STATE OF NEW MEXICO

CENTRAL CONSOLIDATED SCHOOLS

ANNUAL FINANCIAL REPORT
AND
SUPPLEMENTAL INFORMATION
YEAR ENDED JUNE 30, 2018
WITH
REPORT OF CERTIFIED PUBLIC ACCOUNTANTS

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INTRODUCTORY SECTION

OF

CENTRAL CONSOLIDATED SCHOOLS

ANNUAL FINANCIAL REPORT
FISCAL YEAR 2018

JULY 1, 2017 THROUGH JUNE 30, 2018

The Central Consolidated School District is in the heart of the beautiful Four Corners region of San Juan County in the northwest corner of New Mexico. It borders Colorado to the north, Arizona to the west, and Utah to the northwest. The District serves the communities of Kirtland, Ojo Amarillo, Newcomb, Naschitti, and Shiprock, New Mexico.

There are eight elementary schools, three middle schools, three high schools, and one alternative high school, as well as the preschools. The District, which serves approximately 6,000 students in 15 schools, plus early childhood preschools, covers nearly 3,000 square miles. It is part of the New Mexico Public Education Department's public school system.

Our Mission

Building a collaborative relationship within our collective community through continuous learning, open communication, and shared trust.

Our Vision

A community of learners dedicated to building lives.

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June 30, 2018

BOARD OF EDUCATION

Adam J. Begaye	President
Sheldon Pickering	Vice-President
Christina J. Aspaas	Secretary
Ruthda W. Thomas	Member
Charlie T. Jones, Jr.	Member

ADMINISTRATION

Dr. Colleen Bowman	Superintendent
Terrian Benn	Acting Superintendent
Dr. Rebecca Benedict	Assistant Super
Cheryl Thompson	Director of Finance
Herienetta Clichee	Business Coordinator
Kristy Stock	Grants & Compliance Supervisor

AUDIT COMMITTEE

Sheldon Pickering	Vice-President
Ruthda W. Thomas	Member

FINANCE COMMITTEE

Adam J. Begaye	President
Christina J. Aspaas	Vice-President
Michael Moss	Member
Deborah Belone	Member
Herbinetta Clichee	Member
Erica Benally	Member
Cheryl Thompson	Member

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FINANCIAL SECTION

OF

CENTRAL CONSOLIDATED SCHOOLS

ANNUAL FINANCIAL REPORT
FISCAL YEAR 2018

JULY 1, 2017 THROUGH JUNE 30, 2018

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INDEPENDENT AUDITORS' REPORT

Wayne Johnson, State Auditor,
The Board of Education and Audit Committee of
Central Consolidated Schools

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the general fund and major special revenue funds of Central Consolidated Schools, as of and for the year ended June 30, 2018, and the related notes to the financial statements which collectively comprise Central Consolidated Schools basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Emphasis of Matter

As discussed in Note I.B and Note IV.C, during the year ended June 30, 2018 Central Consolidated Schools adopted new accounting guidance, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinions are not modified with respect to this matter.

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Wayne Johnson, State Auditor,
The Board of Education and Audit Committee of
Central Consolidated Schools

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 7-16. Accounting principles generally accepted in the United States of America also require that the Schedule of Proportionate Share of the Net Pension Liability and Schedule of Contributions for pensions and OPEB on pages 65 and 66 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. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Central Consolidated Schools' basic financial statements. The supplemental information such as the budgetary comparisons for the major capital project fund, the combining and individual nonmajor fund financial statements, the budgetary comparisons for non-major special revenue funds, capital projects funds, debt service funds, and the other information, such as the Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the other schedules required by 2.2.2.NMAC are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 12, 2018 on our consideration of the Central Consolidated Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Central Consolidated Schools' internal control over financial reporting and compliance.

Accounting & Financial Solutions, LLC
Farmington, New Mexico
November 12, 2018

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MANAGEMENTS DISCUSSION AND ANALYSIS

OF

CENTRAL CONSOLIDATED SCHOOLS

AS OF AND FOR THE YEAR ENDED

JUNE 30, 2018

As management of Central Consolidated Schools (District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2018. The management's discussion and analysis is presented as required supplementary information to supplement the basic financial statements.

FINANCIAL HIGHLIGHTS

- The District's total net position of governmental activities decreased $16.7 million which represents a 41 percent decrease from the prior fiscal year as a result of the inclusion of a liability for the other post-employment benefit (OPEB) related to the implementation of GASB Statement No. 75.

- General revenues accounted for $36.0 million in revenue, or 43 percent of all current fiscal year revenues. Program specific revenue in the form of charges for services and grants and contributions accounted for $48 million or 57 percent of total current fiscal year revenues.

- The District had approximately $100.7 million in expenses related to governmental activities, an increase of 15 percent from the prior fiscal year.

- Among major funds, the General Fund had $54.8 million in current fiscal year revenues, which primarily consisted of intergovernmental revenues from the federal and state governments, and $54 million in expenditures. The General Fund's fund balance increase from $10.5 million at the prior fiscal year end to $11.3 million at the end of the current fiscal year was primarily due to revenues exceeding expenditures for the year.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business. The accrual basis of accounting is used for the government-wide financial statements.

OVERVIEW OF FINANCIAL STATEMENTS

The statement of net position presents information on all of the District's assets, liabilities, and deferred inflows/outflows of resources with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused compensated absences).

The government-wide financial statements outline functions of the District that are principally supported by property taxes and intergovernmental revenues. The governmental activities of the District include instruction, support services, central services, operation and maintenance of plant services, student transportation services, food services, community services, and interest on long-term debt.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental funds and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements use the modified accrual basis of accounting and focus on near-term inflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the District's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

OVERVIEW OF FINANCIAL STATEMENTS

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General, Title I Fund #24101, Impact Aid Indian Education Fund #25147, and Debt Service Fund #41000, all of which are considered to be major funds. A statement of revenues, expenditures and changes in fund balances – budget and actual has been provided for the General Fund, Title I Fund #24101 and Impact Aid Indian Education Fund #25147 as basic financial statements. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements and schedules.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the District. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. Due to their custodial nature, the fiduciary funds do not have a measurement focus.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the basic financial statements.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's budget process and pension plan. Schedules for the pension plan have been provided as required supplementary information. Budget to actual schedules for certain funds are presented as other supplemental information.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows exceeded liabilities and deferred inflows by $24.3 million at the current fiscal year end.

The largest portion of the District's net position reflects its investment in capital assets (e.g., land and improvements, buildings and improvements, vehicles, furniture and equipment and construction in progress), less any related outstanding debt used to acquire those assets. The District uses these capital assets to provide services to its students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related outstanding debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. In addition, a portion of the District's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance is unrestricted and may be used to meet the District's ongoing obligations to its citizens and creditors. Unrestricted net position is currently in a deficit position.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following table presents a summary of the District's net position for the fiscal years ended June 30, 2018 and June 30, 2017.

	As of June 30, 2018	As of June 30, 2017
Current and other assets	$ 31,398,204	$ 33,879,421
Capital assets, net	194,766,586	194,206,630
Total assets	226,164,790	228,086,051
Deferred outflows	53,663,098	17,151,290
Current and other liabilities	6,849,555	6,738,961
Long-term liabilities	235,009,894	144,533,528
Total liabilities	241,859,449	151,272,489
Deferred inflows	13,712,300	2,995,837
Net position:		
Net investment in capital assets	153,756,478	147,693,934
Restricted	17,929,774	22,536,109
Unrestricted	(147,430,113)	(79,261,028)
Total net position	$ 24,256,139	$ 90,969,015

At the end of the current fiscal year the District reported positive balances in two categories of net position. Unrestricted net position reported a deficit of $147.4 million due to the District's proportionate share of the state pension and OPEB plan's unfunded liability. The same situation held true for the prior fiscal year.

The District's financial position is the product of several financial transactions including the net result of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets. The following are significant current year transactions that had an impact on the Statement of Net Position.

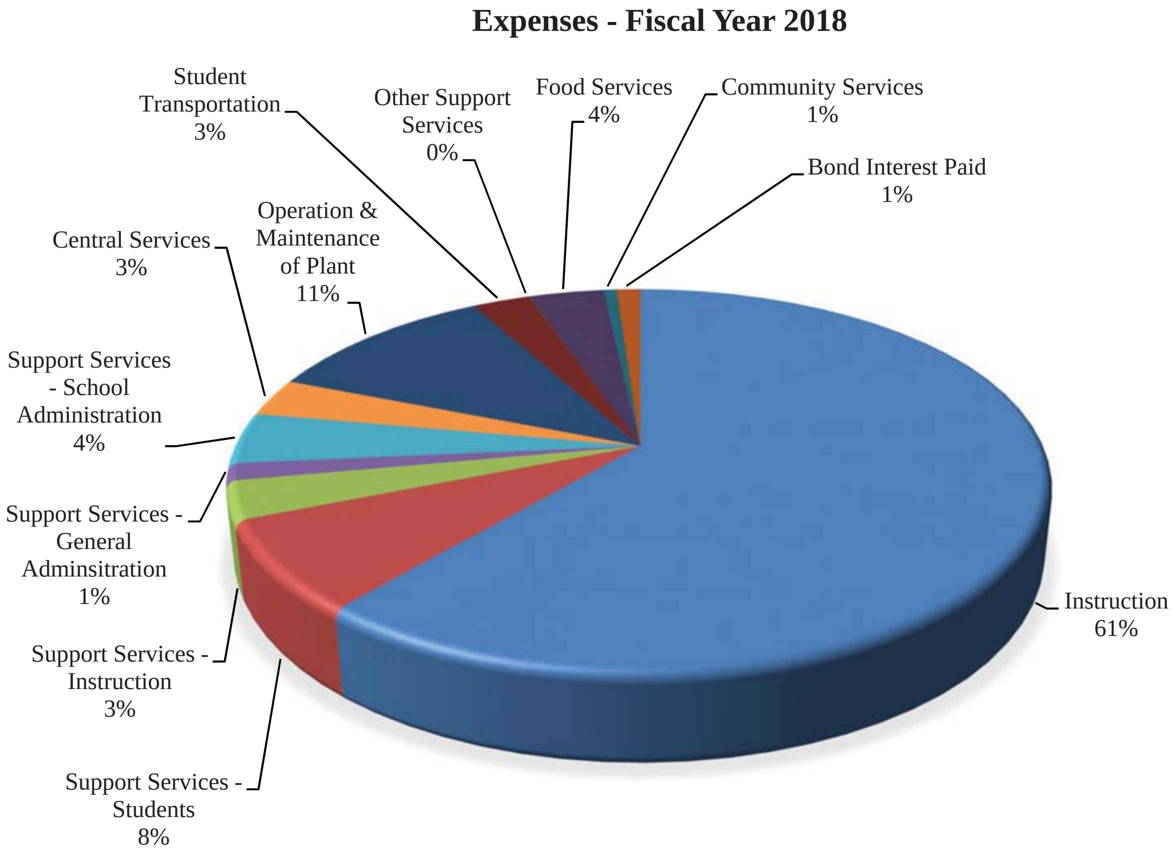
- The increase of $52.4 million in pension liabilities due to a $45.5 million increase in the deferred outflows related to a change of assumptions.
- The addition of $42.1 million in aggregate OPEB liability due to the implementation of GASB Statement No. 75.
- The principal retirement of $4.8 million of bonds.
  - The addition of $8.6 million in capital assets primarily related to HVAC replacement projects being performed at various sites throughout the district.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Changes in net position. The District's total revenues for the current fiscal year were $84.1 million. The total cost of all programs and services was $100.7 million. The following table presents a summary of the changes in net position for the fiscal years ended June 30, 2018 and June 30, 2017.

	Fiscal Year Ended June 30, 2018	Fiscal Year Ended June 30, 2017
Revenues:		
Program revenues:		
Charges for services	$ 1,297,051	$ 1,520,866
Operating grants and contributions	46,068,977	57,755,709
Capital grants and contributions	665,469	5,941,329
General revenues:		
Property taxes	7,671,606	7,533,485
Oil and gas	19,325	22,902
Grants and contributions not restricted	28,021,584	13,318,615
Loss on asset disposal	(17,750)	(8,776,016)
Miscellaneous income	324,387	569,289
Total revenues	84,050,649	77,886,179
Expenses:		
Instruction	61,688,238	47,491,950
Support services – students	7,739,365	6,819,172
Support services – instruction	3,227,529	3,038,626
Support services – general administration	1,455,549	2,079,570
Support service – school administration	4,361,828	4,051,632
Central services	3,221,046	3,103,937
Operations & maintenance of plant	11,069,042	12,928,582
Student transportation	2,695,158	2,446,368
Other support services	21,396	6,599
Food services	3,515,560	3,783,322
Community services	619,390	584,588
Bond interest paid	1,121,895	1,183,160
Refunds		56,890
Total expenses	100,735,996	87,574,396
Changes in net position	(16,685,348)	(9,688,217)
Net position, beginning restated	40,941,487	100,657,232
Net position, ending	$ 24,256,139	$ 90,969,015

GOVERNMENT-WIDE FINANCIAL ANALYSIS



The following are significant current year transactions that have had an impact on the change in net position.

- Decrease in operating grants and contributions of $11.7 million due to decreases in Title grant funding.
- Decrease in capital grants and contributions of $5.3 million due to the District not receiving Special Capital Outlay – State Fund #31400 revenues in FY18.
- Increase in grants and contributions not restricted of $14.7 million primarily due to an increase in Impact Aid revenue.
- Increase in instruction expenses of $14.2 million due to an increase in current year pension expense of $15.0 and the addition of $1.7 million in OPEB expenses.

The following table presents the cost of the District's major functional activities. The table also shows each function's net cost (total cost less charges for services generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden that was placed on the State and District's taxpayers by each of these functions.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

	Year Ended June 30, 2018		Year Ended June 30, 2017	
	Total Expenses	Net (Expense)/ Revenue	Total Expenses	Net (Expense)/ Revenue
Instruction	$ 61,688,238	(31,087,449)	$ 47,491,950	$ (9,630,210)
Support services – students	7,739,365	(3,847,753)	6,819,172	(2,132,485)
Support services – instruction	3,227,529	(1,712,108)	3,038,626	(1,071,380)
Support services – general administration	1,455,549	(770,752)	2,079,570	(724,534)
Support services – school administration	4,361,828	(2,313,820)	4,051,632	(1,428,553)
Central services	3,221,046	(1,708,669)	3,103,937	(1,094,408)
Operation and maintenance of plant	11,069,042	(5,861,534)	12,928,582	(4,558,451)
Student transportation	2,695,158	(499,298)	2,446,368	(456,250)
Other support services	21,396	(11,350)	6,599	(2,327)
Food services	3,515,560	(3,441,304)	3,783,322	188,274
Community services	619,390	(328,568)	584,588	(206,118)
Bond interest paid	1,121,895	(1,121,895)	1,183,160	(1,183,160)
Refunds			56,890	(56,890)
Total	$100,735,996	$ (52,704,500)	$ 87,574,396	$ (22,356,492)

- The cost of all governmental activities this year was $100.7 million.
- Federal and State governments and charges for services subsidized certain programs with grants and contributions and other local revenues of $48.0 million.
- Net cost of governmental activities of $52.7 million was financed by general revenues, which are made up of primarily property taxes of $7.7 million and grants and contributions not restricted of $28.0 million.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the District's net resources available for spending at the end of the fiscal year.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed the year, its governmental funds reported a combined fund balance of $29.4 million, a decrease of $3.3 million due primarily to the utilization of beginning balances in the Bond Building Fund #31100 for capital outlay expenditures.

The General Fund comprises 39 percent of the total fund balance. Approximately $11.1million, or 98 percent of the General Fund's fund balance is unassigned.

The General Fund is the principal operating fund of the District. The increase in fund balance of $819,221 to $11.3 million as of fiscal year end. General Fund revenues increased $2.1 million as a result of an increase in intergovernmental revenue received from the federal government. General Fund expenditures decreased $4.3 million. This was a result of decreases in the instruction, general administration and operation & maintenance of plant expenditure functions.

The Impact Aid Indian Education Fund #25147 reported a fund balance increase of $989,757 to end the year with a balance of $4.2 million. The increase can be attributed to the receipt of prior year Impact Aid revenues in the current year.

The Debt Service Fund #41000 reported a decrease in fund balance of $535,937 to end the year with a balance of $4.5 million. The decrease can be attributed to bonded debt expenditure requirements exceeding property tax revenues for the year.

BUDGETARY HIGHLIGHTS

Over the course of the year, the District revised the General Fund annual expenditure budget. The difference between the original budget and the final amended budget was a $780,987 increase, or one percent.

A schedule showing the original and final budget amounts compared to the District's actual financial activity for the General Fund is provided in this report as a basic financial statement on page 16. The significant variances are summarized as follows:

- The favorable variance of $6,453,697 in intergovernmental – federal grants was a result of the receipt of previous years Impact Aid in the current year.
- The unfavorable variance of $4,556,587 in intergovernmental – state grants was a result of the receipt of less state equalization guarantee (SEG) funds. The increase in impact aid revenues was a contributing factor.
- The favorable variance of $1,830,369 in instruction expenditures can be attributed to conservative spending and unfilled positions.
- The favorable variance of $1,504,752 in operation & maintenance expenditures can be attributed to conservative spending.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. At year end, the District had invested $325.8 million in capital assets, including school buildings, athletic facilities, buses and other vehicles, and equipment. This amount represents a net increase prior to depreciation of $8.6 million from the prior fiscal year, primarily due to HVAC projects being done at various sites throughout the District. Total depreciation expense for the current fiscal year was $8.0 million.

The following schedule presents a summary of capital asset balances for the fiscal years ended June 30, 2018 and June 30, 2017.

	As of June 30, 2018	As of June 30, 2017
Capital assets – non-depreciable	$ 6,639,058	$ 1,875,162
Capital assets – depreciable, net	188,127,528	192,321,470
Total	$ 194,766,586	$ 194,196,632

The estimated cost to complete current construction projects is $3 million.

Additional information on the District's capital assets can be found in Note IIIE.

Debt Administration. At year end, the District had $41 million in long-term debt outstanding, $3.9 million due within one year. Long-term debt decreased by $4.9 million due primarily to payments made to retire bonded debt.

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

Additional information on the District's long-term debt can be found in Note IIIF.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Many factors were considered by the District's administration during the process of developing the fiscal year 2018-19 budget. Among them:

- State mandated 3% raises across all positions.
- Decline in student enrollment of 222.5 resulting in a decline in funding of $924k.
- Increases in health and medical, property & liability premiums.
- Increases in utility costs of 10%.
- The District's commitment to retaining a consistent cash balance in response to minimal bonding capacity and reduced oil & gas revenue.
- The age of District facilities and the impact on maintenance costs.

Also considered in the development of the budget is the local economy and inflation of the surrounding area.

Budgeted expenditures in the General Fund increased 3 percent to $63.9 million in fiscal year 2018-19. Intergovernmental revenues and property taxes are expected to be the primary funding sources. No new programs were added to the 2018-19 budget.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the resources it receives. If you have questions about this report or need additional information, contact the Business and Finance Department, Central Consolidated Schools, P.O. Box 1199, Highway 64, Old High School Road, Shiprock, New Mexico 87420.

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BASIC FINANCIAL STATEMENTS

OF

CENTRAL CONSOLIDATED SCHOOLS

AS OF AND FOR THE YEAR ENDED

JUNE 30, 2018

STATE OF NEW MEXICO

CENTRAL CONSOLIDATED SCHOOLS

STATEMENT OF NET POSITION

June 30, 2018

	Governmental Activities
Assets	
Cash and cash equivalents	$ 27,089,034
Investments	249,917
Receivables:	
Delinquent property taxes receivable	167,620
Grant	2,718,665
Due from other governments	22,950
Fuel inventory	257,140
Food inventory	103,961
Non-current:	
Restricted cash	788,917
Non-depreciable assets	6,639,058
Depreciable capital assets, net	188,127,528
Total Assets	226,164,790
Deferred Outflows of Resources:	
Contributions to pension subsequent to the measurement date	5,358,438
Difference between expected and actual pension experience	279,688
Net change in pension assumptions	45,482,944
Net change in proportionate share of pension liability	1,771,681
Contributions to OPEB subsequent to the measurement date	770,347
Total Deferred Outflows of Resources	53,663,098
Liabilities	
Accounts payable	1,813,176
Accrued interest	509,076
Deposits held for others	45,709
Compensated absences	559,958
Long-term liabilities other than pensions:	
Due within one year	3,921,636
Due in more than one year	37,079,802
Aggregate net pension liability	155,806,379
Aggregate OPEB liability	42,123,713
Total Liabilities	241,859,449
Deferred Inflows of Resources	
Gain on advanced bond refunding	8,670
Difference between expected and actual pension experience	2,400,344
Net difference between projected and actual investment earnings on pension plan investments	21,373
Net change in proportionate share of pension liability	1,694,654
Difference between expected and actual OPEB experience	1,616,485
Net difference between projected and actual investment earnings on OPEB plan investments	605,979
Net change in OPEB assumptions	7,364,795
Total Deferred Inflows of Resources	13,712,300
Net Position	
Net investment in capital assets	153,756,478
Restricted for:	
Inventories	361,101
Special revenue funds	9,151,996
Capital projects	4,326,638
Debt service	4,090,039
Unrestricted	(147,430,113)
Total Net Position	$ 24,256,139

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

STATE OF NEW MEXICO

CENTRAL CONSOLIDATED SCHOOLS

STATEMENT OF ACTIVITIES

Year Ended June 30, 2018

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contibutions	Net (Expense) Revenue and Changes in Net Position: Primary Government Governmental Activities
Primary government:					
Governmental activities:					
Instruction	$ 61,688,238	$ 965,045	$ 28,954,254	$ 653,831	$ (31,115,108)
Support Services - Students	7,739,365	257,750	3,632,581	-	(3,849,034)
Support Services - Instruction	3,227,529	-	1,514,887	-	(1,712,642)
Support Services - General Administration	1,455,549	-	683,183	1,374	(770,992)
Support Services - School Administration	4,361,828	-	2,047,286	-	(2,314,542)
Central Services	3,221,046	-	1,511,844	-	(1,709,202)
Operations & Maintenance of Plant	11,069,042	-	5,195,413	10,264	(5,863,365)
Student Transportation	2,695,158	-	2,228,765	-	(466,393)
Other Support Services	21,396	-	10,043	-	(11,353)
Food Services	3,515,560	74,256	-	-	(3,441,304)
Community Services	619,390	-	290,720	-	(328,670)
Bond interest paid	1,121,895	-	-	-	(1,121,895)
Total governmental activities	$ 100,735,996	$ 1,297,051	$ 46,068,976	$ 665,469	(52,704,500)

General revenues:	
Taxes:	
Property Taxes:	
General purposes	411,210
Capital projects	1,645,095
Debt service	5,615,301
Oil and gas	19,325
Grants and contributions not restricted	28,021,584
Loss on asset disposal	(17,750)
Miscellaneous income	324,387
Total general revenues	36,019,152
Change in net position	(16,685,348)
Net position - beginning	90,977,755
Restatement	(50,036,268)
Net position - beginning as restated	40,941,487
Net position - ending	$ 24,256,139

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

STATE OF NEW MEXICO
CENTRAL CONSOLIDATED SCHOOLS

GOVERNMENTAL FUNDS
Balance Sheet
June 30, 2018

	General Fund	Title I Fund #24101	Impact Aid Indian Education Fund #25147
Assets			
Cash and cash equivalents	$ 9,613,254	$ -	$ 4,272,745
Investments	249,917	-	-
Receivables:			
Property taxes	8,612	-	-
Grant	-	985,279	-
Due from other governments	1,194	-	-
Due from other funds	2,513,260	1,497	2,931
Fuel inventory	257,140	-	-
Food inventory	-	-	-
Restricted:			
Cash and cash equivalents	-	-	-
Total assets	$ 12,643,377	$ 986,776	$ 4,275,676
Liabilities, deferred inflows, and fund balance			
Liabilities:			
Accounts payable	$ 1,228,039	$ 23,943	$ 111,249
Due to other funds	12,020	962,833	-
Deposits held for others	45,709	-	-
Total liabilities	1,285,768	986,776	111,249
Deferred inflows of resources:			
Delinquent property taxes	7,731	-	-
Fund balance:			
Non-spendable:			
Inventories	257,140	-	-
Restricted for:			
Special revenue funds	-	-	4,164,427
Capital projects funds	-	-	-
Debt service	-	-	-
Unassigned	11,092,738	-	-
Total fund balance	11,349,878	-	4,164,427
Total liabilities, deferred inflows of resources, and fund balance	$ 12,643,377	$ 986,776	$ 4,275,676

(cont'd; 1 of 2)

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

STATE OF NEW MEXICO
CENTRAL CONSOLIDATED SCHOOLS

GOVERNMENTAL FUNDS
Balance Sheet
June 30, 2018

	Debt Service Fund #41000	Other Governmental Funds	Total Governmental Funds
Assets			
Cash and cash equivalents	$ 3,670,304	$ 9,532,731	$ 27,089,034
Investments	-	-	249,917
Receivables:			
Property taxes	123,058	35,950	167,620
Grant	-	1,733,386	2,718,665
Due from other governments	16,836	4,920	22,950
Due from other funds	-	5,604	2,523,292
Fuel inventory	-	-	257,140
Food inventory	-	103,961	103,961
Restricted:			
Cash and cash equivalents	788,917	-	788,917
Total assets	$ 4,599,115	$ 11,416,552	$ 33,921,496
Liabilities, deferred inflows, and fund balance			
Liabilities:			
Accounts payable	$ -	$ 449,945	$ 1,813,176
Due to other funds	-	1,548,439	2,523,292
Deposits held for others	-	-	45,709
Total liabilities	-	1,998,384	4,382,177
Deferred inflows of resources:			
Delinquent property taxes	110,600	32,306	150,637
Fund balance:			
Non-spendable:			
Inventories	-	103,961	361,101
Restricted for:			
Special revenue funds	-	4,987,569	9,151,996
Capital projects funds	-	4,294,332	4,294,332
Debt service	4,488,515	-	4,488,515
Unassigned	-	-	11,092,738
Total fund balance	4,488,515	9,385,862	29,388,682
Total liabilities, deferred inflows of resources, and fund balance	$ 4,599,115	$ 11,416,552	$ 33,921,496

(2 of 2)

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

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STATE OF NEW MEXICO
CENTRAL CONSOLIDATED SCHOOLS

RECONCILIATION OF THE BALANCE SHEET - ALL 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	$	29,388,682
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Capital assets		325,796,539
Accumulated depreciation		(131,029,953)
Other assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Property taxes receivable		150,637
Deferred outflow of resources are not financial resources, and therefore are not reported in the funds and include:		
Contributions to pension subsequent to the measurement date		5,358,438
Difference between expected and actual pension experience		279,688
Net change in pension assumptions		45,482,944
Net change in proportionate share of pension liability		1,771,681
Contributions to OPEB subsequent to the measurement date		770,347
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		(39,906,609)
Accrued interest payable		(509,076)
Accrued vacation payable		(559,958)
Bond premiums		(1,094,829)
Net pension liability		(155,806,379)
Net OPEB liability		(42,123,713)
Deferred inflow of resources are not financial resources, and therefore are not reported in the funds and include:		
Gain on advanced bond refunding		(8,670)
Difference between expected and actual pension experience		(2,400,344)
Net difference between projected and actual investment earnings on pension plan investm		(21,373)
Net change in proportionate share of pension liability		(1,694,654)
Difference between expected and actual OPEB experience		(1,616,485)
Net difference between projected and actual investment earnings on OPEB plan investme		(605,979)
Net change in OPEB assumptions		(7,364,795)
Net position of governmental activities	$	24,256,139

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

STATE OF NEW MEXICO
CENTRAL CONSOLIDATED SCHOOLS

GOVERNMENTAL FUNDS
Statement of Revenues, Expenditures, and Changes in Fund Balance
Year Ended June 30, 2018

	General Fund	Title I Fund #24101	Impact Aid Indian Education Fund #25147
Revenues:			
Taxes:			
Property	$ 410,475	$ -	$ -
Oil and gas	1,036	-	-
Intergovernmental - federal grants	23,139,517	2,657,660	5,711,011
Intergovernmental - state grants	30,195,520	-	-
Contributions - private grants	131,289	-	-
Charges for services	560,864	-	-
Investment and interest income	34,643	-	-
Miscellaneous	311,771	-	-
Total revenues	54,785,115	2,657,660	5,711,011
Expenditures:			
Current:			
Instruction	30,587,796	1,784,714	476,109
Support services:			
Students	4,864,895	-	-
Instruction	1,112,041	734,697	452,712
General Administration	895,530	88,239	116,716
School Administration	3,981,312	11,099	-
Central Services	2,470,926	-	457,469
Operation & Maintenance of Plant	7,478,532	-	2,571,150
Student transportation	2,281,066	-	-
Other Support services	19,666	-	-
Food services operations	-	-	-
Community services	93,652	10,174	206,035
Capital outlay	180,478	28,737	441,063
Debt service:			
Principal retirement	-	-	-
Bond interest paid	-	-	-
Total expenditures	53,965,894	2,657,660	4,721,254
Excess (deficiency) of revenues over expenditures	819,221	-	989,757
Other financing uses:			
Refunds	-	-	-
Transfers In	-	-	-
Transfers out	-	-	-
Total other financing uses	-	-	-
Net change in fund balance	819,221	-	989,757
Fund balance at beginning of the year	10,530,657	-	3,174,670
Fund balance at end of the year	$ 11,349,878	$ -	$ 4,164,427

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

STATE OF NEW MEXICO
CENTRAL CONSOLIDATED SCHOOLS

GOVERNMENTAL FUNDS
Statement of Revenues, Expenditures, and Changes in Fund Balance
Year Ended June 30, 2018

	Debt Service Fund #41000	Other Governmental Funds	Total Governmental Funds
Revenues:			
Taxes:			
Property	$ 5,612,663	$ 1,644,340	$ 7,667,478
Oil and gas	14,143	4,146	19,325
Intergovernmental - federal grants	-	10,436,073	41,944,261
Intergovernmental - state grants	-	2,359,679	32,555,199
Contributions - private grants	-	119,399	250,688
Charges for services	-	736,187	1,297,051
Investment and interest income	10,145	-	44,788
Miscellaneous	-	12,616	324,387
Total revenues	5,636,951	15,312,440	84,103,177
Expenditures:			
Current:			
Instruction	-	4,913,712	37,762,331
Support services:			
Students	-	2,248,602	7,113,497
Instruction	-	630,928	2,930,378
General Administration	56,155	181,201	1,337,841
School Administration	-	16,684	4,009,095
Central Services	-	32,171	2,960,566
Operation & Maintenance of Plant	1,326	122,901	10,173,909
Student transportation	-	196,139	2,477,205
Other Support services	-	-	19,666
Food services operations	-	3,231,263	3,231,263
Community services	-	259,440	569,301
Capital outlay	-	7,983,040	8,633,318
Debt service:			
Principal retirement	4,819,611	-	4,819,611
Bond interest paid	1,295,796	-	1,295,796
Total expenditures	6,172,888	19,816,081	87,333,777
Excess (deficiency) of revenues over expenditures	(535,937)	(4,503,641)	(3,230,600)
Other financing uses:			
Refunds	-	(38,907)	(38,907)
Transfers In	-	25,000	25,000
Transfers out	-	(25,000)	(25,000)
Total other financing uses	-	(38,907)	(38,907)
Net change in fund balance	(535,937)	(4,542,548)	(3,269,507)
Fund balance at beginning of the year	5,024,452	13,928,410	32,658,189
Fund balance at end of the year	$ 4,488,515	$ 9,385,862	$ 29,388,682

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

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RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES ALL GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Year Ended June 30, 2018

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

Net change in fund balance - total governmental funds	$ (3,269,507)
Govermental funds report capital outlays as expenditures. However, in the statement of activites the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital oulays exceeded depreciation in the current year	
Capital outlay	8,633,318
Depreciation	(8,055,612)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Deferred property taxes at:	
June 30, 2017	(146,509)
June 30, 2018	150,637
The issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. These differences in the treatment of long-term debt and related items consist of:	
Current year principal payments	4,819,611
Deferred gain on bond refunding amortization	4,335
Bond premium amortization	117,900
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	
Compensated absences at:	
June 30, 2017	523,811
June 30, 2018	(559,958)
Accrued interest at:	
June 30, 2017	560,742
June 30, 2018	(509,076)
Loss on asset disposal	(17,750)
Deferred contributions to pension plan	5,358,438
Deferred contributions to OPEB plan	770,347
Pension expense	(23,391,371)
OPEB expense	(1,674,704)
Change in net position of governmental activities	$ (16,685,348)

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

GENERAL FUND

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

Year Ended June 30, 2018

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes:				
Property	$ 408,961	$ 408,961	$ 410,558	$ 1,597
Oil and gas	1,389	1,389	1,090	(299)
Intergovernmental - federal grants	16,685,820	16,685,820	23,139,517	6,453,697
Intergovernmental - state grants	34,253,204	34,752,107	30,195,520	(4,556,587)
Contributions - private grants	82,500	82,500	131,289	48,789
Charges for services	425,775	425,775	560,865	135,090
Investment and interest income	30,000	30,000	34,643	4,643
Miscellaneous	45,000	46,963	311,771	264,808
Total revenues	51,932,649	52,433,515	54,785,253	2,351,738
Expenditures:				
Current:				
Instruction	32,072,294	32,359,630	30,529,261	1,830,369
Support services:				
Students	5,840,739	5,739,839	4,857,739	882,100
Instruction	1,608,242	1,702,553	1,112,041	590,512
General Administration	1,750,353	1,725,687	894,217	831,470
School Administration	4,294,366	4,291,967	3,968,166	323,801
Central Services	2,498,271	3,108,865	2,492,224	616,641
Operation & Maintenance of Plant	9,164,059	9,046,030	7,541,278	1,504,752
Student transportation	2,242,430	2,429,579	2,311,363	118,216
Other Support services	248,106	248,106	19,666	228,440
Community services	105,456	105,456	93,652	11,804
Capital outlay	1,305,000	1,152,591	180,478	972,113
Total expenditures	61,129,316	61,910,303	54,000,085	7,910,218
Excess (deficiency) of revenues over expenditures	(9,196,667)	(9,476,788)	785,168	10,261,956
Beginning cash balance budgeted	9,196,667	9,476,788	-	(9,476,788)
Fund balance at beginning of the year	-	-	10,530,657	10,530,657
Fund balance at end of the year	$ -	$ -	11,315,825	$ 11,315,825
RECONCILIATION TO GAAP BASIS:				
Change in inventory			(11,925)	
Change in property tax receivable			904	
Change in due from other governments			(306)	
Change in payables			47,071	
Change in accrued liabilities			(956)	
Change in deposits payable			(1)	
Change in deferred property taxes			(734)	
Fund balance at end of the year (GAAP basis)			$ 11,349,878	

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

STATE OF NEW MEXICO

CENTRAL CONSOLIDATED SCHOOLS

TITLE I FUND - NO. 24101

Statement of Revenues, Expenditures, and

Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)

Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive
	Original	Final	(Budgetary Basis)	(Negative)
Revenues:				
Intergovernmental - federal grants	$ 3,653,067	$ 2,969,648	$ 2,740,130	$ (229,518)
Expenditures:				
Current:				
Instruction	2,601,573	1,991,154	1,826,407	164,747
Support services:				
Instruction	865,821	777,821	734,949	42,872
General Administration	130,000	130,000	88,239	41,761
School Administration	-	15,000	11,099	3,901
Community services	26,936	26,936	10,174	16,762
Capital outlay	28,737	28,737	28,737	-
Total expenditures	3,653,067	2,969,648	2,699,605	270,043
Excess of revenues over expenditures	-	-	40,525	40,525
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	$ -	$ -	40,525	$ 40,525
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			(82,470)	
Change in payables			41,945	
Fund balance at end of the year (GAAP basis)			$ -	

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

STATE OF NEW MEXICO
CENTRAL CONSOLIDATED SCHOOLS

IMPACT AID INDIAN EDUCATION FUND - NO. 25147
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive
	Original	Final	(Budgetary Basis)	(Negative)
Revenues:				
Intergovernmental - federal grants	$ 4,184,359	$ 5,349,426	$ 5,711,010	$ 361,584
Expenditures:				
Current:				
Instruction	-	750,000	476,109	273,891
Support services:				
Students	1,740	63,740	-	63,740
Instruction	416,850	887,834	452,712	435,122
General Administration	85,868	318,868	116,716	202,152
Central Services	1,464,246	1,388,262	457,277	930,985
Operation & Maintenance of Plant	2,029,112	2,824,979	2,579,799	245,180
Community services	234,826	334,826	205,984	128,842
Capital outlay	3,496,378	2,325,578	357,593	1,967,985
Total expenditures	7,729,020	8,894,087	4,646,190	4,247,897
Excess (deficiency) of revenues over expenditures	(3,544,661)	(3,544,661)	1,064,820	4,609,481
Beginning cash balance budgeted	3,544,661	3,544,661	-	(3,544,661)
Fund balance at beginning of the year	-	-	3,174,670	3,174,670
Fund balance at end of the year	$ -	$ -	4,239,490	$ 4,239,490
RECONCILIATION TO GAAP BASIS:				
Change in payables			(75,063)	
Fund balance at end of the year (GAAP basis)			$ 4,164,427	

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

STATE OF NEW MEXICO
CENTRAL CONSOLIDATED SCHOOLS

AGENCY FUNDS
Statement of Fiduciary Assets and Liabilities
June 30, 2018

ASSETS	
Pooled cash and investments	$ 864,571
LIABILITIES	
Deposits held for others	$ 864,571

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

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I. SUMMARY OF ALL SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Central Consolidated Schools (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 Towns of Shiprock, Kirtland, Newcomb, Naschitti, and Ojo Amarillo, New Mexico and the surrounding areas. 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 District's financial statements include all entities over which the Board of Education exercises oversight responsibility. Oversight responsibility includes such aspects as appointment of governing body members, designation of management, the ability to significantly influence operations, and accountability for fiscal matters. Based upon the application of these criteria, no component units or fiduciary units were included in the financial statements.

Generally Accepted Accounting Principles (GAAP) requires that financial statements present the District (primary government) and its component units. The District has no component units that are required to be presented in accordance with Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity* and GASB Statement No. 39*, Determining Whether Certain Organizations Are Component Units, an amendment of GASB Statement No. 14*, and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34*.

1. Blended Component Units

   The District does not have any component units reported as blended component units.

2. Discretely Presented Component Units

   The District does not have any component units reported as discretely presented component units.

The summary of significant accounting policies of the District is presented to assist in the understanding of the District's financial statements. The financial statements and notes are the representation of Central Consolidated Schools' management who is responsible for their integrity and objectivity. The financial statements of the District conform to GAAP as applied to governmental units. GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

B. Implementation of New Accounting Principles

During fiscal year 2018, the District adopted the following Governmental Accounting Standards Board (GASB) Statements:

- **GASB Statement No. 75**, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*

  This Statement replaces the requirements of Statements No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as amended, and No. 57, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, for OPEB. Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, establishes new accounting and financial reporting requirements for OPEB plans. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed. This Statement will be effective for the year ended June 30, 2018.

- **GASB Statement No. 81**, *Irrevocable Split-Interest Agreements*

  The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement.

  Split-interest agreements are a type of giving agreement used by donors to provide resources to two or more beneficiaries, including governments. Split-interest agreements can be created through trusts—or other legally enforceable agreements with characteristics that are equivalent to split-interest agreements—in which a donor transfers resources to an intermediary to hold and administer for the benefit of a government and at least one other beneficiary. Examples of these types of agreements include charitable lead trusts, charitable remainder trusts, and life-interests in real estate.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

B. Implementation of New Accounting Principles (cont'd)

This Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party if the government controls the present service capacity of the beneficial interests. This Statement requires that a government recognize revenue when the resources become applicable to the reporting period.

The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2016 (FYE June 30, 2018) and should be applied retroactively. Earlier application is encouraged.

- **GASB Statement No. 82**, *Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73*

The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, Financial Reporting for Pension Plans, No. 68, Accounting and Financial Reporting for Pensions, and No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016 (FYE June 30, 2017), except for the requirements of this Statement for the selection of assumptions in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements for the selection of assumptions are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017 (FYE June 30, 2018). Earlier application is encouraged.

- **GASB Statement No. 85**, *Omnibus 2017*

The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]).

Specifically, this Statement addresses the following topics:

• Blending a component unit in circumstances in which the primary government is a business-type activity that reports in a single column for financial statement presentation

• Reporting amounts previously reported as goodwill and "negative" goodwill • Classifying real estate held by insurance entities

• Measuring certain money market investments and participating interest earning investment contracts at amortized cost

• Timing of the measurement of pension or OPEB liabilities and expenditures recognized in financial statements prepared using the current financial resources measurement focus

• Recognizing on-behalf payments for pensions or OPEB in employer financial statements

• Presenting payroll-related measures in required supplementary information for purposes of reporting by OPEB plans and employers that provide OPEB

• Classifying employer-paid member contributions for OPEB

• Simplifying certain aspects of the alternative measurement method for OPEB

• Accounting and financial reporting for OPEB provided through certain multiple-employer defined benefit OPEB plans.

The requirements of this Statement are effective for reporting periods beginning after June 15, 2017 (FYE June 30, 2018). Earlier application is encouraged.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

B. Implementation of New Accounting Principles (cont'd)

- **GASB Statement No. 86**, *Certain Debt Extinguishment Issues*

The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance.

In-Substance Defeasance of Debt Using Only Existing Resources Statement No. 7, Advance Refundings Resulting in Defeasance of Debt, requires that debt be considered defeased in substance when the debtor irrevocably places cash or other monetary assets acquired with refunding debt proceeds in a trust to be used solely for satisfying scheduled payments of both principal and interest of the defeased debt. The trust also is required to meet certain conditions for the transaction to qualify as an in-substance defeasance. This Statement establishes essentially the same requirements for when a government places cash and other monetary assets acquired with only existing resources in an irrevocable trust to extinguish the debt. However, in financial statements using the economic resources measurement focus, governments should recognize any difference between the reacquisition price (the amount required to be placed in the trust) and the net carrying amount of the debt defeased in substance using only existing resources as a separately identified gain or loss in the period of the defeasance. Governments that defease debt using only existing resources should provide a general description of the transaction in the notes to financial statements in the period of the defeasance. In all periods following an in-substance defeasance of debt using only existing resources, the amount of that debt that remains outstanding at period-end should be disclosed.

Prepaid Insurance Related to Extinguished Debt – For governments that extinguish debt, whether through a legal extinguishment or through an in-substance defeasance, this Statement requires that any remaining prepaid insurance related to the extinguished debt be included in the net carrying amount of that debt for the purpose of calculating the difference between the reacquisition price and the net carrying amount of the debt.

Additional Disclosure for All In-Substance Defeasance Transactions – One of the criteria for determining an in-substance defeasance is that the trust hold only monetary assets that are essentially risk-free. If the substitution of essentially risk-free monetary assets with monetary assets that are not essentially risk-free is not prohibited, governments should disclose that fact in the period in which the debt is defeased in substance. In subsequent periods, governments should disclose the amount of debt defeased in substance that remains outstanding for which that risk of substitution exists.

The requirements of this Statement are effective for reporting periods beginning after June 15, 2017 (FYE June 30, 2018). Earlier application is encouraged.

Other accounting standards that the District is currently reviewing for applicability and potential impact on the financial statements include:

- **GASB Statement No. 83**, *Certain Asset Retirement Obligations*

This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement.

This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. This Statement requires that recognition occur when the liability is both incurred and reasonably estimable. The determination of when the liability is incurred should be based on the occurrence of external laws, regulations, contracts, or court judgments, together with the occurrence of an internal event that obligates a government to perform asset retirement activities. Laws and regulations may require governments to take specific actions to retire certain tangible capital assets at the end of the useful lives of those capital assets, such as decommissioning nuclear reactors and dismantling and removing sewage treatment plants. Other obligations to retire tangible capital assets may arise from contracts or court judgments. Internal obligating events include the occurrence of contamination, placing into operation a tangible capital asset that is required to be retired, abandoning a tangible capital asset before it is placed into operation, or acquiring a tangible capital asset that has an existing ARO.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

B. Implementation of New Accounting Principles (cont'd)

This Statement requires the measurement of an ARO to be based on the best estimate of the current value of outlays expected to be incurred. The best estimate should include probability weighting of all potential outcomes, when such information is available or can be obtained at reasonable cost. If probability weighting is not feasible at reasonable cost, the most likely amount should be used. This Statement requires that a deferred outflow of resources associated with an ARO be measured at the amount of the corresponding liability upon initial measurement.

This Statement requires the current value of a government's AROs to be adjusted for the effects of general inflation or deflation at least annually. In addition, it requires a government to evaluate all relevant factors at least annually to determine whether the effects of one or more of the factors are expected to significantly change the estimated asset retirement outlays. A government should remeasure an ARO only when the result of the evaluation indicates there is a significant change in the estimated outlays. The deferred outflows of resources should be reduced and recognized as outflows of resources (for example, as an expense) in a systematic and rational manner over the estimated useful life of the tangible capital asset.

A government may have a minority share (less than 50 percent) of ownership interest in a jointly owned tangible capital asset in which a nongovernmental entity is the majority owner and reports its ARO in accordance with the guidance of another recognized accounting standards setter. Additionally, a government may have a minority share of ownership interest in a jointly owned tangible capital asset in which no joint owner has a majority ownership, and a nongovernmental joint owner that has operational responsibility for the jointly owned tangible capital asset reports the associated ARO in accordance with the guidance of another recognized accounting standards setter. In both situations, the government's minority share of an ARO should be reported using the measurement produced by the nongovernmental majority owner or the nongovernmental minority owner that has operational responsibility, without adjustment to conform to the liability measurement and recognition requirements of this Statement.

In some cases, governments are legally required to provide funding or other financial assurance for their performance of asset retirement activities. This Statement requires disclosure of how those funding and assurance requirements are being met by a government, as well as the amount of any assets restricted for payment of the government's AROs, if not separately displayed in the financial statements. This Statement also requires disclosure of information about the nature of a government's AROs, the methods and assumptions used for the estimates of the liabilities, and the estimated remaining useful life of the associated tangible capital assets. If an ARO (or portions thereof) has been incurred by a government but is not yet recognized because it is not reasonably estimable, the government is required to disclose that fact and the reasons therefor. This Statement requires similar disclosures for a government's minority shares of AROs.

The requirements of this Statement are effective for reporting periods beginning after June 15, 2018 (FYE June 30, 2019). Earlier application is encouraged.

- **GASB Statement No. 84**, *Fiduciary Activities*

This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. An exception to that requirement is provided for a business-type activity that normally expects to hold custodial assets for three months or less. This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria. A fiduciary component unit, when reported in the fiduciary fund financial statements of a primary government, should combine its information with its component units that are fiduciary component units and aggregate that combined information with the primary government's fiduciary funds. This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. Events that compel a government to disburse fiduciary resources occur when a demand for the resources has been made or when no further action, approval, or condition is required to be taken or met by the beneficiary to release the assets.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2018 (FYE June 30, 2020). Earlier application is encouraged.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

B. Implementation of New Accounting Principles (cont'd)

- **GASB Statement No. 87**, *Leases*

The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

Definition of a Lease - A lease is defined as a contract that conveys control of the right to use another entity's nonfinancial asset (the underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transaction. Examples of nonfinancial assets include buildings, land, vehicles, and equipment. Any contract that meets this definition should be accounted for under the leases guidance, unless specifically excluded in this Statement.

The provisions of this Statement are effective for reporting periods beginning after December 15, 2019 (FYE June 30, 2021).

- **GASB Statement No. 88**, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*

The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt.

This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established.

Requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses.

For notes to financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt.

The requirements of this Statement are effective for reporting periods beginning after June 15, 2018 (FYE June 30, 2019). Earlier application is encouraged.

- **GASB Statement No. 89**, *Accounting for Interest Cost Incurred before the End of a Construction Period*

This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. The requirements of this Statement apply to the financial statements of all state and local governments. In financial statements prepared using the economic resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expense in the period in which the cost is incurred. Such interest cost should not be capitalized as part of the historical cost of a capital asset. In financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2019 (FYE June 30, 2021). Earlier application is encouraged.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

C. 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 school district. For the most part, the effect of inter-fund activity has been removed from these statements.

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

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

D. 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. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues.

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

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. Revenues received during the year but are applicable to subsequent years are reported as deferred inflows of resources. 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. Expenditures incurred during the year that are for the benefit of subsequent years are reported as deferred outflows of resources.

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

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

General Fund – The general fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

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

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

Debt Service Funds are used to account for the payment of principal and interest on long-term debt. Debt service revenues are from taxes and other operating revenues, some of which are pledged specifically to repay certain outstanding bond issues.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (cont'd)

GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis* requires the District to present certain governmental funds as major funds. In addition to the General Fund, the District reports the following major governmental funds:

- SPECIAL REVENUE FUNDS

Title I (Fund No. 24101) Minimum Balance: None
To help local education agencies (LEAs) and schools improve the teaching and learning of children failing, or most at-risk of failing, to meet challenging State academic standards. Funding authorization: Elementary and Secondary Education Act of 1965, Title I, Part A, 20 U.S.C. 6301 et seq.

Indian Education (Fund No. 25147) Minimum Balance: None
To provide financial assistance to local educational agencies (LEA'S) where enrollments or availability of revenue are adversely affected by Federal activities, i.e. where the tax base of a district is reduced through the Federal acquisition of real property (Section 2), where there is a significant number of children who reside on Federal (including Indian) lands and/or children whose parents are employed on Federal property or in the Uniformed Services (Section 3(a) and 3 (b); where there is a significant decrease (Section 3(c)) or a sudden and substantial increase (Section 4) in school enrollment as the result of Federal activities; to provide disaster assistance for reduced or increased operating costs (Section 7(a)), for replacing or repairing damaged or destroyed supplies, equipment, and books, and for repairing minor damage to facilities. Funding authorized by Public Law 81-874.

- DEBT SERVICE FUNDS

Debt Service Fund (Fund No. 41000) Minimum Balance: None
The debt service fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Additionally, the government reports the following fund type:

Fiduciary Funds are agency funds used to account for financial resources used by the student activity groups for which the District has stewardship.

E. Assets, Liabilities, and Net Position or Equity

1. *Deposits and investments*

The government'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 investment of the District's funds in a wide variety of instruments including certificates of deposit and other similar obligations, state investment pool, and money market accounts. The District is also allowed to invest in United States Government obligations. All funds for the District must follow the above investment policies.

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

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

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

E. Assets, Liabilities, and Net Position or Equity (cont'd)

2. *Receivables and payables*

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due from/to other funds" (i.e., the current portion of inter-fund loans) or "advances to/from other funds" (i.e., the non-current portion of inter-fund loans). All other outstanding balances between funds are reported as "due from/to other funds."

The District's property taxes are levied each year on the assessed valuation of property located in the School District as of the preceding January 1st. Mill levy rates are set by the State of New Mexico each year for the General Fund, Capital Improvements SB – 9 Fund, and Debt Service Fund. Taxes are payable in two equal installments on November 10th and April 10th following the levy and become delinquent after 30 days.

Under GASB Statement 33, property taxes are impressed non-exchange revenue. Assets from impressed non-exchange transactions are reported when the District has an enforceable legal claim to the asset. The enforceable legal claim date for property taxes is the assessment date. Taxes are payable in two equal installments on November 10 and April 10th following the levy and become delinquent after 30 days. Therefore, the District has recorded a delinquent tax receivable and revenue for taxes received within the sixty days following year-end. A receivable and deferred revenue have been recorded for uncollected delinquent taxes. On the government-wide financial statements, the district has recorded delinquent property taxes receivable and revenue for taxes assessed as of year-end that have not be collected, as prescribed in GASB 34. An allowance for refunds and uncollectible amounts has not been recorded.

3. *Inventories*

USDA Commodities are recorded at estimated costs and other inventories are recorded at cost, which approximates market. Inventories of governmental funds are recorded as expenditures when purchased rather than when consumed.

4. *Capital assets*

Capital assets, which include property, plant, and equipment (software), are reported in the applicable governmental-wide financial statements. Beginning July 1, 2005, the threshold for defining Capital assets by the government was raised from $1,000 to assets with an initial, individual cost of more than $5,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Software costs have been included with the cost of computer equipment and are capitalized with that equipment. The District does not develop software for internal use or any other use.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest on construction projects has not been capitalized.

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

ESTIMATED USEFUL LIVES

ASSETS	YEARS
Buildings	40 - 50
Building improvements	20
Land Improvements	10 - 20
Vehides	7
Office equipment	5
Computer equipment	3 - 5

5. *Compensated absences*

It is the District's policy to permit employees to accumulate 36 days of earned but unused vacation, which will be paid to employees upon retirement from the District's service. The amount for liability has been reported in the government-wide financial statements.

Accumulated sick leave is not payable upon termination and is recorded as expenditures when it is paid.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

E. Assets, Liabilities, and Net Position or Equity (cont'd)

6. *Long-term obligations*

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, statement of Net Position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discounts.

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

7. *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 Education 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. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

8. *Postemployment Benefits Other Than Pensions (OPEB)*

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the New Mexico Retiree Health Care Fund (RHCA) and additions to/deductions from RHCA's fiduciary net position have been determined on the same basis as they are reported by RHCA. For this purpose, RHCA recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

9. *Deferred Outflows/Inflows of Resources*

Both deferred inflows and outflows are reported in the Statement of Net Position but are not recognized in the financial statements as revenues, expenses, and reduction of liabilities or increase in assets until the period(s) to which they relate.

In addition to assets, the District reports a separate section for deferred outflows of resources. This separate financial statement element represents a use of net position/fund balance that applies to future periods and will not be recognized as an expenditure until that time.

The District also reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position/fund balance that applies to future periods and so will not be recognized as a revenue until that time. Revenue must be susceptible to accrual (measurable and available to finance expenditures of the current fiscal period) to be recognized. If assets are recognized in connection with a transaction, but those assets are not yet available to finance expenditures of the current fiscal period, then the assets must be offset by a corresponding liability for deferred inflows of resources.

The District reports deferred outflows of resources for pension-related amounts for the District's share of the difference between projected and actual earnings, for the District's share of the difference between contributions to the individual plans and the proportionate share of the contributions, and for changes of assumptions or other inputs.

The District reports deferred inflows of resources for pension-related amounts in the government wide financial statements or the District's share of the difference between expected and actual experience and for the District's share of the difference between contributions to the individual plans and the proportionate share of the contributions.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

E. Assets, Liabilities, and Net Position or Equity (cont'd)

Under the modified accrual basis of accounting, revenue and other fund financial resources are recognized in the period in which they become both measurable and available. Assets recorded in the fund financial statements for which the revenues are not available are reported as a deferred inflow of resources. Deferred inflows of resources are also comprised of property tax and long-term receivables that are unavailable in the fund statements.

10. *Fund balance*

a. Non-Spendable

The non-spendable fund balance classification includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example, inventories and prepaid amounts.

b. Restricted

Fund balance is reported as restricted when constraints placed on the use of resources are either (1) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or (2) imposed by law through constitutional provisions or enabling legislation.

c. Committed

Amounts that can only be used for specific purposes pursuant to constraints imposed by the formal action of the District's Board of Education should be reported as committed fund balance. The committed amounts cannot be used for any other purpose unless the District's Board of Education removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. The District did not have committed fund balances for the year ended June 30, 2018.

d. Assigned

Assigned fund balance includes (a) all remaining amounts, except for negative balances, that are reported in governmental funds, other than the general fund, that are not classified as non-spendable and are neither restricted nor committed and amounts in the general fund that are constrained by the District's intent to be used for specific purposes but are neither restricted nor committed. Intent, and removal of, is expressed by the Board of Education or the Finance Committee. The District did not have assigned fund balances for the year ended June 30, 2018.

e. Unassigned

The remaining fund balance, after all other classifications, within the general fund is reported as unassigned fund balance. This classification 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. In governmental funds other than the general fund, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes, a negative fund balance will be reported as unassigned fund balance.

When committed, assigned, and unassigned resources are available for use, it is the District's policy to use committed first followed by assigned and unassigned resources as they are needed.

11. *Net Position*

Net Position is presented on the Statement of Net Position and may be presented in any of three components.

a. Net investment in capital assets

This component of Net Position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. The portion of the debt attributable to the unspent proceeds is not included in the calculation of invested in capital assets, net of related debt. That portion of the debt is included in restricted for capital projects.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

E. Assets, Liabilities, and Net Position or Equity (cont'd)

b. Restricted Net Position

Net Position is reported as being restricted when the restriction is either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the government to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation.

c. Unrestricted Net Position

Unrestricted Net Position consists of Net Position that does not meet the definition of "net investment in capital assets" or "restricted."

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

In the governmental environment, Net Position often is designated to indicate that management does not consider them to be available for general operations. In contrast to restricted Net Position, these types of constraints on resources are internal and management can remove or modify them. However, enabling legislation established by the reporting government should not be construed as an internal constraint.

12. *Indirect Costs*

The District's General Fund receives indirect cost reimbursements from the various federal programs it administers. These reimbursements are for expenses incurred in performing administrative functions on behalf of the Special Revenue Funds. They are shown as expenditures in the Special Revenue Funds, and as other special federal revenue in the General Fund.

13. *Estimates*

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

14. *Inter-fund Transactions*

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund from expenditures initially made from it that are properly applicable to another fund, are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed. All other inter-fund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Non-recurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other inter-fund transfers are reported as operating transfers.

15. *Revenues*

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

A school district's program costs are determined through the use of various formulas using 'program units' which take into consideration 1) early childhood education; 2) basic education; 3) special education; 4) bilingual-multicultural education, 5) size, etc. Payment is made from the public school fund under the authority of the Director of Public School Finance. The District received $27,770,896 in state equalization guarantee distributions during the year ended June 30, 2018.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

E. Assets, Liabilities, and Net Position or Equity (cont'd)

Transportation Distribution: School districts in the State of New Mexico received 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 $2,228,765 in transportation distributions during the year ended June 30, 2018.

Instructional Materials: The New Mexico Public Education Department (PED) receives federal mineral leasing funds from which it makes annual allocations to the various school districts for the purchase of educational materials. Of each allocation, fifty percent is restricted to the purchase of material listed on the PED 'Multiple List", while fifty percent of each allocation is available for purchases directly from vendors or transfer to the fifty percent account for purchase of material from the "Multiple List". Districts are allowed to carry forward unused textbook funds from year to year. The District received $180,784 in instructional materials distributions during the year ended June 30, 2018.

16. *Tax Abatements*

Governmental Accounting Standards Board Statement No. 77 requires the District to disclose information on certain tax abatement agreements effecting the District. Accordingly, the District did not have any tax abatements effecting the District during the year ended June 30, 2018.

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

Budgets for the General, Special Revenue, Capital Projects, and Debt Service Funds are prepared by management and are approved by the local Board of Education and the Public School Budget and Planning Unit of the Department of Education. 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. The budget process in the State of New Mexico requires that the beginning cash balance be appropriated in the budget of the subsequent fiscal year. Such appropriated balance is legally restricted and is therefore presented as a reserved portion of fund balance.

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

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

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

1. In April or May, the superintendent submits to the Board of Education a proposed operating budget of the fiscal year commencing the following July. The operating budget includes proposed expenditures and the means of financing them, and has approval by the Department of Education.
2. In May or June, the budget is approved by the Board of Education.
3. The school board meeting, while not intended for the general public, is open for the general public unless a closed meeting has been called for.
4. 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 Department of Education.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, Debt Service Funds and Capital Projects Funds.

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (cont'd)

B. Budgetary Information

6. Budgets for the General, Special Revenue, Capital Projects, and Debt Service Funds are adopted on a basis not consistent with generally accepted accounting principles (GAAP). Encumbrances are treated the same way for GAAP purposes and for Budget purposes.

The Board of Education may approve amendments to the appropriated budget, which are required when a change is made affecting budgeted ending fund balance. The appropriated budget for the year ended June 30, 2018 was properly amended by the Board through the year. New Mexico state law prohibits a Governmental Agency to exceed an individual line item. These amendments resulted in the following changes:

	ORIGINAL	FINAL
Major Funds:		
General Funds	$ 61,129,316	$ 61,910,303
Special Revenue Funds:		
Title I	3,653,067	2,969,648
Impact Aid Indian Education	7,729,020	8,894,087
Debt Service Funds:		
Debt Service	8,327,472	8,327,472
Nonmajor Funds:		
Special Revenue Funds	13,122,951	16,116,624
Capital Projects Funds	10,666,074	10,897,006
Total Budget	$ 104,627,900	$ 109,115,140

C. Budgetary Violations

The District had a budgetary violations in the Transportation Fund in the Student Transportation function in the amount of $25,592 during the year ended June 30, 2018.

D. Deficit Fund Equity

The District did not have any deficit fund balances as of June 30, 2018.

III. DETAILED NOTES ON ALL FUNDS

A. Cash and Temporary Investments

At June 30, 2018, the carrying amount of the District's deposits was $28,742,522 and the bank balance was $31,303,082 with the difference consisting of outstanding checks.

	BALANCE
Financial institution:	
Wells Fargo Bank	$ 30,020,484
Bank of the Southwest	493,681
State agencies:	
New Mexico Finance Authority	788,917
Less:	
Agency cash	(864,571)
Restricted Cash	(788,917)
Net reconciling items	(2,553,147)
Reconciliation error	(7,413)
Total cash and equivalents	$ 27,089,034

Of the total cash and cash equivalents balance, $500,000 was covered by federal depository insurance and $18,564,915 was covered by collateral held in joint safekeeping by a third party.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. New Mexico State Statutes require collateral pledged for deposits in excess of the federal deposit insurance to be delivered, or a joint safekeeping receipt be issued, to the District for at least one half of the amount on deposit with the institution. The District does not have a deposit policy for custodial credit risk, other than the following state statutes as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978). The statement listed below will meet the State of New Mexico Office of the State Auditor's requirement in reporting the uninsured portion of the deposits. As of June 30, 2018, $12,238,167 of the District's bank deposits was exposed to custodial risk as follows:

	INSURED	UNDER INSURED	TOTAL
Bank deposits:			
Uninsured and uncollateralized	$ 12,238,167	$ -	$ 12,238,167
Uninsured and collateral held by pledging bank's trust dept not in the District's name	18,564,915	-	18,564,915
Total uninsured	30,803,082	-	30,803,082
Insured (FDIC)	500,000	-	500,000
Total deposits	$ 31,303,082	$ -	$ 31,303,082
State of New Mexico collateral requirement:			
50% of uninsured public fund bank deposits	$ 15,401,543	$ -	$ 15,401,543
Pledged security	18,564,915	-	18,564,915
Over collateralization	$ 3,163,372	$ -	$ 3,163,372

III. DETAILED NOTES ON ALL FUNDS (cont'd)

A. Cash and Temporary Investments

The collateral pledged is listed on Schedule of Pledged Collateral in the Other Supplemental Information section of this report. The types of collateral allowed are limited to direct obligations of the United States Government and all bonds issued by any agency, district, or political subdivision of the State of New Mexico. According to the Federal Deposit Insurance Authority, public unit deposits are funds owned by the District. Time deposits, savings deposits and interest bearing "Now" accounts of a public unit in an institution in the same state will be insured up to $250,000 in aggregate and separate from the $250,000 coverage for public unit demand deposits at the same institution.

Investments

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District does not have a written policy for limiting interest rate risk.

Credit Risk

Credit risk is the risk that an issuer or other counter

party to an investment will not fulfill its obligations. U.S. obligations, investments explicitly guaranteed by the U.S. Government, and non-debt investments are excluded from this requirement. The District's investments are in time deposits or investments guaranteed by the U.S government and therefore are excluded from this requirement.

Custodial Credit Risk – Investments

As of June 30, 2018, the District's investments are in certificates of deposit of $250,000 or less, or U.S. Government Securities or securities secured by the U.S. Federal Government. Therefore, the District is not subject to custodial credit risk.

The District investments held in certificated of deposits as follows:

Current assets:	
Investments	$ 249,917
Non-current assets:	
Investments	-0-
	$249,917

B. Receivables

Receivables as of June 30, 2018 for the government's individual major funds and non-major funds in the aggregate, including the following:

	RECEIVABLES		DUE FROM OTHER	
	Property Taxes	Grants	Governments	Funds
Major Funds:				
General Funds	$ 8,612	$ -	$ 1,194	$ 2,513,260
Title I	-	985,279	-	1,497
Impact Aid Indian Education	-	-	-	2,931
Debt Service	123,058	-	16,836	-
Other Governmental Funds	35,950	1,733,386	4,920	5,604
Total	$ 167,620	$ 2,718,665	$ 22,950	$ 2,523,292

An allowance for doubtful accounts has not been established. All receivables are expected to be collectible.

III. DETAILED NOTES ON ALL FUNDS (cont'd)

C. Inter-Fund Receivables and Payables

The inter-fund receivables and payables at June 30, 2018 were:

	RECEIVABLES	PAYABLES
Major Funds:		
General Funds	$ 2,513,260	$ 12,020
Title I	1,497	962,833
Impact Aid Indian Education	2,931	-
Debt Service	-	-
Other Governmental Funds	5,604	1,548,439
Total	$ 2,523,292	$ 2,523,292

The inter-fund loans were made for the purposes of cash shortfalls within the individual funds. The loans are expected to be repaid within the next fiscal year.

D. Inter-Fund Transfers

The inter-fund transfers during the year ended June 30, 2018 were:

	TRANSFERS IN	TRANSFERS OUT
Major Funds:		
General Funds	$ -	$ -
Title I	-	-
Impact Aid Indian Education	-	-
Debt Service	-	-
Other Governmental Funds	(25,000)	(25,000)
Total	$ (25,000)	$ (25,000)

The transfers were to clear funds that are no longer being used and were approved by the New Mexico Department of Education.

III. DETAILED NOTES ON ALL FUNDS (cont'd)

E. Capital Assets

Capital asset activity for the year ended June 30, 2018 was as follows:

	BEGINNING	INCREASES	DECREASES	ENDING
Governmental activities:				
Capital assets not being depreciated:				
Land	$ 454,000	$ -	$ -	$ 454,000
Construction in progress	1,421,162	7,747,791	(2,983,895)	6,185,058
Total capital assets not being depreciated	1,875,162	7,747,791	(2,983,895)	6,639,058
Capital assets being depreciated:				
Land improvements	7,568,221	66,212	-	7,634,433
Buildings and improvements	289,656,396	191,041	2,983,895	292,831,332
Furniture, fixtures, and equipment	14,826,167	628,274	(77,839)	15,376,602
Library books	3,315,114	-	-	3,315,114
Total capital assets being depreciated	315,365,898	885,527	2,906,056	319,157,481
Less accumulated depreciation for:				
Land improvements	(1,804,198)	(398,343)	-	(2,202,541)
Buildings and improvements	(108,731,708)	(6,697,609)	-	(115,429,317)
Furniture, fixtures, and equipment	(9,192,954)	(950,116)	60,089	(10,082,981)
Library books	(3,305,570)	(9,544)	-	(3,315,114)
Total accumulated depreciation	(123,034,430)	(8,055,612)	60,089	(131,029,953)
Total capital assets being depreciated, net	192,331,468	(7,170,085)	2,966,145	188,127,528
Total capital assets, net	$ 194,206,630	$ 577,706	$ (17,750)	$194,766,586

Depreciation has been allocated to the functions by the following amounts:

	AMOUNT
Instruction	$ 4,988,617
Support Services:	
Students	625,868
Instruction	261,004
General Administration	117,708
School Administration	352,733
Central Services	260,480
Operations & Maintenance of Plant	895,133
Student Transportation	217,953
Other Support services	1,730
Food Services	284,297
Community Services	50,089
Total Depreciation Expense	$ 8,055,612

The Schedule of Capital Assets Used by Source, and the Schedule of Changes in Capital Assets by Function and Activity have not been prepared because the detailed information is unavailable.

Construction commitments

The District is not involved in any long-term construction projects as part of their master plan for upgrading.

III. DETAILED NOTES ON ALL FUNDS (cont'd)

F. Long-Term Debt

General Obligation Bonds

The District issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. Bonds are direct obligations and pledge the full faith and credit of the District. The bonds will be paid from taxes levied against property owners living within the School District boundaries. The details of the bonds and notes as of June 30, 2018 are as follows:

BOND ISSUES		ORIGINAL AMOUNT	INTEREST RATES	BALANCE	CURRENT PORTION
Series	03/25/08	$ 5,500,000	2.60% to 5.00%	$ 3,600,000	$ 900,000
Series	10/26/10	12,000,000	2.00% to 3.00%	8,100,000	400,000
Series	08/21/12	14,810,000	2.00% to 3.00%	4,300,000	200,000
Series	01/21/14	13,980,000	2.25% to 4.00%	10,470,000	1,500,000
Series	10/20/15	12,000,000	1.00% to 3.00%	11,260,000	225,000
Total		$ 58,290,000		$ 37,730,000	$ 3,225,000

Annual debt service requirements to maturity for general obligation bonds are as follows:

YEAR ENDING JUNE 30,	PRINCIPAL	INTEREST	TOTAL REQUIREMENTS
2019	$ 3,225,000	$ 1,098,625	$ 4,323,625
2020	3,350,000	997,800	4,347,800
2021	3,525,000	882,200	4,407,200
2022	3,710,000	771,675	4,481,675
2023	3,300,000	676,675	3,976,675
2024 - 2028	15,800,000	1,965,188	17,765,188
2029 - 2033	4,820,000	131,900	4,951,900
2034 - 2038	-	-	-
Total	$ 37,730,000	$ 6,524,063	$ 44,254,063

Revenue Bonds

The District also issued bonds where the District pledged income derived from the acquired or constructed assets to pay debt service.

REVENUE BOND ISSUES		ORIGINAL AMOUNT	INTEREST RATES	BALANCE	CURRENT PORTION
Series	2006 Revenue Bond Teacherage	$ 8,269,675	3.04% to 3.98%	$ 2,176,609	$ 696,636

Annual debt service requirements to maturity for general obligation bonds are as follows:

YEAR ENDING JUNE 30,	PRINCIPAL	INTEREST	TOTAL REQUIREMENTS
2019	$ 696,636	$ 72,197	$ 768,833
2020	725,048	44,329	769,377
2021	754,925	15,023	769,948
Total	$ 2,176,609	$ 131,550	$ 2,308,159

III. DETAILED NOTES ON ALL FUNDS (cont'd)

F. Long-Term Debt (cont'd)

Changes in long term debt – During the year ended June 30, 2018 the following changes occurred in liabilities reported in the government wide financial statements:

		BEGINNING BALANCE	ADDITIONS	RETIREMENTS	ENDING BALANCE	DUE WITHIN ONE YEAR
Compensated absences:						
Compensated vacation		$ 523,811	$ 509,503	$ 473,356	$ 559,958	$ 559,958
Revenue bonds payable:						
Original Amount	Issue					
$1,030,000	05/09/03	2,846,220	-	669,611	2,176,609	696,636
Bonds payable						
Original Amount	Issue					
1,125,000	06/01/06	4,200,000	-	600,000	3,600,000	900,000
725,000	12/01/06	8,800,000	-	700,000	8,100,000	400,000
580,000	10/26/07	6,100,000	-	1,800,000	4,300,000	200,000
900,000	10/24/08	11,120,000	-	650,000	10,470,000	1,500,000
475,000	10/23/09	11,660,000	-	400,000	11,260,000	225,000
Total Bonds payable		44,726,220		4,819,611	39,906,609	3,921,636
		$ 45,250,031	$ 509,503	$ 5,292,967	$ 40,466,567	$ 4,481,594

The liability of compensated absences is liquidated with resources from the general fund and several special revenue funds. The liquidation of bonds payable is done with resources from the debt service fund.

Balances shown for bonds and notes do not include unamortized premiums or deferred amounts on refinancing.

	BALANCE
Bonds payable	$ 39,906,609
Less: current maturities	(3,921,636)
Unamortized:	
Bond premiums	1,094,829
Total non-current liabilities	$ 37,079,802

IV. OTHER INFORMATION

A. 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; injury to employees; and natural disasters. The New Mexico Public Schools Insurance Authority (NMPSIA) was formed on April 5, 1985 under the New Mexico Public Schools Insurance Authority Act, Chapter 22, Section 2 of the New Mexico Statutes Annotated (NMSA 1978), as amended, as an insurance fund to provide health, disability and life insurance coverage (benefits coverage), and property, casualty and workers' compensation insurance coverage (risk coverage) to participating public schools, school board members, public school employees, and retirees within the State of New Mexico. The District is one of 91 members that participate in NMPSIA. Participation in NMPSIA is mandatory for all K-12 public schools except those with enrollment exceeding 60,000 students. Participation is voluntary for other public education institutions. The District pays an annual premium to the pool for its general insurance coverage. The agreement for formation of NMPSIA provides that the pool will be self-sustaining through member premiums. NMPSIA establishes self-insured retentions by line of coverage and procures insurance or reinsurance, where indicated, in excess of the self-insured retention on a per occurrence basis. NMPSIA will publish its own financial report for the year ended June 30, 2018.

B. Employee Retirement Plan

Plan Description - Substantially all of the District's full-time employees participate in a public employee retirement system authorized under the Educational Retirement Act (Chapter 22, Article 11, Sections 1 through 52, NMSA 1978). The Educational Retirement Board (ERB) is the administrator of the New Mexico Educational Employees' Retirement Plan (Plan), which is a cost-sharing multiple-employer defined benefit retirement plan. ERB issues a separate, publicly available financial report that includes the financial statements and required supplementary information for the plan. That report may be obtained www.nmerb.org, www.saonm.org, or by writing to:

ERB
P.O. Box 26129
Santa Fe, New Mexico 87502-6129
www.nmerb.org

Membership in the Plan is a condition of employment. Employees of public schools, universities, regional cooperatives, special schools and state agencies providing educational programs, who are employed at more than 25% of a full-time equivalency, are required to be members of the Plan. There were 150,082 active, retired, and inactive members in fiscal year 2016; there were 146,089 active, retired, and inactive members in fiscal year 2015.

Benefits Provided - The plan provides for retirement benefits, disability benefits, survivor benefits and cost-of-living adjustments to plan members (certified teachers, and other employees of State public school districts, colleges and universities) and beneficiaries. Benefits are based on three components: Final Average Salary (FAS), years of both earned and allowed service credits, and a 2.35% factor. The gross annual benefit is determined by multiplying the three components together. FAS is the higher of annual earnings for the previous 20 calendar quarters prior to retirement or the highest average annual earnings for any 20 consecutive calendar quarters.

For members employed before July 1, 2010, a member is eligible to retire when one of the following events occurs: the member's age and earned service credit add up to the sum or 75 or more; the member is at least sixty-five years of age and has five or more years of earned service credit; or the member has service credit totaling 25 years or more.

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

IV. OTHER INFORMATION (cont'd)

B. Employee Retirement Plan (cont'd)

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

Retired members and surviving beneficiaries receiving benefits receive an automatic cost of living adjustment (COLA) to their benefit commencing on July 1 following the later of: (i) the year a member retires, or (ii) the year in which a member attains age 65 (Tier 1 and Tier 2) or age 67 (Tier 3).

If the plan's funded ratio for the next preceding fiscal year is 100%, or greater, Section 22-11-31(C)(1) of the New Mexico Statutes Annotated defines the adjustment factor as ½ of the percentage increase of the consumer price index between the next preceding calendar year and the preceding calendar year. The adjustment factor cannot exceed four percent, nor be less than two percent. However, if the percentage increase of the consumer price index is less than two percent, the adjustment factor will be equal to the percentage increase of the consumer price index.

If the plan's funded ratio for the next preceding fiscal year is greater than 90%, but less than 100%, Section 22-11-31(C)(2) indicates that the adjustment factor for all non-disability retirements will be 95% of the adjustment factor defined in Section 22-11-31(C)(1) if the member had 25 or more years of service credit at retirement and whose annuity is less than or equal to the median adjusted annuity for the fiscal year next preceding the adjustment date. For all other retirees eligible for an adjustment, the adjustment factor will be 90% of the adjustment factor defined in Section 22-11-31(C)(1).

If the plan's funded ratio for the next preceding fiscal year is 90%, or less, Section 22-11-31(C)(3) indicates that the adjustment factor for all non-disability retirements will be 90% of the adjustment factor defined in Section 22-11-31(C)(1) if the member had 25 or more years of service credit at retirement and whose annuity is less than or equal to the median adjusted annuity for the fiscal year next preceding the adjustment date. For all other retirees eligible for an adjustment, the adjustment factor will be 80% of the adjustment factor defined in Section 22-11-31(C)(1).

Finally, annuities shall not be decreased in the event that there is a decrease in the consumer price index between the next preceding calendar year and the preceding calendar year.

As of July 1, 2013, for current and future retirees the COLA was immediately reduced until the plan is 100% funded. The COLA reduction was based on the median retirement benefit of all retirees excluding disability retirements. Retirees with benefits at or below the median and with 25 or more years of service credit will have a 10% COLA reduction; their average COLA will be 1.5%. All other retirees will have a 20% COLA reduction; their average COLA will be 1.6%. Once the funding is greater than 90%, the COLA reductions will decrease. The retirees with benefits at or below the median and with 25 or more years of service credit will have a 5% COLA reduction; their average COLA will be 1.7%. All other retirees will have a 10% COLA reduction; their average will be 1.8%. Members on disability retirement are entitled to a COLA commencing on July 1 of the third full year following disability retirement. A member on regular retirement who can prove retirement because of a disability may qualify for a COLA beginning July 1 in the third full year of retirement.

IV. OTHER INFORMATION (cont'd)

B. Employee Retirement Plan (cont'd)

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

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

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

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

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

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

Member Contributions – Plan members whose annual salary is $20,000 or less are required by statute to contribute 7.9% of their gross salary. Plan members whose annual salary is over $20,000 are required to make the following contributions to the Plan: 10.7% of their gross salary in fiscal year 2018.

Employer Contributions – In fiscal year 2018, the District was required to contribute 13.9% of the gross covered salary for employees whose annual salary is $20,000 or less, and 13.9% of the gross covered salary for employees whose annual salary is more than $20,000. The contribution requirements of plan members and the District are established in State statute under Chapter 22, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The District's contributions to ERB for the fiscal years ending June 30, 2018 were $5,358,438, which equal the amount of the required contributions for year ended June 30, 2018.

Employers

The Educational Retirement Act designates employers as Local Administrative Units, directly responsible for payment of compensation for the employment of members or participants of this Plan. There were 218 contributing employers in fiscal year 2017; there were 218 contributing employers in fiscal year 2016.

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

At June 30, 2018, the District reported a liability of $155,806,379 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 that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and regional education cooperatives, actuarially determined. At June 30, 2017, the District's proportion was 1.40196 percent, which was a decrease of 0.03506 percent from its proportion measured as of June 30, 2016.

IV. OTHER INFORMATION (cont'd)

B. Employee Retirement Plan (cont'd)

For the year ended June 30, 2018, the District recognized pension expense of $23,391,371.

PENSION EXPENSE CALCULATION	
Net pension liability - end of the year	$ 155,806,379
Net pension liability - beginning of the year	(103,414,190)
Deferred outflows of resources during the year	(35,939,888)
Deferred inflows of resources during the year	1,373,465
Reductions to ending net pension liability due contributions paid	5,565,605
Total Pension Expense	$ 23,391,371

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

	OUTFLOWS	INFLOWS
Difference between expected and actual experience	$ 279,688	$ 2,400,344
Change of assumptions	45,482,944	-
Net difference between projected and actual earnings on pension plan investments	-	21,373
Changes in proportion and differences between District contributions and proportionate share of contributions	1,771,681	1,694,654
District contributions subsequent to the measurement date	5,358,438	-
Total	$ 52,892,751	$ 4,116,371

Deferred outflows of resources related to pensions in the amount of $5,358,438 resulted from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

JUNE 30,	AMORTIZATION
2019	$ (16,920,356)
2020	(17,614,494)
2021	(10,166,038)
2022	1,282,946
2023	-
Thereafter	-
Total	$ (43,417,942)

Actuarial Assumptions

A single discount rate of 5.90% was used to measure the total pension liability as of June 30, 2017. This single discount rate was based on the expected rate of return on pension plan investments of 5.90%. Based on the assumptions described below and the projection of cash flows, pension plan's fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current plan members. The long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

IV. OTHER INFORMATION (cont'd)

B. Employee Retirement Plan (cont'd)

The total pension liability, net pension liability, and certain sensitivity information are based on an actuarial valuation performed as of June 30, 2016. The total pension liability was rolled forward from the valuation date to the Plan's year ended June 30, 2017 using generally accepted actuarial principles. The roll-forward incorporates the impact of the new assumptions adopted by the Board on April 21, 2017. There were no other significant events or changes in benefit provisions that required an adjustment to the roll-forward liabilities as of June 30, 2017. The liabilities reflect the impact of the new assumptions adopted by the Board of Trustees on April 21, 2017 as well as the change in the single discount rate between June 30, 2016 and June 30, 2017. Specifically, the liabilities measured as of June 30, 2017 incorporate the following assumptions:

1) All members with an annual salary of more than $20,000 will contribute 10.7% during the fiscal year ending June 30, 2015 and thereafter.
2) Members hired after June 30, 2013 will have an actuarially reduced retirement benefit if they retire before age 55 and their Cost of Living Adjustment (COLA) will be deferred until age 67.
3) COLAs for most retirees are reduced until ERB attains a 100% funded status.
4) The new assumptions adopted by the Board on April 21, 2017 in conjunction with the change in the single discount rate, and
5) For purposes of projecting future benefits, it is assumed that the full COLA is paid in all future years.

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

Actuarial Cost Method Entry Age:	Normal
Amortization Method:	Level Percentage of Payroll
Remaining Period:	Amortized - closed 30 years from June 30, 2012 to June 30, 2042
Asset Valuation Method:	5 year smoothed market for funding valuation (fair value for financial valuation)
Inflation:	2.50%
Salary Increases:	Composition: 3.00% inflation, plus 0.75% productivity increase rate, plus step rate promotional increases for members with less than 10 years of service
Investment Rate of Return:	7.25%
Single Discount Rate:	5.90%
Retirement Age:	Experience based table of age and service rates
Mortality:	Healthy Males – RP-2000 Combined Mortality Table with white collar adjustments, generational mortality improvements with scale BB. Healthy Females – 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.

IV. OTHER INFORMATION (cont'd)

B. Employee Retirement Plan (cont'd)

The long-term expected rate of return on pension plan investments is determined annually using a building-block approach that includes the following: 1) rate of return projections are the sum of current yield plus projected changes in price (valuation, defaults, etc.), 2) application of key economic projections (inflation, real growth, dividends, etc.), and 3) structural themes (supply and demand imbalances, capital flows, etc.). These items are developed for each major asset class. Best estimates of geometric real rates of return for each major asset class included in the Plan's target asset allocation for 2017 and 2016 for 30-year return assumptions are summarized in the following table:

Asset Class	2017 Long-Term Expected Real Rate of Return	2016 Long-Term Expected Real Rate of Return
Cash	-0.25%	-0.25%
U.S. Treasuries	0.25%	0.00%
IG Corp Credit	1.75%	1.75%
Mortgage Backed Securities	0.25%	0.25%
Core Bonds*	0.75%	0.64%
Treasury Inflation Protected Securities	0.50%	0.75%
High-Yield Bonds	2.50%	2.50%
Bank Loans	2.75%	2.75%
Global Bonds (Unhedged)	-0.50%	-0.50%
Global Bonds (Hedged)	-0.38%	-0.38%
Emerging Market Debt External	2.50%	2.75%
Emerging Market Debt Local Currency	3.25%	3.25%
Large Cap Equities	4.25%	4.25%
Small/ Mid Cap Equities	4.50%	4.50%
International Equities (Unhedged)	4.50%	4.75%
International Equities (Hedged)	4.89%	5.14%
Emerging International Equities	6.25%	6.25%
Private Equity	6.25%	6.25%
Private Debt	4.75%	4.75%
Private Real Assets	5.90%	4.50%
Real Estate	3.25%	3.25%
Commodities	2.25%	2.25%
Hedge Funds	3.22%	3.25%

Rate of Return

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

1) Rate of return projections are the sum of current yield plus projected changes in price (valuation, defaults, etc.),
2) Application of key economic projections (inflation, real growth, dividends, etc.), and
3) Structural themes (supply and demand imbalances, capital flows, etc.).

These items are developed for each major asset class.

IV. OTHER INFORMATION (cont'd)

B. Employee Retirement Plan (cont'd)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate Assumption

The following table shows the sensitivity of the net pension liability to changes in the discount rate as of fiscal year end 2017, 2016, and 2015. In particular, the table presents the Plan's net pension liability under the current single rate assumption, as if it were calculated using a discount rate one percentage point lower or one percentage point higher than the single discount rate.

			CURRENT SINGLE RATE		
		Discount Rate	1% Decrease	Single Rate Assumption	1% Increase
ERB (All Employers)					
	2017	5.90%	$ 14,466,972,041	$ 11,113,468,217	$ 8,372,251,980
	2016	7.75%	9,531,509,131	7,196,433,561	5,258,980,529
	2015	7.75%	8,715,594,530	6,477,266,299	4,596,837,569
Central Consolidated Schools					
	2017	5.90%	$ 202,821,159	$ 155,806,379	$ 117,375,922
	2016	7.75%	136,969,693	103,414,190	75,572,602
	2015	7.75%	120,636,902	89,655,081	63,627,127

C. Post-Retirement Health Care Benefits

Plan Description - The District, as an employer, contributes to the New Mexico Retiree Health Care Fund (RHCA), a cost-sharing multiple-employer defined benefit postemployment healthcare plan. The plan provides healthcare insurance and prescription drug benefits to retired employees of participating employers, their spouses, dependents, and surviving spouses and dependents. The RHCA Board was established by the Retiree Health Care Act (Chapter 10, Article 7C, NMSA 1978). The Board is responsible for establishing and amending benefit provisions of the healthcare plan and is also authorized to designate optional and/or voluntary benefits like dental, vision, supplemental life insurance, and long-term care policies. RHCA issues a separate, publicly available financial report that includes the financial statements and required supplementary information for the plan. That report may be obtained www.nmrhca.org, www.saonm.org, or by writing to:

Retiree Health Care Authority
4308 Carlisle NE, Suite 104
Albuquerque, NM 87107

The plan is used to provide postemployment benefits other than pensions (OPEB) for retirees who were an employee of participating employer in either the New Mexico Public Employees Retirement Association (PERA) or Educational Retirement Board (ERB), eligible to receive a pension. For employers who "buy-in" to the plan, retirees are eligible for benefits six months after the effective date of employer participation. Retirees not in a PERA enhanced (Fire, Police, Corrections) pension plan who commence benefits on or after January 1, 2020 will not receive any subsidy from RHCA before age 55.

IV. OTHER INFORMATION (cont'd)

C. Post-Retirement Health Care Benefits (cont'd)

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

There were 160,035 active, retired, surviving spouses, and inactive members in fiscal year 2017; there were 159,642 active, retired, surviving spouses, and inactive members in fiscal year 2016.

Funding Policy

The Retiree Health Care Act (Section 10-7C-13 NMSA 1978) authorizes the RHCA Board to establish the monthly premium contributions that retirees are required to pay for healthcare benefits. Each participating retiree pays a monthly premium according to a service-based subsidy rate schedule for the medical, plus basic life plan, plus an additional participation fee of five dollars ($5) if the eligible participant retired prior to the employer's effective date or is a former legislator or former governing authority member. Former legislators and governing authority members are required to pay 100% of the insurance premium to cover their claims and the administrative expenses of the plan. The monthly premium rate schedule can be obtained from RHCA or viewed on their website at www.nmrhca.org.

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

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. For employees that were members of an enhanced retirement plan (state police and adult correctional officer member coverage plan 1; municipal police member coverage plans 3, 4 or 5; municipal fire member coverage plan 3, 4 or 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act) during the fiscal year ended June 30, 2013, the statute required each participating employer to contribute 2.5% of each participating employee's annual salary; and each participating employee was required to contribute 1.25% of their salary. For employees that were not members of an enhanced retirement plan during the fiscal year ended June 30, 2014, the statute required each participating employer to contribute 2.0% of each participating employee's annual salary; each participating employee was required to contribute 1.0% of their salary. In addition, pursuant to Section 10-7C-15(G) NMSA 1978, at the first session of the Legislature following July 1, 2013, the legislature shall review and adjust the distributions pursuant to Section 7-1-6.1 NMSA 1978 and the employer and employee contributions to the authority in order to ensure the actuarial soundness of the benefits provided under the Retiree Health Care Act.

Benefits Provided - Retirees and spouses are eligible for medical and prescription drug benefits. Dental and vision benefits are also available but were not included in any valuation since they are 100% retiree-paid. A description of these benefits may be found in Enrolled Participants at www.nmrhca.org.

Member Contributions – Employees that were not members of an enhanced plan, the statute required each participating employee was required to contribute 1% of their gross salary in fiscal year 2018.

Employer Contributions – In fiscal year 2018, the District was required to contribute 2% of the gross covered salary for employees who are entitled to RHCA benefits. The District's contributions to RHCA for the fiscal year ending June 30, 2018 was $770,347, which equal the amount of the required contributions for each fiscal year.

Employers - The Educational Retirement Act designates employers as Local Administrative Units, directly responsible for payment of compensation for the employment of members or participants of this Plan. There were 301 contributing employers in fiscal year 2017.

IV. OTHER INFORMATION (cont'd)

C. Post-Retirement Health Care Benefits (cont'd)

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

At June 30, 2018, the District reported a liability of $42,123,713 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The District 's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2017, the District's proportion was 0.92954 percent.

For the year ended June 30, 2018, the District recognized OPEB expense of $1,674,704.

OPEB EXPENSE CALCULATION	
Net OPEB liability - end of the year	$ 42,123,713
Net OPEB liability - beginning of the year	(50,834,356)
Deferred outflows of resources during the year	-
Deferred inflows of resources during the year	9,587,259
Reductions to ending net OPEB liability due contributions paid	798,088
Total OPEB Expense	$ 1,674,704

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

	OUTFLOWS	INFLOWS
Difference between expected and actual experience	$ -	$ 1,616,485
Change of assumptions	-	7,364,795
Net difference between projected and actual earnings on OPEB plan investments	-	605,979
Changes in proportion and differences between District contributions and proportionate share of contributions	-	-
District contributions subsequent to the measurement date	770,347	-
Total	$ 770,347	$ 9,587,259

Deferred outflows of resources related to OPEB in the amount of $770,347 resulted from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2018. Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

JUNE 30,	AMORTIZATION
2019	$ 2,038,318
2020	2,038,318
2021	2,038,318
2022	2,038,318
2023	1,433,987
Thereafter	-
Total	$ 9,587,259

IV. OTHER INFORMATION (cont'd)

C. Post-Retirement Health Care Benefits (cont'd)

Actuarial Assumptions

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 OPEB plan'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.

A blended rate of the assumed investment return on Plan assets (e.g. 7.25% for the June 30, 2017 valuation) and the rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (e.g. 3.58% as of June 30, 2017). The 7.25% discount rate was used to calculate the net OPEB liability through June 30, 2029. Benefit payments after June 30, 2029 are then discounted by the index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher, currently 3.58%. The blended discount rate of 3.81% was used to measure the total OPEB liability as of June 30, 2017.

The total OPEB liability was determined by an actuarial valuation as of June 30, 2017 using the following actuarial assumptions:

Valuation Date:	June 30, 2017
Actuarial Cost Method Entry Age:	Entry age normal, level percent of pay, calculated on individual employee basis
Amortization Method:	30-year open-ended amortization, level percent of payroll
Remaining Period:	30 years as of June 30, 2016
Asset Valuation Method:	Market value of assets
Actuarial assumptions	
Inflation:	2.50% for ERB; 2.25% for PERA
Projected Salary Increases:	3.50%
Investment Rate of Return:	7.25%, net of OPEB plan investment expense and margin for adverse deviation including inflation
Health Care Cost Trend Rate:	8% graded down to 4.5% over 14 years for Non-Medicare medical plan costs and 7.5% graded down to 4.5% over 12 for Medicare medical plan costs

Rate of Return

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which the expected future real rates of return (net of investment fees and inflation) are developed for each major asset class. These returns are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adding expected inflation and subtracting expected investment expenses and a risk margin. The target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before investment expenses, used in the derivation of the long-term expected investment rate of return assumptions. The target allocation and best estimates for the long-term expected rate of return is summarized as follows:

Asset Class	Target Allocation %	2017 Long-Term Expected Real Rate of Return %
U.S. core fixed income	20	9.1
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

IV. OTHER INFORMATION (cont'd)

C. Post-Retirement Health Care Benefits (cont'd)

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate Assumption

The following table shows the sensitivity of the net OPEB liability to changes in the discount rate as of June 30, 2017. In particular, the table presents the Plan's net OPEB liability under the current single rate assumption, as if it were calculated using a discount rate one percentage point lower (1% decrease) or one percentage point higher (1% increase) than the single discount rate.

CURRENT SINGLE RATE					
		Discount Rate	1% Decrease	Single Rate Assumption	1% Increase
RHCA (All Employers)					
	2017	3.81%	$ 5,496,848,763	$ 4,531,673,018	$ 3,774,405,896
Central Consolidated Schools					
	2017	3.81%	$ 51,095,408	$ 42,123,713	$ 35,084,613

The following presents the Net OPEB Liability of RHCA as of June 30, 2017, as well as what the Fund's Net OPEB Liability would be if it were calculated using a health cost trend rate that is one percentage point lower (1% decrease) or one percentage point higher (1% increase) than the health cost trend rates used:

HEALTH COST TREND RATE				
		1% Decrease	Current Trend Rates	1% Increase
RHCA (All Employers)				
	2017	$ 3,854,499,980	$ 4,531,673,018	$ 5,059,700,584
Central Consolidated Schools				
	2017	$ 35,829,119	$ 42,123,713	$ 47,031,941

D. Contingent Liabilities

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

The government is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the government's counsel the resolution of these matters will not have a material adverse effect on the financial condition of the government.

E. Cash Flows

The District's federal and state grants operate on a reimbursement basis. The District must support the expenditures of these grants with monies from the unrestricted operating monies. Operating on a reimbursement basis for these grants in its self does not adversely affect the District's ability to operate effectively. However, the time it takes to receive reimbursement, if extensive, does significantly affect the District's cash flows and the ability to deliver educational services to the community in an effective manner. This could affect the District's financial operations in subsequent years.

IV. OTHER INFORMATION (cont'd)

F. Restatement

There was a restatement of the basic financial statements for $50,036,268, net pension liability. This was for the implementation of GASB Statement no. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* which requires the recognition of the District's portion of the cost-sharing OPEB Liability.

G. Subsequent Events

Subsequent events were evaluated through November 12, 2018 which is the date the financial statements were available to be issued.

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
Educational Retirement Board (ERB) Pension Plan
Last 10 Fiscal Years*

	2018	2017	2016	2015
District's proportion of the net pension liability	1.410960%	1.437020%	1.384150%	1.371850%
District's proportionate share of the net pension liability	$ 155,806,379	$ 103,414,190	$ 89,655,081	$ 78,274,059
District's covered-employee payroll	$ 39,792,853	$ 41,051,983	$ 39,359,197	$ 37,813,136
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	391.54%	251.91%	227.79%	207.00%
Plan fiduciary net position as a percentage of the total pension liability	52.95%	61.58%	63.97%	66.54%

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

SCHEDULE OF THE DISTRICT'S PENSION CONTRIBUTIONS
Educational Retirement Board (ERB) Pension Plan
Last 10 Fiscal Years*

	2018	2017	2016	2015
Contractually required contribution	$ 5,348,507	$ 5,531,206	$ 5,706,225	$ 5,470,928
Contributions in relation to the contractually required	(5,358,438)	(5,543,306)	(5,707,080)	(5,473,195)
Contribution deficeiency (excess)	$ (9,931)	$ (12,100)	$ (855)	$ (2,267)
District's Covered-employee Payroll	$ 38,478,469	$ 39,792,853	$ 41,051,983	$ 39,359,197
Contribution as a percentage of covered-employee payroll	13.93%	13.93%	13.90%	13.91%

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

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2018

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

Changes of assumptions: ERB conducts an actuarial experience study for the Plan on a biennial basis. Based on the six-year actuarial experience study presented to the Board of Trustees on June 30, 2016, ERB implemented the following changes in assumptions for fiscal years 2017.

1) Fiscal year 2017 valuation assumptions that changed based on this study:
   a. Lower wage inflation from 3.75% to 3.25%
   b. Lower payroll growth from 3.50% to 3.00%
   c. Minor changes to demographic assumptions
   d. Lower Inflation rate from 3.00% to 2.50%
   e. Lower Investment return from 7.75% to 7.25%
   f. Lower COLA assumption from 2.00% per year to 1.90%
2) Assumptions that were not changed:
   a. Population growth per year at 0.00%
   b. Salary increases at 3.00% inflation, plus 0.75% productivity increase rate, plus step-rate promotional increases for less than ten years of service
   c. Net real return remains at 4.75%

See also the Note VI (B) *Actuarial Assumptions* of the financial statement note disclosure on the Pension Plan.

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
Retiree Health Care Authority (RHCA) OPEB Plan
Last 10 Fiscal Years*

	2018
District's proportion of the net OPEB liability	0.929540%
District's proportionate share of the net OPEB liability	$ 42,123,713
District's covered-employee payroll	$ 39,904,375
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	105.56%
Plan fiduciary net position as a percentage of the total OPEB liability	11.34%

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

SCHEDULE OF THE DISTRICT'S OPEB CONTRIBUTIONS
Retiree Health Care Authority (RHCA) OPEB Plan
Last 10 Fiscal Years*

	2018
Contractually required contribution	$ 770,374
Contributions in relation to the contractually required	(770,347)
Contribution deficeiency (excess)	$ 27
District's Covered-employee Payroll	$ 38,518,723
Contribution as a percentage of covered-employee payroll	2.00%

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

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2018

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

Changes of assumptions: RHCA conducts an actuarial experience study for the Plan on a biennial basis. Based on the six-year actuarial experience study presented to the Board of Trustees on June 30, 2017, ERB implemented the following changes in assumptions for fiscal years 2014 and 2013.
The total OPEB liability as of June 30, 2017 was determined by an actuarial valuation as of June 30, 2017. The mortality, retirement, disability, turnover and salary increase assumptions are based on the PERA annual valuation as of June 30, 2016 and the ERB actuarial experience study as of June 30, 2016.

1) Fiscal year 2017 valuation assumptions that changed based on this study:
   a. Lower Investment return from 7.75% to 7.25%
   b. Lower Inflation rate from 3.00% to 2.50%
   c. Minor changes to demographic assumptions

2) Assumptions that were not changed:
   a. Population growth per year at 0.00%
   b. Health care cost trend rate 8% graded down to 4.5% over 14 years for Non-Medicare medical plan costs and 7.5% graded down to 4.5% over 12 for Medicare medical plan costs

See also the Note IV (C) *Actuarial Assumptions* of the financial statement note disclosure on the OPEB Plan.

OTHER SUPPLEMENTAL INFORMATION

OF

CENTRAL CONSOLIDATED SCHOOLS

AS OF AND FOR THE YEAR ENDED

JUNE 30, 2018

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OTHER SUPPLEMENTAL INFORMATION

(GENERAL FUNDS)

OPERATING FUND (Fund No. 11000)
The government's primary fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

TEACHERAGE FUND (Fund No. 12000)
Accounts for all financial resources used in the housing of teachers.

TRANSPORTATION FUND (Fund No. 13000)
Accounts for all the Transportation funds received through the state that are used in the maintaining and operating vehicles used to transport students.

INSTRUCTIONAL MATERIALS FUND (Fund No. 14000)
Accounts for all the Instructional Materials funds received through the state for the purpose of acquiring study materials for the students.

STATE OF NEW MEXICO

CENTRAL CONSOLIDATED SCHOOLS

GENERAL FUNDS

Combining Balance Sheet

June 30, 2018

	Operational Fund #11000	Teacherage Fund #12000	Transportation Fund #13000
Assets			
Cash and cash equivalents	$ 8,725,262	$ 573,560	$ 844
Investments	249,917	-	-
Receivables:			
Property taxes	8,612	-	-
Due from other governments	1,194	-	-
Due from other funds	2,511,423	-	1,837
Fuel inventory	153,196	-	103,944
Total assets	$ 11,649,604	$ 573,560	$ 106,625
Liabilities, deferred inflows and fund balance			
Liabilities:			
Accounts payable	$ 1,209,231	$ 1,977	$ 16,831
Due to other funds	12,020	-	-
Deposits held for others	-	45,709	-
Total liabilities	1,221,251	47,686	16,831
Deferred inflows of resources:			
Delinquent property taxes	7,731	-	-
Fund balance:			
Non-spendable:			
Inventories	153,196	-	103,944
Unassigned	10,267,426	525,874	(14,150)
Total fund balance	10,420,622	525,874	89,794
Total liabilities, deferred inflows of resources, and fund balance	$ 11,649,604	$ 573,560	$ 106,625

GENERAL FUNDS
Combining Balance Sheet
June 30, 2018

	Instructional Materials Fund #14000	Total General Funds
Assets		
Cash and cash equivalents	$ 313,588	$ 9,613,254
Investments	-	249,917
Receivables:		
Property taxes	-	8,612
Due from other governments	-	1,194
Due from other funds	-	2,513,260
Fuel inventory	-	257,140
Total assets	$ 313,588	$ 12,643,377
Liabilities, deferred inflows and fund balance		
Liabilities:		
Accounts payable	$ -	$ 1,228,039
Due to other funds	-	12,020
Deposits held for others	-	45,709
Total liabilities	-	1,285,768
Deferred inflows of resources:		
Delinquent property taxes	-	7,731
Fund balance:		
Non-spendable:		
Inventories	-	257,140
Unassigned	313,588	11,092,738
Total fund balance	313,588	11,349,878
Total liabilities, deferred inflows of resources, and fund balance	$ 313,588	$ 12,643,377

GENERAL FUNDS

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance

Year Ended June 30, 2018

	General Funds				
	Operational Fund #11000	Teacherage Fund #12000	Transportation Fund #13000	Instructional Materials Fund #14000	Total General Fund
Revenues:					
Taxes:					
Property	$ 410,475	$ -	$ -	$ -	$ 410,475
Oil and gas	1,036	-	-	-	1,036
Intergovernmental - federal grants	23,139,517	-	-	-	23,139,517
Intergovernmental - state grants	27,785,970	-	2,228,765	180,785	30,195,520
Contributions - private grants	131,289	-	-	-	131,289
Charges for services	1,194	559,670	-	-	560,864
Investment and interest income	34,643	-	-	-	34,643
Miscellaneous	304,250	-	4,963	2,558	311,771
Total revenue	51,808,374	559,670	2,233,728	183,343	54,785,115
Expenditures:					
Current:					
Instruction	30,575,355	-	-	12,441	30,587,796
Support services:					
Students	4,864,895	-	-	-	4,864,895
Instruction	1,112,041	-	-	-	1,112,041
General Administration	895,530	-	-	-	895,530
School Administration	3,981,312	-	-	-	3,981,312
Central Services	2,470,926	-	-	-	2,470,926
Operation & Maintenance of Plant	7,242,968	235,564	-	-	7,478,532
Student transportation	45,519	-	2,235,547	-	2,281,066
Other Support services	19,666	-	-	-	19,666
Community services	93,652	-	-	-	93,652
Capital outlay	180,478	-	-	-	180,478
Total expenditures	51,482,342	235,564	2,235,547	12,441	53,965,894
Excess (deficiency) of revenues over expenditures	326,032	324,106	(1,819)	170,902	819,221
Fund balance at beginning of the year	10,094,590	201,768	91,613	142,686	10,530,657
Fund balance at end of the year	$ 10,420,622	$ 525,874	$ 89,794	$ 313,588	$ 11,349,878

STATE OF NEW MEXICO
CENTRAL CONSOLIDATED SCHOOLS

OPERATIONAL FUND - NO. 11000
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive
	Original	Final	(Budgetary Basis)	(Negative)
Revenues:				
Taxes:				
Property	$ 408,961	$ 408,961	$ 410,558	$ 1,597
Oil and gas	1,389	1,389	1,090	(299)
Intergovernmental - federal grants	16,685,820	16,685,820	23,139,517	6,453,697
Intergovernmental - state grants	32,033,811	32,252,128	27,785,970	(4,466,158)
Contributions - private grants	82,500	82,500	131,289	48,789
Charges for services	775	775	1,194	419
Investment and interest income	30,000	30,000	34,643	4,643
Miscellaneous	45,000	45,000	304,250	259,250
Total revenues	49,288,256	49,506,573	51,808,511	2,301,938
Expenditures:				
Current:				
Instruction	31,906,004	32,088,416	30,516,820	1,571,596
Support services:				
Students	5,840,739	5,739,839	4,857,739	882,100
Instruction	1,608,242	1,702,553	1,112,041	590,512
General Administration	1,750,353	1,725,687	894,217	831,470
School Administration	4,294,366	4,291,967	3,968,166	323,801
Central Services	2,498,271	3,108,865	2,492,224	616,641
Operation & Maintenance of Plant	8,639,226	8,521,197	7,305,714	1,215,483
Student transportation	189,327	189,327	45,519	143,808
Other Support services	248,106	248,106	19,666	228,440
Community services	105,456	105,456	93,652	11,804
Capital outlay	1,305,000	1,152,591	180,478	972,113
Total expenditures	58,385,090	58,874,004	51,486,236	7,387,768
Excess (deficiency) of revenues over expenditures	(9,096,834)	(9,367,431)	322,275	9,689,706
Beginning cash balance budgeted	9,096,834	9,367,431	-	(9,367,431)
Fund balance at beginning of the year	-	-	10,094,590	10,094,590
Fund balance at end of the year	$ -	$ -	10,416,865	$ 10,416,865
RECONCILIATION TO GAAP BASIS:				
Change in inventory			(42,169)	
Change in property tax receivable			904	
Change in due from other governments			(306)	
Change in payables			47,018	
Change in accrued liabilities			(956)	
Change in deferred property taxes			(734)	
Fund balance at end of the year (GAAP basis)			$ 10,420,622	

STATE OF NEW MEXICO
CENTRAL CONSOLIDATED SCHOOLS

TEACHERAGE FUND - NO. 12000
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive
	Original	Final	(Budgetary Basis)	(Negative)
Revenues:				
Charges for services	$ 425,000	$ 425,000	$ 559,671	$ 134,671
Expenditures:				
Current:				
Support services:				
Operation & Maintenance of Plant	524,833	524,833	235,564	289,269
Excess (deficiency) of revenues over expenditures	(99,833)	(99,833)	324,107	423,940
Beginning cash balance budgeted	99,833	99,833	-	(99,833)
Fund balance at beginning of the year	-	-	201,768	201,768
Fund balance at end of the year	$ -	$ -	525,875	$ 525,875
RECONCILIATION TO GAAP BASIS:				
Change in deposits payable			(1)	
Fund balance at end of the year (GAAP basis)			$ 525,874	

STATE OF NEW MEXICO
CENTRAL CONSOLIDATED SCHOOLS

TRANSPORTATION FUND - NO. 13000
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive
	Original	Final	(Budgetary Basis)	(Negative)
Revenues:				
Intergovernmental - state grants	$ 2,053,103	$ 2,228,765	$ 2,228,765	$ -
Miscellaneous	-	1,963	4,963	3,000
Total revenues	2,053,103	2,230,728	2,233,728	3,000
Expenditures:				
Current:				
Support services:				
Student transportation	2,053,103	2,240,252	2,265,844	(25,592)
Excess (deficiency) of revenues over expenditures	-	(9,524)	(32,116)	(22,592)
Beginning cash balance budgeted	-	9,524	-	(9,524)
Fund balance at beginning of the year	-	-	91,613	91,613
Fund balance at end of the year	$ -	$ -	59,497	$ 59,497
RECONCILIATION TO GAAP BASIS:				
Change in inventory			30,244	
Change in payables			53	
Fund balance at end of the year (GAAP basis)			$ 89,794	

STATE OF NEW MEXICO
CENTRAL CONSOLIDATED SCHOOLS

INSTRUCTIONAL MATERIALS FUND - NO. 14000
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive
	Original	Final	(Budgetary Basis)	(Negative)
Revenues:				
Intergovernmental - state grants	$ 166,290	$ 271,214	$ 180,785	$ (90,429)
Miscellaneous	-	-	2,558	2,558
Total revenues	166,290	271,214	183,343	(87,871)
Expenditures:				
Current:				
Instruction	166,290	271,214	12,441	258,773
Excess of revenues over expenditures	-	-	170,902	170,902
Fund balance at beginning of the year	-	-	142,686	142,686
Fund balance at end of the year	$ -	$ -	313,588	$ 313,588
RECONCILIATION TO GAAP BASIS:				
Change in payables			-	
Fund balance at end of the year (GAAP basis)			$ 313,588	

OTHER SUPPLEMENTAL INFORMATION

(NONMAJOR GOVERNMENTAL FUNDS)

Funds that did not meet the requirements of GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis* to be considered Major Funds and have not been identified as Major Funds by management.

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Nonmajor Special Revenue Funds

Special revenue funds are operating funds used to account for the proceeds of specific revenue sources that are intended for specific purposes other than special assessments or major capital projects.

Food Service (Fund No. 21000) Minimum Balance: None

This program provides financing for the school breakfast and lunch program. Funding is provided from fees from patrons and USDA food reimbursements, under the National School Lunch Act of 1946, as amended, Public Law 79-396, Sections 2-4, 60 Stat. 230, 42 U.S.C. 1751 et seq.; 80 stat. 889, as amended; 84 stat. 270; and the Child Nutrition Act of 1966, as amended, Sections 4 and 10. Public Law 89-642, 80 sat. 886, 889, 42 U.S.C. 1773, 1779; Public Law 99-591, 100 stat. 3341; Public Law 100-71, 101 stat. 430.

Athletics (Fund No. 22000) Minimum Balance: None

This fund provides financing for school athletic activities. Funding is provided by fees from patrons.

Activities (Fund No. 23000) Minimum Balance: None

This fund provides revenue and expenditures of student activities other than athletics.

Entitlement IDEA-B (Fund No. 24106) Minimum Balance: None

Program provides grants to states that flow-through to schools, to assist them in providing a free appropriate public education to all children with disabilities. The program is funded by the United States government, under the Individuals with Disabilities Education Act, Part B, Section 611-617, and part D, Section 674 as amended, 20 U.S.C. 1711-1417 and 1420.

Preschool IDEA-B (Fund No. 24109) Minimum Balance: None

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

IDEA-B CEIS (Fund No. 24112) Minimum Balance: None

Up to 15% of combined entitlement and preschool funding may be budgeted as per 34 CFR § 300.226. Must be used consistent with the applicable provisions of IDEA-B, as follows: (1) Must be used only to pay the excess costs of providing special education and related services to children with disabilities: (2) Must be used to supplement State. local, and other Federal funds and not to supplant such funds: and (3) Must not be used to reduce an LEA's maintenance of effort (MOE) for the education of children with disabilities below the preceding year's level except as allowed by 34 CFR §§ 300.204 and 205.

21ST Century Community Learning Centers (Fund No. 24119) Minimum Balance: None

After school adolescence care, providing the community with responsible Child Care, while providing the children and their families with referral services, drug prevention education, academic help, and character building (social skill) activities. Funding is provided by the Department of Education under the Elementary and Secondary Education Act of 1965, Title X, part I Section 10901, Public Law 103-382 Stat. 3844, 20 U.S.C. 8241.

Title III English Language (Fund No. 24153) Minimum Balance: None

To ensure that limited English proficient children (LEP) and youth, including immigrant children and youth, attain English proficiency and meet the same standards as all children and youth are expected to meet; to provide assistance to Native American, Native Hawaiian, Native American Pacific Islander, and Alaskan native children with certain modifications relative to the unique status of native American language under Federal Law; to develop to the extent possible, the native language skills of such children. The fund is authorized through the Elementary and Secondary Education Act (ESEA), as amended, Title III, Part A, Sections 3101,3129.

Title II Teacher Quality (Fund No. 24154) Minimum Balance: None

To provide grants to State Education Agencies (SEAs) on a formula basis to increase student academic achievement through strategies such as improving teacher and principal quality and increasing the number of highly qualified teachers in the classroom and highly qualified principals and assistant principals in schools and hold local educational agencies and schools accountable for improvements in the academic achievement. Authorization is granted through the Elementary and Secondary Education Act of 1965, as amended, Title II, Part A, Public Law 107-110.

Title I School Improvement (Fund No. 24162) Minimum Balance: None

To develop parental involvement in the school curriculum. The program is funded by the United States government under P.L. 100-297.

Nonmajor Special Revenue Funds (cont'd)

US HHS/CDC School Health (Fund No. 24186) Minimum Balance: None

The National Public Health Improvement Initiative is part of the Centers for Disease Control and Prevention's larger effort to increase the performance management capacity of public health departments in order to ensure that public health goals are effectively and efficiently met. On March 30, 2010, President Obama signed into law the Affordable Care Act (ACA) (PL 111-148). This legislation established a Prevention and Public Health Fund (Title IV, Section 4002) to provide for expanded and sustained national investment in prevention and public sector health care costs. ACA and the Prevention and Public Health Fund make improving public health a priority with investments to improve public health services, establish meaningful and measurable health indicators, and to achieve long-term improvement in health outcomes. The 5-year Strengthening Public Health Infrastructure for Improved Health Outcomes cooperative agreement program is designed to support innovative changes in key areas that improve the quality, effectiveness and efficiency of the public health infrastructure to better enable the delivery of public health services and programs as specified within ACA. In this continuation announcement, the CDC proposes to award approximately $33.7 million to fund 74 grantees using a formula. Eligible applicants are limited to current Awardees. Authorization (040): Public Health Act and Prevention and Public Health Fund (PPHF), Section 301 and 317, 42 U.S.C 241 and 247b; Patient Protection and Affordable Care Act and Prevention and Public Health Fund (PPHF), Title IV, Section 4002, Public Law 111-148.

Student Support Academic Achievement Title IV (Fund No. 24189) Minimum Balance: None

To ensure that limited English proficient children (LEP) and youth, including immigrant children and youth, attain English proficiency and meet the same standards as all children and youth are expected to meet; to provide assistance to Native American, Native Hawaiian, Native American Pacific Islander, and Alaskan native children with certain modifications relative to the unique status of native American language under Federal Law; to develop to the extent possible, the native language skills of such children. The fund is authorized through the Elementary and Secondary Education Act (ESEA), as amended, Title III, Part A, Sections 3101,3129.

Public Health Services Health Ed (Fund No. 25122) Minimum Balance: None

The Public Health Services Health Ed program assists with improving the quality of the health of American Indians and Alaskan Natives by providing a full range of curative, preventative, and rehabilitative health services. The program is funded by the United States government, under Public Law 83-568, 42 U.S.C 2001-2004a; Indian Self-Determination and Education Assistance Act, Section 104(b), Public Law 93-638, 25 U.S.C. 450; section 9, Public Law 98-250; Public Law 100-472.

Johnson O'Malley (Fund No. 25131) Minimum Balance: None

The Johnson O'Malley project provides supplemental programs in special education and other special needs for New Mexico public schools where eligible Indian children are enrolled. Funding is provided by the Department of the Interior, Bureau of Indian Affairs, through the Navajo Tribe, under the Johnson O'Malley Act of April 16, 1934; as amended 25 U.S.C. 452, Public Law 93-638; 25 U.S.C. 455-457.

Impact Aid Special/Indian Education (Fund No. 25145 & 25147) Minimum Balance: None

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

Title XIX Medicaid (Fund No. 25153) Minimum Balance: None

To provide financial assistance from the Federal government which flows-through the State of New Mexico to school districts, for payments of medical assistance on behalf of cash assistance recipients, children, pregnant women and the aged who meet income and resource requirements, and other categorically-eligible groups. The program is funded by the U.S. government under the Social Security Act, Title XIX, as amended; Public Laws 92-223, 92-602, 93-66, 93-233, 96-499, 97-35, 97-2248, 98-369, 99-272, 99-509, 100-93, 100-202, 100-203, 100-360, 100-436, 100-485, 100-647, 101-166, 101-234, 101-239, 101-508, 101-517, 102-234, 102-170, 102-394, 103-66, 103-14, 103-333, 104-91, 104-191, 104-193, 104-208, and 104-134; Balanced Budget Act of 1997, Public Law 105-33.

Indian Ed Formula Grant (Fund No. 25184) Minimum Balance: None

The purpose of this program is to support projects which improve educational opportunities and achievement of Native American children. Funding is provided by the Federal Government, under the Elementary and Secondary Education Act of 1965, Title IX, Part A, Subpart 1, as amended, Public Law 103-382, 20 U.S.C. 7811-7818; 25 U.S.C. 2002.

Nonmajor Special Revenue Funds (cont'd)

Navajo Nations (Fund No. 25201) Minimum Balance: None"

The Navajo Nations program assists the school district in providing appropriate special education and related services for Navajo children with disabilities aged three to five. United States government, under the Individuals with Disabilities Education Improvement Act of 2004, 20 U.S.C. 1400; P.L. 108-446.

Gear Up New Mexico State Initiatives (Fund No. 25205) Minimum Balance: None

To encourage eligible entities to provide supportive services to elementary and middle schools, and secondary school students who are at risk of dropping out of school; and information to students and their parents about the advantages of obtaining a postsecondary education and the college financing options for the students and their parents. Authorization granted through Higher Education Act, Title IV, Part A, Subpart 2, Chapter 2, 20 U.S.C. 1070a-21-1070a-28.

Indian Health Services (Fund No. 26157) Minimum Balance: None

The Indian Health Service is responsible for providing federal health services to American Indians and Alaska Natives. The provision of health services to members of federally-recognized Tribes grew out of the special government-to-government relationship between the federal government and Indian Tribes.

Dual Credit Instructional Materials (Fund No. 27103) Minimum Balance: None

To be used for courses approved by Higher Education Department (HED) and through a college/university for which the district has an approved agreement.

Literacy for Children at Risk (Fund No. 27107) Minimum Balance: None

Funds to be used for library books and library resources for public school libraries statewide. Library resources include computers, software, projectors, televisions, other related hardware and software, shelving, desks, chairs, and book trucks/carts. Senate Bill 66, Laws of 2012, 2nd Session, Chapter 54, Section 10.B.(3).

PARCC Readiness (Fund No. 27108) Minimum Balance: None

Reimbursement from the New Mexico Public Education Department for infrastructure upgrades related to PARCC Readiness based on the completion of network mapping and performance assessments.

Reads To Lead (Fund No. 27114) Minimum Balance: None

Provides an aligned approach for districts and schools to ensure that children can read by the end of third grade—giving them essential skills for future career and college success. It also provides regional and district reading coaches, supports for intervention, and professional development for parents, teachers, reading coaches, and administrators.

Pre-K Initiative (Fund No. 27149) Minimum Balance: None

The pre-k program shall address the total development needs of preschool children, including physical, cognitive, social and emotional needs, and shall include health care, nutrition, safety and multicultural sensitivity.

Indian Education Act (Fund No. 27150) Minimum Balance: None

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

Breakfast For Elementary Students (Fund No. 27155) Minimum Balance: None

The Breakfast for Elementary School program provides foods (at no charge) after the instructional day has begun, provided that instruction occurs simultaneously with breakfast. Authorized through 22-13-13.2 NMSA 1978; NMAC 6.12.9

Kindergarten 3-Plus (Fund No. 27166) Minimum Balance: None

To account for funds received to provide the opportunity for the district to address early literacy. The full day kindergarten program is the first step in the implementation of a sequential early literacy approach to teaching reading.

For the purchase of science instructional material supplies (kits, kit refills, or supplies needed for inquiry or project-based science instruction). Supplies purchased with this award are to be utilized during regular instructional hours for grades 6-8 and are not intended for after school programs.

Nonmajor Special Revenue Funds (cont'd)

2013 School Bus (Fund No. 27178) Minimum Balance: None
To provide for the purchase of school buses.

Early College High School Start Up (Fund No. 27180) Minimum Balance: None
Early college high schools are schools that blend high school and college into a coherent educational program.

Teachers Hard to Staff Stipend (Fund No. 27195) Minimum Balance: None
The purpose of these funds is to provide a $5,000, $7,500, and $10,000 stipend per year to effective, highly effective, and exemplary STEM (grades 6-12), Special Education (K–12), Bilingual (K–12) or other hard-to-staff teaching positions to serve in low performing (D/F) schools. • These funds can be used as a stipend to recruit these hard-to-staff teachers to teach in hard-to-staff schools or to attract and retain these teachers in low-performing schools.

NM Highway Dept (Road) (Fund No. 28120) Minimum Balance: None
Parking lot/access road improvement of various roads within school district property which is a joint and coordinated effort for which the New Mexico Department of Transportation and the Central Consolidated School District each have authority or jurisdiction. The project is a joint and coordinated effort for which the Department and the Public Entity each have authority or jurisdiction. Pursuant to NMSA 1978, Section 67-3-28 and 67-3-28.2 and the State Transportation Commission Policy No. 44-12.

Grads-Child Care (Fund No. 28189) Minimum Balance: None
The Graduation, Reality, and Dual-role Skills (GRADS) program provides funding to participating schools in providing services for teen parents who are students at the participating schools.

Grads-Instruction (Fund No. 28190) Minimum Balance: None
The Graduation, Reality, and Dual-role Skills (GRADS) program provides funding to participating schools in providing services for teen parents who are students at the participating schools.

CYFD – Child and Adult Food Program (Fund No. 28201) Minimum Balance: None
To account for federal money received from CYFD from the National School Lunch Program to provide food to students. The fund was created by grant provisions

Grads Plus (Fund No. 28203) Minimum Balance: None
To develop a curriculum that identifies that reflect serious needs for pregnant or parenting teens.

Life Link (Fund No. 29102) Minimum Balance: None
To assist in the assessment of behavior health needs.

School Based Health Center (Fund No. 29130) Minimum Balance: None
To enhance school based health centers infrastructure, develop and implement billing protocols, improve communication with school personnel, families, and outside agencies, and improve behavioral health programs.

Nonmajor Capital Projects Funds

Capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

Bond Building (Fund No. 31100) Minimum Balance: None
This fund provides financing for construction of buildings, the purchase of equipment, and the acquisition and improvement of land. Funding is provided by the sate of general long-term debt principal, interest and related costs.

Special Capital Outlay - State (Fund No. 31400) Minimum Balance: None
This fund provides financing for special appropriation monies received from the State of New Mexico under Chapter 367, Laws of 1993.

Special Capital Outlay – Federal (Fund No. 31500)
To maintain school facilities owned by the Department of Education and operated by Board of Education agencies and transfer these facilities to local agencies where appropriate. These funds are authorized by the Elementary and Secondary Education Act of 1965, Title VIII, Section 8008 as amended.

Nonmajor Capital Projects Funds (cont'd)

State SB-9 Match (Fund No. 31700) Minimum Balance: None

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 as authorized by the Public School District Capital Improvements Act (22-25-1 to 22-25-10 NMSA 1978).

Capital Improvements SB – 9 (Fund No. 31701) Minimum Balance: None

This fund provides financing for the purchase of equipment and capital improvements to School District property. Funding is received from a 2 mill property tax levy and interest earned on investments, under New Mexico Senate Bill 9.

NON-MAJOR GOVERNMENTAL FUNDS
Combining Balance Sheet
June 30, 2018

	Special Revenue Funds				
	Food Service Fund #21000	Athletics Fund #22000	Activities Fund #23000	Entitlement IDEA-B Fund #24106	Preschool IDEA-B Fund #24109
Assets					
Cash and cash equivalents	$ 2,873,872	$ 171,548	$ 373,140	$ -	$ -
Receivables:					
Property taxes	-	-	-	-	-
Grant	107,293	-	-	436,635	14,083
Due from other governments	-	-	-	-	-
Due from other funds	1,465	39	-	767	-
Food inventory	103,961	-	-	-	-
Total assets	$ 3,086,591	$ 171,587	$ 373,140	$ 437,402	$ 14,083
Liabilities, deferred inflows and fund balance					
Liabilities:					
Accounts payable	$ 23,868	$ -	$ 134	$ 26,514	$ 197
Due to other funds	-	-	-	410,888	13,886
Total liabilities	23,868	-	134	437,402	14,083
Deferred inflows of resources:					
Delinquent property taxes	-	-	-	-	-
Fund balance:					
Non-spendable:					
Inventories	103,961	-	-	-	-
Restricted for:					
Special revenue funds	2,958,762	171,587	373,006	-	-
Capital projects funds	-	-	-	-	-
Total fund balance	3,062,723	171,587	373,006	-	-
Total liabilities, deferred inflows of resources, and fund balance	$ 3,086,591	$ 171,587	$ 373,140	$ 437,402	$ 14,083

(cont'd; 1 of 10)

STATE OF NEW MEXICO
CENTRAL CONSOLIDATED SCHOOLS

NON-MAJOR GOVERNMENTAL FUNDS
Combining Balance Sheet
June 30, 2018

	Special Revenue Funds			
	IDEA-B CEIS Fund #24112	21st Century Community Learning Centers Fund #24119	Title III English Language Fund #24153	Title II Teacher Quality Fund #24154
Assets				
Cash and cash equivalents	$ -	$ -	$ -	$ -
Receivables:				
Property taxes	-	-	-	-
Grant	15,066	87,440	85,375	129,932
Due from other governments	-	-	-	-
Due from other funds	-	-	-	195
Food inventory	-	-	-	-
Total assets	$ 15,066	$ 87,440	$ 85,375	$ 130,127
Liabilities, deferred inflows and fund balance				
Liabilities:				
Accounts payable	$ -	$ 199	$ 534	$ 11,988
Due to other funds	15,066	87,241	84,841	118,139
Total liabilities	15,066	87,440	85,375	130,127
Deferred inflows of resources:				
Delinquent property taxes	-	-	-	-
Fund balance:				
Non-spendable:				
Inventories	-	-	-	-
Restricted for:				
Special revenue funds	-	-	-	-
Capital projects funds	-	-	-	-
Total fund balance	-	-	-	-
Total liabilities, deferred inflows of resources, and fund balance	$ 15,066	$ 87,440	$ 85,375	$ 130,127

(cont'd; 2 of 10)

NON-MAJOR GOVERNMENTAL FUNDS
Combining Balance Sheet
June 30, 2018

	Special Revenue Funds				
	Title I School Improvement Fund #24162	US HHS/CDC School Health Fund #24186	Student Support Academic Achievment Title IV Fund #24189	Public Health Services Health Ed Fund #25122	Johnson O'Malley Fund #25131
Assets					
Cash and cash equivalents	$ -	$ -	$ -	$ 6,778	$ -
Receivables:					
Property taxes	-	-	-	-	-
Grant	21,736	2,268	2,448	-	289,258
Due from other governments	-	-	-	-	-
Due from other funds	104	-	-	-	-
Food inventory	-	-	-	-	-
Total assets	$ 21,840	$ 2,268	$ 2,448	$ 6,778	$ 289,258
Liabilities, deferred inflows and fund balance					
Liabilities:					
Accounts payable	$ 598	$ -	$ 49	$ -	$ 987
Due to other funds	21,242	2,268	2,399	-	288,271
Total liabilities	21,840	2,268	2,448	-	289,258
Deferred inflows of resources:					
Delinquent property taxes	-	-	-	-	-
Fund balance:					
Non-spendable:					
Inventories	-	-	-	-	-
Restricted for:					
Special revenue funds	-	-	-	6,778	-
Capital projects funds	-	-	-	-	-
Total fund balance	-	-	-	6,778	-
Total liabilities, deferred inflows of resources, and fund balance	$ 21,840	$ 2,268	$ 2,448	$ 6,778	$ 289,258

(cont'd; 3 of 10)

NON-MAJOR GOVERNMENTAL FUNDS
Combining Balance Sheet
June 30, 2018

	Special Revenue Funds				
	Impact Aid Special Education Fund #25145	Title XIX Medicaid Fund #25153	Indian Ed Formula Grant Fund #25184	Navajo Nations Fund #25201	Gear Up New Mexico State Initiatives Fund #25205
Assets					
Cash and cash equivalents	$ 90,513	$ 1,065,838	$ 147,221	$ 126,245	$ -
Receivables:					
Property taxes	-	-	-	-	-
Grant	-	-	-	-	83,063
Due from other governments	-	-	-	-	-
Due from other funds	606	479	805	113	131
Food inventory	-	-	-	-	-
Total assets	$ 91,119	$ 1,066,317	$ 148,026	$ 126,358	$ 83,194
Liabilities, deferred inflows and fund balance					
Liabilities:					
Accounts payable	$ 13,027	$ 5,760	$ 25,819	$ 2,901	$ 4,544
Due to other funds	-	-	200	-	78,650
Total liabilities	13,027	5,760	26,019	2,901	83,194
Deferred inflows of resources:					
Delinquent property taxes	-	-	-	-	-
Fund balance:					
Non-spendable:					
Inventories	-	-	-	-	-
Restricted for:					
Special revenue funds	78,092	1,060,557	122,007	123,457	-
Capital projects funds	-	-	-	-	-
Total fund balance	78,092	1,060,557	122,007	123,457	-
Total liabilities, deferred inflows of resources, and fund balance	$ 91,119	$ 1,066,317	$ 148,026	$ 126,358	$ 83,194

(cont'd; 4 of 10)

NON-MAJOR GOVERNMENTAL FUNDS
Combining Balance Sheet
June 30, 2018

	Special Revenue Funds				
	Indian Health Services Fund #26157	Dual Credit Instructional Materials Fund #27103	Literacy For Children at Risk Fund #27107	PARCC Readiness Fund #27108	Reads to Leads Fund #27114
Assets					
Cash and cash equivalents	$ -	$ -	$ -	$ 66,144	$ -
Receivables:					
Property taxes	-	-	-	-	-
Grant	3,397	5,139	3,138	-	18,262
Due from other governments	-	-	-	-	-
Due from other funds	-	-	-	-	-
Food inventory	-	-	-	-	-
Total assets	$ 3,397	$ 5,139	$ 3,138	$ 66,144	$ 18,262
Liabilities, deferred inflows and fund balance					
Liabilities:					
Accounts payable	$ 905	$ -	$ -	$ -	$ -
Due to other funds	2,492	5,139	3,138	-	18,262
Total liabilities	3,397	5,139	3,138	-	18,262
Deferred inflows of resources:					
Delinquent property taxes	-	-	-	-	-
Fund balance:					
Non-spendable:					
Inventories	-	-	-	-	-
Restricted for:					
Special revenue funds	-	-	-	66,144	-
Capital projects funds	-	-	-	-	-
Total fund balance	-	-	-	66,144	-
Total liabilities, deferred inflows of resources, and fund balance	$ 3,397	$ 5,139	$ 3,138	$ 66,144	$ 18,262

(cont'd; 5 of 10)

STATE OF NEW MEXICO

CENTRAL CONSOLIDATED SCHOOLS

NON-MAJOR GOVERNMENTAL FUNDS

Combining Balance Sheet

June 30, 2018

	Special Revenue Funds				
	Pre-K Initiative Fund #27149	Indian Education Act Fund #27150	Breakfast for Elementary Students Fund #27155	Kindergarten 3-Plus Fund #27166	2013 School Bus Fund #27178
Assets					
Cash and cash equivalents	$ -	$ -	$ -	$ -	$ -
Receivables:					
Property taxes	-	-	-	-	-
Grant	240,261	29,264	5,560	-	4,860
Due from other governments	-	-	-	-	-
Due from other funds	900	-	-	-	-
Food inventory	-	-	-	-	-
Total assets	$ 241,161	$ 29,264	$ 5,560	$ -	$ 4,860
Liabilities, deferred inflows and fund balance					
Liabilities:					
Accounts payable	$ 33,392	$ 44	$ -	$ -	$ -
Due to other funds	207,769	29,220	5,560	-	4,860
Total liabilities	241,161	29,264	5,560	-	4,860
Deferred inflows of resources:					
Delinquent property taxes	-	-	-	-	-
Fund balance:					
Non-spendable:					
Inventories	-	-	-	-	-
Restricted for:					
Special revenue funds	-	-	-	-	-
Capital projects funds	-	-	-	-	-
Total fund balance	-	-	-	-	-
Total liabilities, deferred inflows of resources, and fund balance	$ 241,161	$ 29,264	$ 5,560	$ -	$ 4,860

(cont'd; 6 of 10)

STATE OF NEW MEXICO
CENTRAL CONSOLIDATED SCHOOLS

NON-MAJOR GOVERNMENTAL FUNDS
Combining Balance Sheet
June 30, 2018

	Special Revenue Funds			
	Early College High School Start-Up Fund #27180	Teachers Hard to Staff Stipend Fund #27195	NM Highway Dept (Road) Fund #28120	Grads-Child Care Fund #28189
Assets				
Cash and cash equivalents	$ -	$ -	$ -	$ -
Receivables:				
Property taxes	-	-	-	-
Grant	90,338	32,948	2,604	5,172
Due from other governments	-	-	-	-
Due from other funds	-	-	-	-
Food inventory	-	-	-	-
Total assets	$ 90,338	$ 32,948	$ 2,604	$ 5,172
Liabilities, deferred inflows and fund balance				
Liabilities:				
Accounts payable	$ -	$ -	$ -	$ -
Due to other funds	90,338	32,948	2,604	5,172
Total liabilities	90,338	32,948	2,604	5,172
Deferred inflows of resources:				
Delinquent property taxes	-	-	-	-
Fund balance:				
Non-spendable:				
Inventories	-	-	-	-
Restricted for:				
Special revenue funds	-	-	-	-
Capital projects funds	-	-	-	-
Total fund balance	-	-	-	-
Total liabilities, deferred inflows of resources, and fund balance	$ 90,338	$ 32,948	$ 2,604	$ 5,172

(cont'd; 7 of 10)

NON-MAJOR GOVERNMENTAL FUNDS
Combining Balance Sheet
June 30, 2018

	Special Revenue Funds			
	Grads-Instruction Fund #28190	CYFD - Child and Adult Care Food Program Fund #28201	Grads Plus Fund #28203	Life Link Fund #29102
Assets				
Cash and cash equivalents	$ -	$ 8,244	$ -	$ 13,335
Receivables:				
Property taxes	-	-	-	-
Grant	17,846	-	-	-
Due from other governments	-	-	-	-
Due from other funds	-	-	-	-
Food inventory	-	-	-	-
Total assets	$ 17,846	$ 8,244	$ -	$ 13,335
Liabilities, deferred inflows and fund balance				
Liabilities:				
Accounts payable	$ -	$ 62	$ -	$ -
Due to other funds	17,846	-	-	-
Total liabilities	17,846	62	-	-
Deferred inflows of resources:				
Delinquent property taxes	-	-	-	-
Fund balance:				
Non-spendable:				
Inventories	-	-	-	-
Restricted for:				
Special revenue funds	-	8,182	-	13,335
Capital projects funds	-	-	-	-
Total fund balance	-	8,182	-	13,335
Total liabilities, deferred inflows of resources, and fund balance	$ 17,846	$ 8,244	$ -	$ 13,335

(cont'd; 8 of 10)

NON-MAJOR GOVERNMENTAL FUNDS
Combining Balance Sheet
June 30, 2018

	Special Revenue Funds		Capital Projects Funds	
	School Based Health Center Fund #29130	Total Non-Major Special Revenue Funds	Bond Building Fund #31100	Special Capital Outlay - State Fund #31400
Assets				
Cash and cash equivalents	$ 5,694	$ 4,948,572	$ 1,022,744	$ -
Receivables:				
Property taxes	-	-	-	-
Grant	-	1,733,386	-	-
Due from other governments	-	-	-	-
Due from other funds	-	5,604	-	-
Food inventory	-	103,961	-	-
Total assets	$ 5,694	$ 6,791,523	$ 1,022,744	$ -
Liabilities, deferred inflows and fund balance				
Liabilities:				
Accounts payable	$ 32	$ 151,554	$ -	$ -
Due to other funds	-	1,548,439	-	-
Total liabilities	32	1,699,993	-	-
Deferred inflows of resources:				
Delinquent property taxes	-	-	-	-
Fund balance:				
Non-spendable:				
Inventories	-	103,961	-	-
Restricted for:				
Special revenue funds	5,662	4,987,569	-	-
Capital projects funds	-	-	1,022,744	-
Total fund balance	5,662	5,091,530	1,022,744	-
Total liabilities, deferred inflows of resources, and fund balance	$ 5,694	$ 6,791,523	$ 1,022,744	$ -

(cont'd; 9 of 10)

STATE OF NEW MEXICO
CENTRAL CONSOLIDATED SCHOOLS

NON-MAJOR GOVERNMENTAL FUNDS
Combining Balance Sheet
June 30, 2018

	Capital Projects Funds				
	Special Capital Outlay - Federal Fund #31500	Capital Improvements SB-9 Fund #31700	Capital Improvements SB-9 Fund #31701	Total Non-Major Capital Projects Funds	Total Nonmajor Governmental Funds
Assets					
Cash and cash equivalents	$ 817,359	$ 574,793	$ 2,169,263	$ 4,584,159	$ 9,532,731
Receivables:					
Property taxes	-	-	35,950	35,950	35,950
Grant	-	-	-	-	1,733,386
Due from other governments	-	-	4,920	4,920	4,920
Due from other funds	-	-	-	-	5,604
Food inventory	-	-	-	-	103,961
Total assets	$ 817,359	$ 574,793	$ 2,210,133	$ 4,625,029	$ 11,416,552
Liabilities, deferred inflows and fund balance					
Liabilities:					
Accounts payable	$ -	$ -	$ 298,391	$ 298,391	$ 449,945
Due to other funds	-	-	-	-	1,548,439
Total liabilities	-	-	298,391	298,391	1,998,384
Deferred inflows of resources:					
Delinquent property taxes	-	-	32,306	32,306	32,306
Fund balance:					
Non-spendable:					
Inventories	-	-	-	-	103,961
Restricted for:					
Special revenue funds	-	-	-	-	4,987,569
Capital projects funds	817,359	574,793	1,879,436	4,294,332	4,294,332
Total fund balance	817,359	574,793	1,879,436	4,294,332	9,385,862
Total liabilities, deferred inflows of resources, and fund balance	$ 817,359	$ 574,793	$ 2,210,133	$ 4,625,029	$ 11,416,552

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NON-MAJOR GOVERNMENTAL FUNDS

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance

Year Ended June 30, 2018

	Special Revenue Funds				
	Food Service Fund #21000	Athletics Fund #22000	Activities Fund #23000	Entitlement IDEA-B Fund #24106	Preschool IDEA-B Fund #24109
Revenues:					
Taxes:					
Property	$ -	$ -	$ -	$ -	$ -
Oil and gas	-	-	-	-	-
Intergovernmental - federal grants	3,739,017	-	-	1,594,835	42,057
Intergovernmental - state grants	-	-	-	-	-
Contributions - private grants	-	-	-	-	-
Charges for services	74,256	257,750	404,181	-	-
Miscellaneous	-	-	580	-	-
Total revenues	3,813,273	257,750	404,761	1,594,835	42,057
Expenditures:					
Current:					
Instruction	-	250,032	446,875	727,892	19,865
Support services:					
Students	-	-	-	812,287	20,747
Instruction	-	-	-	-	-
General Administration	-	-	-	54,656	1,445
School Administration	-	-	-	-	-
Central Services	-	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-	-
Student transportation	-	-	-	-	-
Food services operations	3,173,645	-	-	-	-
Community services	-	-	-	-	-
Capital outlay	94,420	-	-	-	-
Total expenditures	3,268,065	250,032	446,875	1,594,835	42,057
Excess (deficiency) of revenues over expenditures	545,208	7,718	(42,114)	-	-
Other financing uses:					
Refunds	-	-	-	-	-
Transfers In	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing uses	-	-	-	-	-
Net change in fund balance	545,208	7,718	(42,114)	-	-
Fund balance (deficit) at beginning of the	2,517,515	163,869	415,120	-	-
Fund balance at end of the year	$ 3,062,723	$ 171,587	$ 373,006	$ -	$ -

(cont'd; 1 of 10)

NON-MAJOR GOVERNMENTAL FUNDS

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance

Year Ended June 30, 2018

	Special Revenue Funds				
	IDEA-B CEIS Fund #24112	21st Century Community Learning Centers Fund #24119	Title III English Language Fund #24153	Title II Teacher Quality Fund #24154	Title I School Improvement Fund #24162
Revenues:					
Taxes:					
Property	$ -	$ -	$ -	$ -	$ -
Oil and gas	-	-	-	-	-
Intergovernmental - federal grants	-	480,642	130,710	496,878	56,751
Intergovernmental - state grants	-	-	-	-	-
Contributions - private grants	-	-	-	-	-
Charges for services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total revenues	-	480,642	130,710	496,878	56,751
Expenditures:					
Current:					
Instruction	-	419,005	52,715	251,665	51,403
Support services:					
Students	-	-	-	13,928	-
Instruction	-	-	70,732	214,210	-
General Administration	-	16,098	4,276	17,075	1,766
School Administration	-	13,697	2,987	-	-
Central Services	-	31,842	-	-	-
Operation & Maintenance of Plant	-	-	-	-	-
Student transportation	-	-	-	-	-
Food services operations	-	-	-	-	-
Community services	-	-	-	-	-
Capital outlay	-	-	-	-	-
Total expenditures	-	480,642	130,710	496,878	53,169
Excess (deficiency) of revenues over expenditures	-	-	-	-	3,582
Other financing uses:					
Refunds	-	-	-	-	(3,582)
Transfers In	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing uses	-	-	-	-	(3,582)
Net change in fund balance	-	-	-	-	-
Fund balance (deficit) at beginning of the	-	-	-	-	-
Fund balance (deficit) at end of the year	$ -	$ -	$ -	$ -	$ -

(cont'd; 2 of 10)

STATE OF NEW MEXICO

CENTRAL CONSOLIDATED SCHOOLS

NON-MAJOR GOVERNMENTAL FUNDS

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance

Year Ended June 30, 2018

	Special Revenue Funds				
	US HHS/CDC School Health Fund #24186	Student Support Academic Achievment Title IV Fund #24189	Public Health Services Health Ed Fund #25122	Johnson O'Malley Fund #25131	Impact Aid Special Education Fund #25145
Revenues:					
Taxes:					
Property	$ -	$ -	$ -	$ -	$ -
Oil and gas	-	-	-	-	-
Intergovernmental - federal grants	1,759	4,102	66,737	280,539	585,815
Intergovernmental - state grants	-	-	-	-	-
Contributions - private grants	-	-	-	-	-
Charges for services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total revenues	1,759	4,102	66,737	280,539	585,815
Expenditures:					
Current:					
Instruction	1,759	1,644	59,959	201,333	281,947
Support services:					
Students	-	-	-	-	523,991
Instruction	-	-	-	68,808	-
General Administration	-	141	-	10,398	9,596
School Administration	-	-	-	-	-
Central Services	-	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-	-
Student transportation	-	-	-	-	37,023
Food services operations	-	-	-	-	-
Community services	-	2,317	-	-	-
Capital outlay	-	-	-	-	-
Total expenditures	1,759	4,102	59,959	280,539	852,557
Excess (deficiency) of revenues over expenditures	-	-	6,778	-	(266,742)
Other financing uses:					
Refunds	-	-	-	-	-
Transfers In	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing uses	-	-	-	-	-
Net change in fund balance	-	-	6,778	-	(266,742)
Fund balance (deficit) at beginning of the	-	-	-	-	344,834
Fund balance (deficit) at end of the year	$ -	$ -	$ 6,778	$ -	$ 78,092

cont'd; 3 of 10)

NON-MAJOR GOVERNMENTAL FUNDS

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance

Year Ended June 30, 2018

	Special Revenue Funds				
	Title XIX Medicaid Fund #25153	Indian Ed Formula Grant Fund #25184	Navajo Nations Fund #25201	Gear Up New Mexico State Initiatives Fund #25205	Indian Health Services Fund #26157
Revenues:					
Taxes:					
Property	$ -	$ -	$ -	$ -	$ -
Oil and gas	-	-	-	-	-
Intergovernmental - federal grants	1,164,000	1,017,259	449,432	298,484	-
Intergovernmental - state grants	-	-	-	-	-
Contributions - private grants	-	-	-	-	102,397
Charges for services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total revenues	1,164,000	1,017,259	449,432	298,484	102,397
Expenditures:					
Current:					
Instruction	334	784,411	-	113,833	37,806
Support services:					
Students	409,068	-	117,046	184,651	64,591
Instruction	-	199,772	-	-	-
General Administration	-	34,974	-	-	-
School Administration	-	-	-	-	-
Central Services	-	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-	-
Student transportation	-	-	-	-	-
Food services operations	-	-	-	-	-
Community services	-	-	208,929	-	-
Capital outlay	10,530	-	-	-	-
Total expenditures	419,932	1,019,157	325,975	298,484	102,397
Excess (deficiency) of revenues over expenditures	744,068	(1,898)	123,457	-	-
Other financing uses:					
Refunds	-	-	-	-	-
Transfers In	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing uses	-	-	-	-	-
Net change in fund balance	744,068	(1,898)	123,457	-	-
Fund balance (deficit) at beginning of the	316,489	123,905	-	-	-
Fund balance (deficit) at end of the year	$ 1,060,557	$ 122,007	$ 123,457	$ -	$ -

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NON-MAJOR GOVERNMENTAL FUNDS

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance

Year Ended June 30, 2018

	Special Revenue Funds				
	Dual Credit Instructional Materials Fund #27103	Literacy For Children at Risk Fund #27107	PARCC Readiness Fund #27108	Reads to Leads Fund #27114	Pre-K Initiative Fund #27149
Revenues:					
Taxes:					
Property	$ -	$ -	$ -	$ -	$ -
Oil and gas	-	-	-	-	-
Intergovernmental - federal grants	-	-	-	-	-
Intergovernmental - state grants	18,597	34,677	66,144	55,855	1,244,129
Contributions - private grants	-	-	-	-	-
Charges for services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total revenues	18,597	34,677	66,144	55,855	1,244,129
Expenditures:					
Current:					
Instruction	18,597	-	-	53,936	933,968
Support services:					
Students	-	-	-	-	96,617
Instruction	-	34,677	-	-	42,023
General Administration	-	-	-	1,919	12,405
School Administration	-	-	-	-	-
Central Services	-	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-	-
Student transportation	-	-	-	-	159,116
Food services operations	-	-	-	-	-
Community services	-	-	-	-	-
Capital outlay	-	-	-	-	-
Total expenditures	18,597	34,677	-	55,855	1,244,129
Excess (deficiency) of revenues over expenditures	-	-	66,144	-	-
Other financing uses:					
Refunds	-	-	-	-	-
Transfers In	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing uses	-	-	-	-	-
Net change in fund balance	-	-	66,144	-	-
Fund balance (deficit) at beginning of the	-	-	-	-	-
Fund balance (deficit) at end of the year	$ -	$ -	$ 66,144	$ -	$ -

(cont'd; 5 of 10)

STATE OF NEW MEXICO
CENTRAL CONSOLIDATED SCHOOLS

NON-MAJOR GOVERNMENTAL FUNDS
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Year Ended June 30, 2018

	Special Revenue Funds				
	Indian Education Act Fund #27150	Breakfast for Elementary Students Fund #27155	Kindergarten 3-Plus Fund #27166	2013 School Bus Fund #27178	Early College High School Start-Up Fund #27180
Revenues:					
Taxes:					
Property	$ -	$ -	$ -	$ -	$ -
Oil and gas	-	-	-	-	-
Intergovernmental - federal grants	-	-	-	-	-
Intergovernmental - state grants	30,082	57,618	-	-	90,338
Contributions - private grants	-	-	-	-	-
Charges for services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total revenues	30,082	57,618	-	-	90,338
Expenditures:					
Current:					
Instruction	29,376	-	-	-	90,338
Support services:					
Students	-	-	-	-	-
Instruction	706	-	-	-	-
General Administration	-	-	-	-	-
School Administration	-	-	-	-	-
Central Services	-	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-	-
Student transportation	-	-	-	-	-
Food services operations	-	57,618	-	-	-
Community services	-	-	-	-	-
Capital outlay	-	-	-	-	-
Total expenditures	30,082	57,618	-	-	90,338
Excess (deficiency) of revenues over expenditures	-	-	-	-	-
Other financing uses:					
Refunds	-	-	(35,325)	-	-
Transfers In	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing uses	-	-	(35,325)	-	-
Net change in fund balance	-	-	(35,325)	-	-
Fund balance (deficit) at beginning of the	-	-	35,325	-	-
Fund balance (deficit) at end of the year	$ -	$ -	$ -	$ -	$ -

(cont'd; 6 of 10)

STATE OF NEW MEXICO

CENTRAL CONSOLIDATED SCHOOLS

NON-MAJOR GOVERNMENTAL FUNDS

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance

Year Ended June 30, 2018

	Special Revenue Funds				
	Teachers Hard to Staff Stipend Fund #27195	NM Highway Dept (Road) Fund #28120	Grads-Child Care Fund #28189	Grads-Instruction Fund #28190	CYFD - Child and Adult Care Food Program Fund #28201
Revenues:					
Taxes:					
Property	$ -	$ -	$ -	$ -	$ -
Oil and gas	-	-	-	-	-
Intergovernmental - federal grants	-	-	-	-	-
Intergovernmental - state grants	66,825	-	-	2,500	99,288
Contributions - private grants	-	-	-	-	-
Charges for services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total revenues	66,825	-	-	2,500	99,288
Expenditures:					
Current:					
Instruction	66,825	-	-	2,500	-
Support services:					
Students	-	-	-	-	-
Instruction	-	-	-	-	-
General Administration	-	-	-	-	-
School Administration	-	-	-	-	-
Central Services	-	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-	-
Student transportation	-	-	-	-	-
Food services operations	-	-	-	-	-
Community services	-	-	-	-	42,017
Capital outlay	-	-	-	-	49,089
Total expenditures	66,825	-	-	2,500	91,106
Excess (deficiency) of revenues over expenditures	-	-	-	-	8,182
Other financing uses:					
Refunds	-	-	-	-	-
Transfers In	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing uses	-	-	-	-	-
Net change in fund balance	-	-	-	-	8,182
Fund balance (deficit) at beginning of the	-	-	-	-	-
Fund balance (deficit) at end of the year	$ -	$ -	$ -	$ -	$ 8,182

(cont'd; 7 of 10)

STATE OF NEW MEXICO
CENTRAL CONSOLIDATED SCHOOLS

NON-MAJOR GOVERNMENTAL FUNDS
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Year Ended June 30, 2018

	Special Revenue Funds			
	Grads Plus Fund #28203	Life Link Fund #29102	School Based Health Center Fund #29130	Total Nonmajor Special Revenue Funds
Revenues:				
Taxes:				
Property	$ -	$ -	$ -	$ -
Oil and gas	-	-	-	-
Intergovernmental - federal grants	-	-	-	10,409,017
Intergovernmental - state grants	-	1	-	1,766,054
Contributions - private grants	-	17,002	-	119,399
Charges for services	-	-	-	736,187
Miscellaneous	-	-	-	580
Total revenues	-	17,003	-	13,031,237
Expenditures:				
Current:				
Instruction	519	15,175	-	4,913,712
Support services:				
Students	-	1,236	4,440	2,248,602
Instruction	-	-	-	630,928
General Administration	-	-	-	164,749
School Administration	-	-	-	16,684
Central Services	-	329	-	32,171
Operation & Maintenance of Plant	-	-	-	-
Student transportation	-	-	-	196,139
Food services operations	-	-	-	3,231,263
Community services	-	6,177	-	259,440
Capital outlay	-	-	-	154,039
Total expenditures	519	22,917	4,440	11,847,727
Excess (deficiency) of revenues over expenditures	(519)	(5,914)	(4,440)	1,183,510
Other financing uses:				
Refunds	-	-	-	(38,907)
Transfers In	-	-	-	-
Transfers out	-	-	-	-
Total other financing uses	-	-	-	(38,907)
Net change in fund balance	(519)	(5,914)	(4,440)	1,144,603
Fund balance (deficit) at beginning of the	519	19,249	10,102	3,946,927
Fund balance (deficit) at end of the year	$ -	$ 13,335	$ 5,662	$ 5,091,530

(cont'd; 8 of 10)

NON-MAJOR GOVERNMENTAL FUNDS
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Year Ended June 30, 2018

	Capital Projects Funds			
	Bond Building Fund #31100	Special Capital Outlay - State Fund #31400	Special Capital Outlay - Federal Fund #31500	Capital Improvements SB-9 Fund #31700
Revenues:				
Taxes:				
Property	$ -	$ -	$ -	$ -
Oil and gas	-	-	-	-
Intergovernmental - federal grants	-	-	27,056	-
Intergovernmental - state grants	-	-	-	593,625
Contributions - private grants	-	-	-	-
Charges for services	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	-	-	27,056	593,625
Expenditures:				
Current:				
Instruction	-	-	-	-
Support services:				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & Maintenance of Plant	349	-	-	36,864
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services	-	-	-	-
Capital outlay	6,734,034	-	77,733	121,565
Total expenditures	6,734,383	-	77,733	158,429
Excess (deficiency) of revenues over expenditures	(6,734,383)	-	(50,677)	435,196
Other financing uses:				
Refunds	-	-	-	-
Transfers In	-	25,000	-	-
Transfers out	-	-	-	-
Total other financing uses	-	25,000	-	-
Net change in fund balance	(6,734,383)	25,000	(50,677)	435,196
Fund balance (deficit) at beginning of the	7,757,127	(25,000)	868,036	139,597
Fund balance (deficit) at end of the year	$ 1,022,744	$ -	$ 817,359	$ 574,793

(cont'd; 9 of 10)

NON-MAJOR GOVERNMENTAL FUNDS

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance

Year Ended June 30, 2018

Capital Projects Funds

	Capital Improvements SB-9 Fund #31701	Total Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:			
Taxes:			
Property	$ 1,644,340	$ 1,644,340	$ 1,644,340
Oil and gas	4,146	4,146	4,146
Intergovernmental - federal grants	-	27,056	10,436,073
Intergovernmental - state grants	-	593,625	2,359,679
Contributions - private grants	-	-	119,399
Charges for services	-	-	736,187
Miscellaneous	12,036	12,036	12,616
Total revenues	1,660,522	2,281,203	15,312,440
Expenditures:			
Current:			
Instruction	-	-	4,913,712
Support services:			
Students	-	-	2,248,602
Instruction	-	-	630,928
General Administration	16,452	16,452	181,201
School Administration	-	-	16,684
Central Services	-	-	32,171
Operation & Maintenance of Plant	85,688	122,901	122,901
Student transportation	-	-	196,139
Food services operations	-	-	3,231,263
Community services	-	-	259,440
Capital outlay	895,669	7,829,001	7,983,040
Total expenditures	997,809	7,968,354	19,816,081
Excess (deficiency) of revenues over expenditures	662,713	(5,687,151)	(4,503,641)
Other financing uses:			
Refunds	-	-	(38,907)
Transfers In	-	25,000	25,000
Transfers out	(25,000)	(25,000)	(25,000)
Total other financing uses	(25,000)	-	(38,907)
Net change in fund balance	637,713	(5,687,151)	(4,542,548)
Fund balance (deficit) at beginning of the	1,241,723	9,981,483	13,928,410
Fund balance (deficit) at end of the year	$ 1,879,436	$ 4,294,332	$ 9,385,862

(10 of 10)

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OTHER SUPPLEMENTAL INFORMATION

(STATE REQUIRED DISCLOSURES)

Supplemental schedules required by the State of New Mexico to provide additional analysis.

STATE OF NEW MEXICO

CENTRAL CONSOLIDATED SCHOOLS

FIDUCIARY FUNDS

Schedule of Changes in Assets and Liabilities - All Agency Funds

Year Ended June 30, 2018

ASSETS	Balance June 30, 2017	Receipts	Disbursements	Balance June 30, 2018
Cash and cash equivalents:				
Central Activities - District	$ 103,136	$ 34,442	$ 32,350	$ 105,228
Career Prep High School	4,940	210	246	4,904
Eva B Stokely Elem School	11,340	12,990	12,092	12,238
Grace B Wilson Elem School	15,546	18,178	1,642	32,082
Kirtland Central High School	231,770	121,788	106,006	247,552
Kirtland Elementary School	84,447	28,137	32,382	80,202
Mesa Elementary School	20,872	4,905	2,779	22,998
Naschitti Elemenatary School	3,115	3,819	3,145	3,789
Newcomb Elementary School	5,462	6,416	8,615	3,263
Kirtland Early Child. Ctr	1,780	442	110	2,112
Newcomb High School	65,980	81,347	73,104	74,223
Newcomb Middle School	22,892	13,051	13,402	22,541
Nizhoni Elementary School	9,013	2,403	1,674	9,742
Ojo Amarillo Elem School	10,001	5,937	5,624	10,314
Ruth N Bond Elem School	16,000	-	16,000	-
Shiprock High School	114,983	110,235	110,097	115,121
Tse Bi Tai Middxcle School	47,723	36,334	40,394	43,663
Kirtland Middle School	50,265	64,694	54,765	60,194
Nataani Nez Elem School	14,405	-	-	14,405
Pooled cash and investments	833,670	545,328	514,427	864,571
Due from District funds	2,170	-	2,170	-
	$ 835,840	$ 545,328	$ 516,597	$ 864,571

LIABILITIES				
Deposits held for others	$ 833,670	$ 545,328	$ 514,427	$ 864,571

STATE OF NEW MEXICO
CENTRAL CONSOLIDATED SCHOOLS

SCHEDULE OF PLEDGED COLLATERAL
June 30, 2018

	Wells Fargo	Bank of the Southwest	New Mexico Finance Authority
Cash on deposit at June 30, 2018:			
Checking and savings	$ 30,270,401	$ 493,681	$ 788,917
Less: FDIC coverage	(250,000)	(250,000)	-
Uninsured funds	$ 30,020,401	$ 243,681	$ 788,917
Amount requiring pledged collateral:			
50% collateral requirement	$ 15,010,201	$ 121,841	$ 394,459
Pledged collateral	17,600,998	175,000	788,917
Excess (deficiency) of pledged collateral	$ 2,765,797	$ 53,159	$ 394,458

Pledged collateral of financial institutions consists of the following at June 30, 2018

Wells Fargo:	Maturity	CUSIP #	Market Value
FNMA	7/1/2043	3138W9BE9	$ 11,555,355
FNMA	6/1/2047	3138WK4P7	6,045,643
			$ 17,600,998

The above securities are held at Bank of New York Mellon, New York, NY.

Bank of the Southwest:			
	8/1/2016	077581MQ6	$ 175,000

The above securities are held at Federal Home Loan Bank in Dallas, TX.

State of New Mexico:
Detail of the pledged collateral to the District is unavailable because the bank commingles pleged collateral for all state funds it holds. However, the State Treasurer's Office Collateral Bureau monitors the pledged collateral for all state

STATE OF NEW MEXICO

CENTRAL CONSOLIDATED SCHOOLS

CASH RECONCILIATION

Year Ended June 30, 2018

	Beginning Cash	Receipts	Distributions	Other	Net Cash End of Period	Adjustments to the report	Total Cash on Report
Operations	$ 8,526,480	$ 51,808,511	$ 51,486,236	$ (123,493)	$ 8,725,262	$ -	$ 8,725,262
Teacherage	241,764	559,669	235,564	7,691	573,560	-	573,560
Transportation	19,048	2,233,728	2,265,844	13,912	844	-	844
Instructional Materials	142,686	183,342	12,441	1	313,588	-	313,588
Food Services	2,353,897	3,801,612	3,303,569	21,932	2,873,872	-	2,873,872
Athletics	163,869	257,750	250,032	(39)	171,548	-	171,548
Activity Funds	426,059	404,761	457,814	134	373,140	-	373,140
Federal Flowthrough Funds	3,582	5,444,542	5,503,420	55,296	-	-	-
Federal Direct Funds	4,204,801	9,179,376	7,901,680	226,843	5,709,340	-	5,709,340
Local Grants	-	99,000	102,149	3,149	-	-	-
State Flowthrough Funds	40,327	1,329,896	1,597,750	293,671	66,144	-	66,144
State Direct Funds	519	128,625	94,125	(26,775)	8,244	-	8,244
Local/State	32,282	17,002	30,287	32	19,029	-	19,029
Bond Building	7,757,127	-	6,734,393	10	1,022,744	-	1,022,744
Special Capital Outlay - Feder	868,036	27,056	77,733	-	817,359	-	817,359
Capital Improvements SB-9	139,597	593,625	158,429	-	574,793	-	574,793
Capital Improvements SB-9	1,232,107	1,661,573	699,417	(25,000)	2,169,263	-	2,169,263
Debt Service	4,991,598	5,640,511	6,172,888	-	4,459,221	-	4,459,221
Agency Funds	-	-	-	-	-	864,571	864,571
Total	$ 31,118,779	$ 83,370,579	$ 87,083,771	$ 472,364	$ 27,877,951	$ 864,571	$ 28,742,522

Account Name	Account Type	Bank Name	Bank Amount
Operational	Checking	Wells Fargo	$ 14,094,124
Operational	Checking	Wells Fargo	15,274,290
Activities	Checking	Bank of Southwest	237,957
Operating	Checking	Bank of Southwest	255,724
Debit	Agency	NMFA	14,902
Debit	Agency	NMFA	774,015
Activity	Checking	Wells Fargo	652,070
Accounts Payable	Checking		-
Payroll Clearing	Checking		-
Investment	Investment	Wells Fargo Investments	249,917
			$ 31,552,999

Adjustments to report:	
Agency funds	$ 864,571
Interfund loans - pooled cash (1)	-
Interfund loans - pooled cash (1)	-
Clearing account	-
Total adjustment to the report	$ 864,571
Adjustments to cash:	
Bank Balance	$ 31,552,999
Cash on hand	100
Investment	(249,917)
Outstanding deposits	7,415
Outstanding checks	(2,560,562)
Errors	(7,513)
Total adjusted cash	$ 28,742,522

COMPLIANCE SECTION

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

§

Report on Compliance for Each Major Federal Program;
Report on Internal Control Over Compliance; and
Report on the Schedule of Expenditures of
Federal Awards Required By Uniform Guidance

§

Schedule of Findings and Questioned Costs:
Summary of Auditor's Results
Financial Statement Findings
Federal Award Findings

§

Summary Schedule of Prior Year Audit Findings

§

Schedule of Expenditures of Federal Awards
Notes to the Schedule of Expenditures of Federal Awards

§

Required Disclosure

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

INDEPENDENT AUDITORS' REPORT

Wayne Johnson, State Auditor
The Board of Education and Audit Committee of
Central Consolidated Schools

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, the aggregate remaining fund information, the budgetary comparisons of the general fund and major special revenue funds, of the Central Consolidated Schools as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Central Consolidated Schools basic financial statements, and the combining and individual funds and related budgetary comparisons of Central Consolidated Schools, presented as supplemental information, and have issued our report thereon dated November 12, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit, of the financial statements, we considered Central Consolidated Schools 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 Central Consolidated Schools internal control. Accordingly, we do not express an opinion on the effectiveness of Central Consolidated Schools internal control.

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

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

Compliance and other matters

As part of obtaining reasonable assurance about whether Central Consolidated Schools financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. We also noted certain other matters that are required to be reported pursuant to *Government Auditing Standards* and pursuant to Section 12-6-5, NMSA 1978, which are described in the accompanying schedule of findings and questioned costs as finding 2018-001, 2018-002 and 2018-003, .

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Wayne Johnson, State Auditor
The Board of Education and Audit Committee of
Central Consolidated Schools

Central Consolidated Schools Response to Findings

Central Consolidated Schools responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. Central Consolidated Schools 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 Central Consolidated Schools internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Accounting & Financial Solutions, LLC
Farmington, New Mexico
November 12, 2018

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REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY UNIFORM GUIDANCE

INDEPENDENT AUDITOR'S REPORT

Wayne Johnson, State Auditor,
The Board of Education and Audit Committee of
Central Consolidated Schools

Report on Compliance for Each Major Federal Program

We have audited Central Consolidated Schools compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Central Consolidated Schools major federal programs for the year ended June 30, 2018. Central Consolidated Schools major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Central Consolidated Schools compliance.

Opinion on Each Major Federal Program

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

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Wayne Johnson, State Auditor,
The Board of Education and Audit Committee of
Central Consolidated Schools

Report on Internal Control Over Compliance

Management of Central Consolidated Schools 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 Central Consolidated Schools internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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 Central Consolidated Schools internal control over compliance.

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

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

Central Consolidated Schools response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Central Consolidated Schools 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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Accounting & Financial Solutions, LLC
Farmington, New Mexico
November 12, 2018

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

STATE OF NEW MEXICO

CENTRAL CONSOLIDATED SCHOOLS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2018

Federal Grantor/Pass - Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed To Subrecipients	Cluster Programs	Federal Expenditures
U.S. Department of Agriculture:					
Pass-Through Program From:					
New Mexico Department of Education:					
Child Nutrition Cluster:					
USDA National School Lunch Program	10.555	21000	-	$ 2,165,865	
USDA School Breakfast Program	10.553	21000	-	736,276	
Total Child Nutrition Cluster					2,902,141
Pass-Through Program From:					
New Mexico Human Service Department:					
USDA Commodities Program	10.565	21000	-		191,143
New Mexico Children, Youth, and Families:					
Child & Adult Food Program	10.558	21000	-		174,781
Total U.S. Department of Agriculture					3,268,065
U.S. Department of Interior					
Pass-Through Programs From:					
Office of the Navajo Nation:					
Johnson O'Malley	15.130	25131	-		280,539
U.S. Department of Education:					
Direct Programs:					
P.L. 81-874 Facilities Maintenance	84.040	31500			77,733
Impact Aid Indian Education	84.041	11000	-		22,844,050
Impact Aid Special Education	84.041	25145	-		852,557
Impact Aid Indian Education	84.041	25147	-		4,721,254
Indian Ed Formula Grant	84.060	25184	-		1,019,157
Navajo Nations	84.410	25201	-		325,975
Gear Up New Mexico State Initiatives	84.334	25205	-		298,484
Subtotal Direct Programs					30,139,210
Pass-Through Programs From:					
New Mexico Department of Education:					
Special Education (IDEA) Cluster:					
Entitlement IDEA-B	84.027	24106	-	$ 1,594,835	
Preschool IDEA-B	84.173A	24109	-	42,057	
Total Special Education (IDEA) Cluster					1,636,892
Title I	84.010	24101	-		2,657,660
21st Century Community Learning Centers	84.287C	24119	-		480,642
Title III English Language	84.365	24153	-		130,710
Title II Teacher Quality	84.367	24154	-		496,878
Title I School Improvement	84.010	24162	-		53,169
Student Support Academic Achievment Title IV	84.424A	24189	-		4,102
Subtotal Pass-Through Programs					5,460,053
Total U.S. Department of Education					35,599,263

See the accompanying notes to the Schedule of Expenditures of Federal Awards.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2018

Federal Grantor/Pass - Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed To Subrecipients	Cluster Programs	Federal Expenditures
					(cont'd: 1 of 2)
U.S. Department of Health and Human Services:					
Pass-Through Program From:					
New Mexico Department of Health:					
Public Health Services Health Ed	93.079	25122	-		59,959
Maternal and Child Health Services	93.944	24186	-		1,759
Total U.S. Department of Health and Human Services					61,718
Total Expenditures of Federal Awards			$ -		$ 39,209,585

(2 of 2)

See the accompanying notes to the Schedule of Expenditures of Federal Awards.

1. Scope of audit pursuant to OMB Uniform Grant Guidance

All federal grant operations of Central Consolidated Schools (the "District") are included in the scope of the Office of Management and Budget ("OMB") Uniform Grant Guidance audit (the "Single Audit"). The Single Audit was performed in accordance with the provisions of the OMB Circular Compliance Supplement (Revised May 2018 the "Compliance Supplement"). Compliance testing of all requirements are described in the Compliance Supplement, was performed for the grants programs noted below. These programs represent all federal award programs and other grants with fiscal year 2018 cash and non-cash expenditures to ensure coverage of at least 40% (HIGH risk auditee) of federally granted funds. Actual coverage is approximately 87% of total cash and non-cash federal award program expenditures. Total cash expenditures were in the amount of $39,018,442 and all non-cash expenditures amounted to $191,143.

MAJOR FEDERAL AWARD PROGRAM DESCRIPTION	EXPENDITURE
Cash Assistance:	
Impact Aid	$ 28,495,594
Child Nutrition (USDA) Cluster	2,902,141
Special Education (IDEA) Cluster	1,636,892
Indian Ed Formula Grant	1,019,157
Total	$ 34,053,784

The District did not have a federal program considered to be a High-Risk Type A program for the year ended June 30, 2018.

The U.S. Department of Education is the District's oversight agency for single audit.

2. Summary of significant accounting policies

Basis of presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal grant activity of the 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 the Office of Management and Budget (OMB) Uniform Grant 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 and changes in net position of the District. All federal programs considered active during the year ended June 30, 2018, are reflected on the Schedule. An active federal program is defined as a federal program for which there were receipts or disbursements of funds or accrued (deferred) grant revenue adjustments during the fiscal year or a federal program considered as not completed or closed out at the beginning of the fiscal year. The Schedule is prepared using the accrual basis of accounting. Grant revenues are recorded for financial reporting purposes when the District has met the qualifications for the respective grant.

Accrued and deferred reimbursements

Various reimbursement procedures are used for Federal awards received by the District. Consequently, timing differences between expenditures and program reimbursements can exist at the beginning and end of the year. Accrued balances at year end represent an excess of reimbursable expenditures over receipts to date. Deferred balance at year-end represent an excess of cash receipts over reimbursable expenditure to date. Generally, accrued or deferred balances covered by differences in the timing of cash receipts and expenditures will be reversed in the remaining grant period.

3. Reconciliation of Federal Awards to Expenditure of Federal Award

The differences between the federal awards received (Intergovernmental sources – federal) during the year ended June 30, 2018 and the federal awards expended during the year are as follows:

	BALANCE
Federal Sources	$ 41,944,261
Indirect costs from federal programs	(295,467)
Unexpended federal sources from current year	(5,783,072)
Prior year federal sources expended	4,511,445
Refund to State of New Mexico	(3,582)
Federal revenue from vendor	(1,164,000)
Total Expenditures of Federal Awards	$ 39,209,585

4. UNEXPENDED FEDERAL AWARDS

There were federal awards received during the year ended June 30, 2018 that were not expended during the year. These awards will be reported in subsequent years when they have been expended. Those amounts are as follows:

			UNEXPENDED AWARDS			
	CFDA #	FUND #	CARRYOVER FROM PY	2018 AWARDS	EXPENDED	TOTAL UNEXPENDED
Child Nutrition (USDA)	10.555	21000	$ 510,427	$ 3,739,017	$ (3,268,065)	$ 981,379
Public Health Services Health	93.079	25122	-	66,737	(59,959)	6,778
Impact Aid Special Education	84.041	25145	344,834	585,815	(852,557)	78,092
Impact Aid Indian Education	84.041	25147	3,174,670	5,711,011	(4,721,254)	4,164,427
Indian Ed Formula Grant	84.060	25184	123,905	1,017,259	(1,019,157)	122,007
Navajo Nations	84.41	25201	-	449,432	(325,975)	123,457
P.L. 81-874 Facilities Maintena	84.040	31500	868,036	27,056	(77,733)	817,359
			$ 5,021,872	$ 11,596,327	$ (10,324,700)	$ 6,293,499

5. Indirect Costs

The District did not elect to use the 10% de minimis indirect cost rate during the year ended June 30, 2018.

I. SUMMARY OF AUDIT RESULTS

	Yes	No	Occurrences
FINANCIAL STATEMENTS:			
Type of auditor's report issued: Unmodified			
Internal control over financial reporting:			
Material weakness(es) identified?		✓	-
Significant deficiency(ies) identified?		✓	-
Noncompliance material to financial statements noted?		✓	-
FEDERAL AWARDS:			
Internal control over major programs:			
Material weakness(es) identified?		✓	-
Significant deficiency(ies) identified?		✓	-
Type of auditor's report issued on compliance with major programs: Unmodified			
Any audit findings disclosed that are required to be reported in accordance with Section 200.516 of the Uniform Guidance?		✓	-

The programs treated as major programs include:

Name of Federal Program or Cluster	CFDA Number
Impact Aid	84.041
Child Nutrition (USDA) Cluster	10.555 & 10.553
Special Education (IDEA-B) Cluster	84.027 & 84.173
Indian Ed Formula Grant	84.060

The threshold for distinguishing types A and B programs: $1,176,288

	Yes	No
Auditee qualified as low-risk auditee?		✓

II. FINDINGS RELATED TO FINANCIAL STATEMENTS

2018 – 001 BUDGET LINE ITEM OVER EXPENDED

Other Matters (Does not rise to the level of significant deficiency)

Condition: There were unfavorable variances between actual and budgeted line item expenditures. The following fund had an unfavorable variance between the budgeted and actual amounts at fiscal yearend.

Transportation	Student transportation	$25,592

Criteria: According to NMSA 1978 Section 22-8-11 B all fiscal agents of public monies have a responsibility to monitor spending and comply with established budget guidelines.

Cause: Improper monitoring of line item expenditures by comparing budget amounts and actual amounts spent allowed unfavorable (negative) variances, overspending of the line item budgets to occur.

Effect of condition: Violation of NMSA 1978 Section 22-8-11 B, over spending of public monies. Could lead to expenditures being paid in excess of total budgeted amounts.

Recommendation: Management should implement immediate steps to provide adequate financial reports to allow for proper and timely monitoring of line item expenditures. Budget adjustment requests should be approved by the Board of Education and State Department of Education (when required) to receive approval to make necessary changes to the records prior to being presented for audit.

Management's response: Expenditures related to providing summer transportation were recorded late in the fiscal year, after the District had performed the final evaluation of expenditures. The District has plans to restructure certain transportation costs and the department's billing/invoicing system in fiscal year 2018-19, which will serve to reduce the risk of over-expenditures in this fund. Further, the District will continue to improve its monitoring of budgeted vs actual expenditures.

Person/positions responsible for overseeing corrective actions: Budget Coordinator – Herbie Clichee

Timeline for corrective actions: Monitoring of budget to actual activity – Immediately. Restructuring of transportation costs and billing/invoicing system – February 28, 2019.

II. FINDINGS RELATED TO FINANCIAL STATEMENTS (CONT'D)

2018 – 002 BACKGROUND CHECK
Other Matters (Does not rise to the level of significant deficiency)

Condition: One of the thirty employees tested did not have a new background check when hired at Central Consolidated Schools. The background check was from Arizona.

Criteria: In accordance with 1978 NMSA 22-10A-5, All employees who have access to children are required to have a background check completed and approved.

Cause: The District is not maintaining adequate controls over employee hiring.

Effect of condition: The District is out of compliance with requirements of 1978 NMSA 22-10A-A.

Recommendation: The District should not employ any individual without prior receipt of the cleared background check.

Management's response: The Human Resources Department has developed a checklist to ensure background checks are obtained and evidence of such is maintained on file.

Responsible party(ies) for corrective action(s): Human Resources Coordinator – Margaret Trocheck

Corrective action(s) timeline: Checklist developed June 2018 and checklists added to individual files October 2018

II. FINDINGS RELATED TO FINANCIAL STATEMENTS (CONT'D)

2018 – 003 UNAUTHORIZED TEMPORARY INTER-FUND LOANS

Other Matters (Does not rise to the level of significant deficiency)

Condition: The District has used funds designated for specific uses (transportation, and athletics along with federal and state funds to cover the deficit cash balances. Only operating funds are allowed to be used for interfund loans unless specific approval is received from the granting agency.

Fund #	Fund	Loan amount	Fund #	Fund	Loan amount
13000	Transportation	1,837	25145	Impact Aid Special Ed	606
21000	Food Service	1,465	25147	Impact Aid Indian Education	2,931
22000	Athletics	39	25153	Title XIXX Medicaid	479
24101	Title I	1,497	25184	Indian Ed Formula Grant	805
24106	Entitlement IDEA-B	767	25201	Navajo Nations	113
24154	Title II Teacher Quality	195	25205	Gear Up New Mexico	131
24162	Title I School Improvement	104	27149	Pre-K Initiative	900

Criteria: Interfund loans that are given from restricted fund sources other than operating needs to have the approval of the funding source before the funds can be used to cover deficit cash balances for the other funds. PSAB Supplement 7 states "Temporary transfers require local board approval only. Districts/charter schools may make a loan from the operational fund to another fund based on the maximum expected need during the year in order to minimize the cycles of board approval, making a loan and repaying it several times during the year, with a goal of having the loan repaid at year end." Internal control should exist to provide reasonable assurance that no disbursement is made that would result in a deficit cash balance within a fund. Cash from program specific revenues cannot be used to fund other programs without the proper approval of the awarding agency. The Board of Education is required to approve all inter-fund loans.

Cause: The state system requires that the federal funds should be spent before the schools get the money from the funding source, allowing the funding source to review and approve expenditures before reimbursement. The funds listed above loaned funds to the cash pool.

Effect of condition: The District is not following the procedures of PSAB Supplement 7.

Recommendation: Management should develop a plan to monitor interfund loans to ensure that the General Fund can cover the reimbursement funds until reimbursements have been received. Requests for reimbursements should be monitored and followed up on to promote expedient processing.

Management's response: The interfund activity reflected above was created by an adjusting journal entry recorded to properly state a payroll related liability account. This situation is not likely to reoccur, but in the event it does, management will be sure to obtain the proper approvals.

Responsible party(ies) for corrective action(s): Director of Finance

Corrective action(s) timeline:. November 2018

III. AUDIT FINDINGS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

There were no findings required to be reported relating to federal awards.

I. NOT RESOLVED

There were not any findings to be reported from the prior year.

II. RESOLVED

2017 – 001 CONTROLS OVER CAPITAL ASSETS
Current Status: Resolved. Not repeated in the current year.

2017 – 002 RECONCILIATION OF PAYROLL ACCOUNTS
Current Status: Resolved. Not repeated in the current year.

2017 – 003 LACK OF CONTROL OVER CASH DEPOSITS
Current Status: Resolved. Not repeated in the current year.

2017 – 004 PURCHASE MADE PRIOR TO APPROVAL
Current Status: Resolved. Not repeated in the current year.

2017 – 005 LATE PAYMENT OF INVOICES
Current Status: Resolved. Not repeated in the current year.

2017 – 006 CAPITAL ASSET DELETIONS NOT REPORTED TO THE STATE AUDITOR
Current Status: Resolved. Not repeated in the current year.

The independent public accountants assisted in the preparation of the financial statements.

An exit conference was held November 14, 2018 and was attended by the following individuals:

CENTRAL CONSOLIDATED SCHOOLS

Sheldon Pickering	Vice President / Audit Committee
Terrian Benn	Superintendent
Herienetta Clichee	Business Coordinator
Erica Benally	Finance Committee Member
Kristi Walters	Certified Procurement Officer

ACCOUNTING & FINANCIAL SOLUTIONS, LLC

Terry Ogle, CPA	Partner