance requirements.

MANAGEMENT RESPONSE

Corrective Action: Based on a legal interpretation of NMAC 2.42.2.11.C, the District mileage reimbursement rate was set in 2011. The rate was based on the IRS allowable rate of \$0.51 set in January 2011. At the time, a Public Education Department initiated audit of the District's travel procedures conceded that the District was within their authority to set the mileage reimbursement rate at \$0.51. Any Flow-through Funds received by the District where the Public Education Department acted as Fiscal Agent was limited to a reimbursement of 80% of the IRS approved rate set annually. There had been no change in the District's mileage reimbursement rate since 2011. The District's current mileage reimbursement rate was reduced to \$0.43, as required.

Due Date of Completion: Completed

Responsible Party: Finance Director

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018**

SECTION II - FINANCIAL STATEMENT FINDINGS (CONTINUED)

2018-012 PURCHASE ORDERS

TYPE OF FINDING: Other Non-compliance

CONDITION

During our test work over cash disbursements and purchasing, we became aware that the former Chief Procurement Officer (CPO) up to November 2017 used purchase requisitions (originated by departments and school sites) for determinations of purchasing thresholds for small purchases rather than at a District-wide level. Purchases of like goods and services may not have been combined as a single procurement at the District-wide level. The amount of the small purchases performed by departments and school sites that, when combined, may have exceeded the small purchase threshold is not quantifiable.

CRITERIA

13-1-74 NMSA 1978: "Procurement" means (A) purchasing, renting, leasing, lease purchasing or otherwise acquiring items of tangible personal property, services or construction; and (B) all procurement functions, including but not limited to preparation of specifications, solicitation of sources, qualification or disqualification of sources, preparation and award of contract and contract administration.

Competitive Sealed Bids: As per 13-1-102, all procurement shall be achieved by competitive sealed bid pursuant to Sections 13-1-103 through 13-1-110 NMSA 1978, except procurement achieved pursuant to the following sections of the Procurement Code [Sections 13-1-28 through 13-1-199 NMSA 1978]:

- A. Sections 13-1-111 through 13-1-122 NMSA 1978, competitive sealed proposals;
- B. Section 13-1-125 NMSA 1978, small purchases;
- C. Section 13-1-126 NMSA 1978, sole source procurement;
- D. Section 13-1-127 NMSA 1978, emergency procurements;
- E. Section 13-1-129 NMSA 1978, existing contracts;
- F. Section 13-1-130 NMSA 1978, purchases from antipoverty program businesses; and
- G. the Educational Facility Construction Manager At Risk Act [13-1-124.1 NMSA 1978].

EFFECT

There is an increased risk that the amount of expenditures relating to any single procurement during the year may have been incorrectly quantified due to like goods and services not being properly combined, and therefore procured under the wrong section of the state procurement code, for example, as a small purchase rather than a competitive sealed bid or proposal.

CAUSE

The CPO is responsible for issuing purchase orders and approving procurement pursuant to the state procurement code. The previous CPO may not have understood that like-goods and service should be combined at the District-wide level and treated as a single procurement.

RECOMMENDATION

We recommend the District train department heads and other individuals involved in the procurement process in its policies and procedures regarding compliance with the State procurement requirements, to ensure that all items of procurement are handled in a manner consistent with the State Procurement Code.

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

SECTION II - FINANCIAL STATEMENT FINDINGS (CONTINUED)

2018-012 PURCHASE ORDERS (CONTINUED)

MANAGEMENT RESPONSE

Corrective Action: The CPO has received the proper training in order to comply with State procurement procedures.

Due Date of Completion: Completed

Responsible Party: Finance Director

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

SECTION II - FINANCIAL STATEMENT FINDINGS (CONTINUED)

2018-013 FISCAL YEAR-END CERTIFICATION OF CAPITAL ASSETS PHYSICAL INVENTORY (JEFFERSON MONTESSORI ACADEMY CHARTER SCHOOL)

TYPE OF FINDING: Other Non-compliance

CONDITION

The Jefferson Montessori Academy Charter School performed a year-end capital assets physical inventory. A memo was provided to us certifying the count; however, it is signed by the Computer Technician and not the Council of Trustees (governing authority), as required by 12-6-10 NMSA. The certification provided is restricted to only electronic equipment, rather than all physical inventory. The dollar amount of capital assets that should have been certified was \$6,995.

CRITERIA

Section 12-6-10, NMSA 1978 states: "The governing authority of each agency shall, at the end of each fiscal year, conduct a physical inventory of movable chattels and equipment costing more than five thousand dollars (\$5,000) and under the control of the governing authority. This inventory shall include all movable chattels and equipment procured under Section 15-3B-16, NMSA, 1978, also known as the "Property Control Act."

Section 12-6-10, NMSA 1978 states: "Upon completion, the inventory shall be certified by the governing authority as to correctness.... At the time of the annual audit the state auditor shall satisfy himself as to the correctness of the inventory by applying generally accepted auditing procedures."

EFFECT

Lack of certification of all physical inventory by the appropriate governing authority results in a lack of proper accountability over those assets. Lack of accountability may result in an increased risk of assets that are not properly safeguarded, or in unauthorized use or theft.

CAUSE

The Charter School was not aware of the statutory requirement that the year-end inventory certification be certified by the governing authority.

RECOMMENDATION

The Charter School should ensure that management and the Council of Trustees are properly trained on applicable year-end certification requirements.

MANAGEMENT RESPONSE

Corrective Action: The Council of Trustees will certify the annual inventory as required by NMSA for the previous fiscal year and each fiscal year moving forward.

Due Date of Completion: September 30, 2019

Responsible Party: Council of Trustees and Inventory Manager

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

SECTION II - FINANCIAL STATEMENT FINDINGS (CONTINUED)

2018-014 SCHOOL PERSONNEL ACT

TYPE OF FINDING: Other Non-compliance

CONDITION

During our testing of payroll and the School Personnel Act, we noted the following exceptions:

- For 4 of 5 individuals tested, the individuals did not have signed contracts 10 days before the start of the school year.
- For 5 of 5 individuals tested, no evidence was provided that they had completed the required training in the detection and reporting of child abuse and neglect, including sexual and substance abuse.
- We became aware that two employees were not compliant with the requirement to no longer be compensated if proper licensure or certification is not obtained within three months of beginning employment.

CRITERIA

School Personnel Act Statute 22-10A-23 (B), NMSA 1978. "Reemployment; acceptance; rejection; binding contract states "Written employment contracts between local school boards or governing authorities of state agencies and certified school instructors shall be executed by the parties no later than ten days before the first day of a school year."

School Personnel Act Statute 22-10A-3(C), NMSA 1978. "A person performing the duties of a licensed school employee who does not hold a valid license or certificate or has not submitted a complete application for licensure or certification within the first three months from beginning employment duties shall not be compensated thereafter for services rendered until he demonstrates that he holds a valid license or certificate. This section does not apply to practice teachers as defined by rules of the state board [department]."

School Personnel Act Statute 22-10A-32(A), NMSA 1978. "All licensed school employees shall be required to complete training in the detection and reporting of child abuse and neglect, including sexual abuse and assault, and substance abuse. Except as otherwise provided in this subsection, this requirement shall be completed within the licensed school employee's first year of employment by a school district. Licensed school employees hired prior to the 2014-2015 school year shall complete the sexual abuse and assault component of the required training during the 2014-2015 school year."

EFFECT

Students may not have teachers in the classroom at the start of school if contracts are not executed proactively.

Lack of required training for license school employees in in the detection and reporting of child abuse and neglect may result in lower instances of detection and reporting of these matters for children within the District.

CAUSE

Management did not ensure state policies were followed and review did not ensure proper execution.

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

SECTION II - FINANCIAL STATEMENT FINDINGS (CONTINUED)

2018-014 SCHOOL PERSONNEL ACT (CONTINUED)

RECOMMENDATION

We recommend the District ensure all employees contracts for the school year are executed no later than ten days before the first day of the school year. There are software options to help with this – for teachers who may be out of town during the summer. We further recommend that proper controls be put in to place to ensure that all compliance requirements, including School Personnel Act compliance requirement, are identified and that compliance with these requirements be tracked.

MANAGEMENT RESPONSE

Corrective Action: All certified staff were given a Notice of Reelection on May 3, 2018 for the 2018-2019 school year. The notice verified their employment for the 2018-2019 school year and was signed by each employee. Contracts are not issued until negotiations with NEA have been completed. Once contracts are issued, the Notice of Reelection is no longer needed and is removed from the files 90 days after the start of the school year.

All staff are required to complete a course in Child Abuse. Staff are assigned the course through Safeschools (Child Abuse: Mandatory Reporting). They are given a required amount of time to complete the course. A report is generated indicating who has not completed the training and a follow-up process is in place.

Both employees applied for their teaching licenses within a month of their hire date. We were working with PED to verify the requirements that were needed for the employees to get their Alternative License through the Post-Secondary Experience Requirements.

Due Date of Completion: All conditions will be corrected for the 2019-2020 school year.

Responsible Party: Director of Human Resources

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

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

2018-015 FAILURE TO SUBMIT THE DATA COLLECTION FORM IN A TIMELY MANNER

TYPE OF FINDING: Non-compliance

Federal program information: All federal programs on Schedule of Expenditure of Federal Awards

CFDA Number: All CFDA's on Schedule of Expenditure of Federal Awards

CONDITION

The Data Collection Form for June 30, 2018 was submitted to the Federal Audit Clearinghouse within the required time frame. The form will be submitted as soon as the financial statements are released by the Office of the State Auditor.

CRITERIA

According to Uniform Guidance 2 CFR 200.512(a), the District is required to submit the data collection form as well as the reporting package to the Federal Audit Clearinghouse and federal agencies within earlier of 30 days after receipt of the auditor's report, or nine months after the end of the audit period, unless a longer period is agreed to in advance by the cognizant or oversight agency for audit.

EFFECT

The District was not in compliance with 2 CFR 200.512(a) of the Uniform Guidance.

CAUSE

The District experienced turnover in their key positions and was not prepared for the audit fieldwork weeks as scheduled which resulted in the auditors being unable to complete their test work and financial statement preparation timely. Additionally, the prior audit firm reissued the FY17 federal single audit, which delayed the FY18 audit.

RECOMMENDATION

The District should ensure audit documentation is provided as agreed upon and that the District is prepared audit fieldwork as scheduled with their auditor.

MANAGEMENT RESPONSE

Corrective Action: The District will make sure the staff is prepared for the audit work.

Due Date of Completion: On going

Responsible Party: Finance Director

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

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (CONTINUED)

2018-016 STUDENT NUTRITION – VERIFICATION AND ELIGIBILITY

TYPE OF FINDING: Significant Deficiency/Non-compliance

Federal program information:

Funding agency: U.S. Department of Agriculture

Title: National School Lunch Program

CFDA Number: 10.555

CONDITION

During our testing of 40 applications for eligibility, in two cases, we noted amounts for income were reported as zero with no verification. Also, on one application, the income amounts were not readable nor fully completed, and in another application the amount did not match subsequent follow up or verification was completed to assure this was correct.

During testing of the 31 applications selected for verification, calculations of gross income were not completed properly on 9 applications, with 6 of those applications resulting in 11 students receiving free and reduced meals when they should not have.

The differences noted in both the eligibility and verification testing are more fully described below:

- Application 90003010 Eligibility – the application was completed with no income reported. No verification completed.
- Application 9005010 Eligibility – the application was completed with no income reported. No verification completed.
- Application 31008 Eligibility – the amounts on the application for income were not readable and the box for monthly or annual on one line was not checked.
- Application 10055 Eligibility – the amount on the database exceeded the amount on the application by \$1,300 per month without explanation. These students were charged for reduced meals when they should have been free if the application amount was used.
- Application 15002 Verification – pay stub included over \$25,000 of bonuses and overtime not included in calculation of gross pay resulting in three students continuing to receive free meals for the year when they should have been charged full price.
- Application 9001006 Verification resulted in move from free to reduced, but the gross pay to date exceeded the limit and the student should have been changed to full price instead.
- Application 9004106 Verification result allowed three students to remain at the reduced price. If items from paystub, including vacation, holiday, overtime and bonuses were appropriately added to the regular pay, the students would have been full price.

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

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (CONTINUED)

2018-016 STUDENT NUTRITION – VERIFICATION AND ELIGIBILITY (CONTINUED)

- Application 9004009 Verification – if overtime and the mothers’ year-to-date earnings were appropriately added to the base calculation, one student would have changed from reduced to full price.
- Application 20034 Verification – The income amount was verified from a deposit of yearly income. Only half of the deposit amount was picked up, resulting in one student moving from free to reduced when they would have been full price if the entire amount was picked up as income.

The District is reimbursed at \$3.31 for each free meal served, \$2.91 for each reduced meal served, and \$.39 for each paid meal served. The differences noted in the eligibility and verification testing results in the District overcharging the United States Department of Agriculture \$2.92 for every “free” meal that should have been a “paid” meal and \$2.52 for every “reduced” price meal that should have been a “paid” meal.

CRITERIA

Children belonging to households meeting nationwide income eligibility requirements may receive meals at no charge or a reduced price.

By November 15th of each school year, the District must verify the current free and reduced price eligibility of households from a sample of applications that it has approved for free and reduced price meals and place them in the correct category. Earnings from work include salary (or wages) and cash bonuses.

Per CFR 245 6a (c) (7), In addition to the required verification sample, the District should verify any application that seems unusual and should, on a case-by-case basis, verify any application for cause such as an application where a household reports zero income or when the District is aware of additional income or persons in the household.

QUESTIONED COSTS

None

EFFECT

The District is not in compliance with program requirements. By not calculating income properly for verifications, students’ eligibility status is incorrect resulting in improper classifications and students receiving benefits of the Federal program in excess of what they are eligible for. The proper use of Federal money in this program is dependent on District’s correct calculations of income, and following up on unusual applications when allowable by law.

CAUSE

The District’s non-compliance in this area resulted from growth in the number of applications, limited District staffing and not following federal regulations to properly calculate income for verifications, and to verify potentially questionable applications.

RECOMMENDATION

We recommend the District enhance its procedures to ensure verification calculations are correct. The District needs to ensure it uses all information provided as part of the verification process. Regular pay should be calculated for the year, and then the District needs include overtime and bonuses to get to a gross amount. In situations where the amount calculated for income is less than what was on the application, follow up should occur to determine why.

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

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (CONTINUED)

2018-016 STUDENT NUTRITION – VERIFICATION AND ELIGIBILITY (CONTINUED)

MANAGEMENT RESPONSE

Corrective Action: The District will review the procedures used to ensure that the verification calculations for program eligibility are met. Any participant in the program who is determined to be ineligible through either the eligibility or verification processes for free or reduced meals will be moved to the correct payment category and the District will revise future billings to the National School Lunch Program accordingly.

Due Date of Completion: Immediate

Responsible Party: Food Service Director

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
EXIT CONFERENCE
JUNE 30, 2018**

The contents of this report were discussed on July 12, 2019. The following individuals were in attendance:

Carlsbad Municipal School District

District

David Shoup, Board President
LaVern Shan, District Deputy Superintendent
Ron Singleton, Board Member (by phone)
Maria Fidalgo, Finance (by phone)

PCA Charter

Kyla Anderson, Board President
Gloria P. Lopez, Business Manager
Jed Duggan, Principal (by phone)

JMA Charter

Judy Groh, Assistant Principal
Tammi Dutton, Office Manager
Kyle Hunt, Finance (by phone)

Jaramillo Accounting Group LLC (JAG)

Audrey Jaramillo, CPA, CFE, Managing Partner
Scott Eliason, CPA, Partner
Shawn Mortensen, CPA, Manager (by phone)

Jaramillo Accounting Group LLC (JAG) assisted in the preparation of the financial statements presented in this report. The District's management has reviewed and approved the financial statements and related notes and they believe that their records adequately support the financial statements.

OTHER INFORMATION



Board of Education
Trent Cornum
Abel Montoya
Simon J. Rubio
David Shoup
Ron Singleton

Dr. Gerry Washburn
Superintendent

CARLSBAD MUNICIPAL SCHOOLS
408 North Canyon • Carlsbad, New Mexico 88220
Phone (575) 234-3300 • Fax (575) 234-3367

CORRECTIVE ACTION PLAN

August 15, 2019

US Department of Education

Carlsbad Municipal School District respectfully submits the following corrective action plan for the year ended June 30, 2018.

Name and address of independent public accounting firm:

Jaramillo Accounting Group LLC
4700 Lincoln Rd. NE
Albuquerque, New Mexico 87109

Audit period:

June 30, 2018

The findings from the June 30, 2018 Schedule of Findings and Questioned Costs are discussed below. **The Corrective Action Plan does not include the corrective actions for our discretely presented component units: Jefferson Montessori Academy Charter School and Pecos Connections Academy Charter School.** The findings are numbered consistently with the numbers assigned in the schedule.

FINDINGS - FINANCIAL STATEMENT AUDIT

MATERIAL NON-COMPLIANCE

2018-001 (PREVIOUSLY REPORTED AS 2017-001) LATE AUDIT REPORT

RECOMMENDATION

The District should ensure that requested audit documentation is provided as agreed upon and that the District is prepared audit fieldwork as scheduled with their auditor.

MANAGEMENT RESPONSE

Corrective Action: CMS is contracting a consultant to facilitate the management of the business office while hiring a Finance Director.

Due Date of Completion: On going

Responsible Party: Superintendent

MATERIAL WEAKNESS

2018-002 INTERNAL CONTROL OVER FINANCIAL CLOSE AND REPORTING

RECOMMENDATION

We recommend management evaluate all aspects of the financial close and reporting process and establish effective internal controls and procedures to ensure timely and accurate financial statements and supporting schedules.

We also recommend that the District maintain its books on a cash basis in the financial management system, and track and record modified and full accrual entries separately for financial reporting purposes.

MANAGEMENT RESPONSE

Corrective Action: The business director or designee will implement financial closing procedures to comply with accounting standards and State requirements.

Due Date of Completion: June 30, 2019

Responsible Party: Finance Director

SIGNIFICANT DEFICIENCY

2018-004 INVENTORY CONTROLS

RECOMMENDATION

The District should establish a quality control review process where spot checks are performed to recount selected inventory items. These spot checks should be performed by an employee other than the original counter. Variances should be investigated and corrected.

MANAGEMENT RESPONSE

Corrective Action: A physical inventory was performed and it will be reconciled to the financial reports.

Due Date of Completion: June 30, 2019

Responsible Party: Financial Director

~~2018-005 INVESTMENT INTEREST~~

RECOMMENDATION

The District should implement procedures to ensure that bank reconciliations reconcile to the general ledger and the PED cash report. Any unexplained differences should be investigated and corrective action taken immediately.

MANAGEMENT RESPONSE

Corrective Action: Bank accounts have been reconciled monthly.

Due Date of Completion: Completed

Responsible Party: Finance Director

2018-010 CASH MANAGEMENT AND JOURNAL ENTRIES – SEGREGATION OF DUTIES

RECOMMENDATION

We recommend that duties for the cash management process ensure there is proper segregation between those who:

- Open the mail or copy checks received.
- Prepare deposits.
- Post cash receipts.
- Deposit cash receipts.
- Reconcile bank accounts.
- Investigate discrepancies or issues with cash.
- Maintain cash receipts journal.
- Have access to cash.
- Post journal entries to the general ledger.

Also, we recommend the District ensure bank reconciliations are performed no later than two weeks after month end. The preparation and review should be evidenced by the signature of the person performing and reviewing. This should allow enough time for completion of the reconciliation at month end in conjunction with the month-end financial statements.

MANAGEMENT RESPONSE

Corrective Action: The District has proper segregation of duties: staff that does cash reconciliations do not receive or have access to cash, make deposits, or post them. Bank reconciliations are done in a timely manner.

Due Date of Completion: Completed

Responsible Party: Finance Director

OTHER NON-COMPLIANCE

2018-003 PED OBMS REPORTING

RECOMMENDATION

We recommend that the District evaluate its reporting processes and procedures and that it put in place proper controls to ensure that all stakeholders are provided required information.

MANAGEMENT RESPONSE

Corrective Action: The District has experienced personnel turnover and reporting has been submitted late. Director/Staff will be trained to submit required report in a timely manner.

Due Date of Completion: June 30, 2019

Responsible Party: Finance Director

2018-011 MILEAGE RATES – PER DIEM AND MILEAGE ACT

RECOMMENDATION

The District should implement adequate controls to ensure that the mileage reimbursement rate is updated on an annual basis and that it is in compliance with all relevant compliance requirements.

MANAGEMENT RESPONSE

Corrective Action: Mileage reimbursement is given at the allowable rate.

Due Date of Completion: Completed

Responsible Party: Finance Director

2018-012 PURCHASE ORDERS

RECOMMENDATION

We recommend the District train department heads and other individuals involved in the procurement process in its policies and procedures regarding compliance with the State procurement requirements, to ensure that all items of procurement are handled in a manner consistent with the State Procurement Code.

MANAGEMENT RESPONSE

Corrective Action: The CPO has received the proper training in order to comply with State procurement procedures.

Due Date of Completion: Completed

Responsible Party: Finance Director

2018-014 SCHOOL PERSONNEL ACT

RECOMMENDATION

We recommend the District ensure all employees contracts for the school year are executed no later than ten days before the first day of the school year. There are software options to help with this – for teachers who may be out of town during the summer. We further recommend that proper controls be put in to place to ensure that all compliance requirements, including School Personnel Act compliance requirement, are identified and that compliance with these requirements be tracked.

MANAGEMENT RESPONSE

Corrective Action: All certified staff were given a Notice of Reelection on May 3, 2018 for the 2018-2019 school year. The notice verified their employment for the 2018-2019 school year and was signed by each employee. Contracts are not issued until negotiations with NEA have been completed. Once contracts are issued, the Notice of Reelection is no longer needed and is removed from the files 90 days after the start of the school year.

All staff are required to complete a course in Child Abuse. Staff are assigned the course through Safeschools (Child Abuse: Mandatory Reporting). They are given a required amount of time to complete the course. A report is generated indicating who has not completed the training and a follow-up process is in place.

Both employees applied for their teaching licenses within a month of their hire date. We were working with PED to verify the requirements that were needed for the employees to get their Alternative License through the Post-Secondary Experience Requirements.

Due Date of Completion: All conditions will be corrected for the 2019-2020 school year.

Responsible Party: Director of Human Resources

FINDINGS - FEDERAL AWARD PROGRAMS AUDIT

SIGNIFICANT DEFICIENCY/NON-COMPLIANCE

2018-016 STUDENT NUTRITION – VERIFICATION AND ELIGIBILITY

RECOMMENDATION

We recommend the District enhance its procedures to ensure verification calculations are correct. The District needs to ensure it uses all information provided as part of the verification process. Regular pay should be calculated for the year, and then the District needs include overtime and bonuses to get to a gross amount. In situations where the amount calculated for income is less than what was on the application, follow up should occur to determine why.

MANAGEMENT RESPONSE

Corrective Action: Food Service Nutrition Department will double check all income when calculating for verification.

Due Date of Completion: Immediate

Responsible Party: Food Service Director

NON-COMPLIANCE

2018-015 FAILURE TO SUBMIT THE DATA COLLECTION FORM IN A TIMELY MANNER

RECOMMENDATION

The District should ensure audit documentation is provided as agreed upon and that the District is prepared audit fieldwork as scheduled with their auditor.

MANAGEMENT RESPONSE

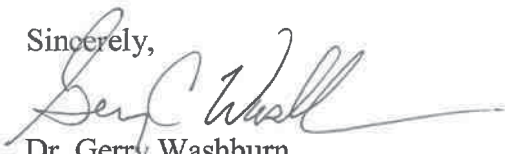
Corrective Action: The District will make sure the staff is prepared for the audit work.

Due Date of Completion: On going

Responsible Party: Finance Director

If the US Department of Education has questions regarding this plan, please call me at 575-234-3300.

Sincerely,



Dr. Gerry Washburn
Superintendent