

STATE OF NEW MEXICO

CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3



ANNUAL FINANCIAL REPORT

JUNE 30, 2018



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## INTRODUCTORY SECTION

**STATE OF NEW MEXICO**  
**CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3**  
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**FOR THE YEAR ENDED JUNE 30, 2018**

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**STATE OF NEW MEXICO**  
**CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3**  
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**STATE OF NEW MEXICO**  
**CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3**  
**OFFICIAL ROSTER**  
**FOR THE YEAR ENDED JUNE 30, 2018**

**CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3**

<u><b>Name</b></u>	<u><b>School Board</b></u>	<u><b>Title</b></u>
Bret Wier		President
Ronald Anderson		Vice-President
Annie Lindsey		Secretary
Matthew Gonzales		Member
Nancy Hooker		Member
	<u><b>District Officials</b></u>	
Adan Estrada		Superintendent
Lawana Whitten		Business Manager

**MORENO VALLEY HIGH SCHOOL**

	<u><b>Governing Board</b></u>	
Lanon Rogers		President
Tammy DeVine		Vice-President
Saundra Haevischer		Secretary
Ed McCracken		Member
Sanjay Poovadan		Member
	<u><b>School Officials</b></u>	
Tammy Dunn		Director
Lawana Whitten		Business Manager
Anita Ramsey		Executive Assistant

**MORENO VALLEY EDUCATION FOUNDATION**

	<u><b>Board of Directors</b></u>	
Linda Colenda		Vice-President
Henry Garland		Treasurer
Deborah May		Secretary
Spencer Hill		Director
Regina Perryman		Director
Richard Safford		Director
	<u><b>Financial</b></u>	
Linda Wier		Bookkeeper

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**FINANCIAL SECTION**





## INDEPENDENT AUDITOR'S REPORT

Wayne Johnson, New Mexico State Auditor  
The Office of Management and Budget  
And the Board of Education of  
Cimarron Municipal School District No. 3  
Cimarron, NM

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the general fund of Cimarron Municipal School District No. 3, (the "District") as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control, and accordingly, no such opinion is expressed.

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

## **Other Matters**

### *Required Supplementary Information*

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

Accounting principles generally accepted in the United States of America requires the Schedules I through IV and the notes to the Required Supplementary Information on pages 56 through 60 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 inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the District's financial statements that collectively comprise the District's basic financial statements. The combining and individual fund financial statements and other supplemental information required by 2.2.2 NMAC, Schedules V through IX are presented for the purposes of additional analysis and are not a required part of the financial statements.

Schedules V through IX on pages 96 through 106 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 auditing standards generally accepted in the United States of America. In our opinion, Schedules V through IX required by 2.2.2 NMAC are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section on pages 1 through 3 has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

## **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated October 17, 2018 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*Manning Accounting and Consulting Services, LLC*

Manning Accounting and Consulting Services, LLC  
Kirtland, New Mexico  
October 17, 2018

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**BASIC FINANCIAL STATEMENTS**

**STATE OF NEW MEXICO**  
**CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2018**

Exhibit A-1

	<b>Primary Government</b>	<b>Component Unit</b>
<b>ASSETS</b>		
<i>Current assets:</i>		
Cash and temporary investments	\$ 4,372,125	\$ 510,944
Receivables (net of allowance for uncollectibles)	530,676	18,132
Inventory	2,494	-
<i>Total current assets</i>	4,905,295	529,076
<i>Noncurrent assets:</i>		
Restricted cash	1,058,124	-
Capital assets (net of accumulated depreciation):		
Land and land improvements	2,098,904	151,920
Buildings and building improvements	28,602,380	-
Furniture, fixtures and equipment	3,549,024	114,530
Construction in progress	420,224	-
Less: accumulated depreciation	(13,286,943)	(114,530)
<i>Total noncurrent assets</i>	22,441,713	151,920
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred outflows - pensions	3,690,293	575,644
Deferred outflows - other post-employment benefits	58,987	7,398
<i>Total deferred outflows</i>	3,749,280	583,042
<i>Total assets and deferred outflows of resources</i>	\$ 31,096,288	\$ 1,264,038
<b>LIABILITIES</b>		
<i>Current liabilities:</i>		
Accounts payable	\$ 436,323	\$ 5,396
Accrued payroll liabilities	230,929	5,473
Accrued interest payable	42,130	-
Unearned revenue	51,394	-
Current maturities of:		
Bonds payable	830,000	-
Compensated absences	3,133	-
<i>Total current liabilities</i>	1,593,909	10,869
<i>Noncurrent liabilities:</i>		
Bond premiums, net of amortization of \$46,971	103,958	-
Bonds payable	5,810,000	-
Net pension liability	10,654,482	1,784,823
Net other post-employment benefits liability	2,822,326	442,744
<i>Total noncurrent liabilities</i>	19,390,766	2,227,567
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred inflows - pensions	186,332	166,800
Deferred inflows - other post-employment benefits	642,355	100,767
<i>Total deferred inflows</i>	828,687	267,567
<b>NET POSITION</b>		
Invested in capital assets	14,639,631	151,920
Restricted for:		
Debt service	1,220,515	-
Capital projects	3,543,989	250,921
Other purposes - special revenue	113,536	87,419
Unrestricted	(10,234,745)	(1,732,225)
<i>Total net position</i>	9,282,926	(1,241,965)
<i>Total liabilities, deferred inflows of resources, and net position</i>	\$ 31,096,288	\$ 1,264,038

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



**STATE OF NEW MEXICO**  
**CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2018**

Exhibit B-1

	General Fund			Capital Projects	
	Operational	Transportation	Instructional	Bond	Capital
	11000	13000	Materials	Building	Improvements
	14000	31100	31701	SB-9 (Local)	31701
<b>ASSETS</b>					
<i>Current assets:</i>					
Cash and temporary investments	\$ 367,675	\$ 9,513	\$ 42,042	\$ 1,364,955	\$ 1,452,888
Accounts receivable					
Taxes	35,616	-	-	-	158,150
Due from other governments	25,474	-	-	-	-
Interfund receivables	82,545	-	-	-	-
Inventory	-	-	-	-	-
<i>Total assets</i>	<u>\$ 511,310</u>	<u>\$ 9,513</u>	<u>\$ 42,042</u>	<u>\$ 1,364,955</u>	<u>\$ 1,611,038</u>
<b>LIABILITIES</b>					
<i>Current liabilities:</i>					
Accounts payable	\$ 2,524	\$ 116	\$ -	\$ 401,343	\$ 14,361
Accrued payroll liabilities	194,469	9,509	-	-	-
Interfund payables	-	-	-	-	-
Unearned revenue	-	-	-	-	-
<i>Total liabilities</i>	<u>196,993</u>	<u>9,625</u>	<u>-</u>	<u>401,343</u>	<u>14,361</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenues - property taxes	28,716	-	-	-	128,903
<i>Total deferred inflows of resources</i>	<u>28,716</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>128,903</u>
<b>FUND BALANCES</b>					
Nonspendable	-	-	-	-	-
Restricted for:					
Transportation	-	-	-	-	-
Instructional materials	-	-	42,042	-	-
Grant mandates	-	-	-	-	-
Capital projects	-	-	-	-	192,513
Debt service	-	-	-	-	-
Assigned	256,251	-	-	963,612	1,275,261
Unassigned	29,350	(112)	-	-	-
<i>Total fund balances</i>	<u>285,601</u>	<u>(112)</u>	<u>42,042</u>	<u>963,612</u>	<u>1,467,774</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 511,310</u>	<u>\$ 9,513</u>	<u>\$ 42,042</u>	<u>\$ 1,364,955</u>	<u>\$ 1,611,038</u>

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

**STATE OF NEW MEXICO**  
**CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2018**

Exhibit B-1

	<u>Capital Projects</u>			
	Educational Techology Equipment Act 31900	Debt Service 41000	Other Governmental Funds	Total Primary Government
<b>ASSETS</b>				
<i>Current assets:</i>				
Cash and temporary investments	\$ 954,716	\$ 669,413	\$ 569,047	\$ 5,430,249
Accounts receivable				
Taxes	-	89,671	100,027	383,464
Due from other governments	-	-	121,738	147,212
Interfund receivables	-	-	-	82,545
Inventory	-	-	2,494	2,494
<i>Total assets</i>	<u>\$ 954,716</u>	<u>\$ 759,084</u>	<u>\$ 793,306</u>	<u>\$ 6,045,964</u>
<b>LIABILITIES</b>				
<i>Current liabilities:</i>				
Accounts payable	\$ -	\$ -	\$ 17,979	\$ 436,323
Accrued payroll liabilities	-	-	26,951	230,929
Interfund payables	-	-	82,545	82,545
Unearned revenue	-	-	51,394	51,394
<i>Total liabilities</i>	<u>-</u>	<u>-</u>	<u>178,869</u>	<u>801,191</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenues - property taxes	-	63,387	85,371	306,377
<i>Total deferred inflows of resources</i>	<u>-</u>	<u>63,387</u>	<u>85,371</u>	<u>306,377</u>
<b>FUND BALANCES</b>				
Nonspendable	-	-	2,494	2,494
Restricted for:				
Transportation	-	-		-
Instructional materials	-	-		42,042
Grant mandates	-	-	69,627	69,627
Capital projects	654,127	-	473	847,113
Debt service	-	179,326	-	179,326
Assigned	300,589	516,371	456,472	3,768,556
Unassigned	-	-	-	29,238
<i>Total fund balances</i>	<u>954,716</u>	<u>695,697</u>	<u>529,066</u>	<u>4,938,396</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 954,716</u>	<u>\$ 759,084</u>	<u>\$ 793,306</u>	<u>\$ 6,045,964</u>

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



**STATE OF NEW MEXICO**  
**CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3**  
**GOVERNMENTAL FUNDS**  
**RECONCILIATION OF THE BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
**JUNE 30, 2018**

Exhibit B-2

	Governmental Funds
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Total fund balances - governmental funds	\$ 4,938,396
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
The cost of capital assets is	34,670,532
Accumulated depreciation is	(13,286,943)
Revenues not collected within sixty days after year-end are considered "available" revenues and are shown as deferred revenues on the balance sheet.	
Delinquent property taxes	306,377
Deferred outflows and inflows of resources related to pensions are applicable to future periods and therefore, are not reported in governmental funds.	
Deferred outflows of resources - pensions	3,690,293
Deferred outflows of resources - other post-employment benefits	58,987
Deferred inflows of resources - pensions	(186,332)
Deferred inflows of resources - other post-employment benefits	(642,355)
Bond discounts and premiums are not financial resources and therefore are not reported in the funds	
Bond premiums net of accumulated amortization	(103,958)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in governmental funds. Long-term and other liabilities at year-end consist of:	
Accrued interest payable	(42,130)
Bonds payable	(6,640,000)
Accrued compensated absences	(3,133)
Net pension liability	(10,654,482)
Net other post-employment benefits liability	(2,822,326)
Total net position - governmental activities	\$ 9,282,926

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

**STATE OF NEW MEXICO**  
**CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3**  
**STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

Exhibit B-3

	General Fund			Capital Projects	
	Operational 11000	Transportation 13000	Instructional Materials 14000	Bond Building 31100	Capital Improvements SB-9 (Local) 31701
<i>Revenues:</i>					
Property taxes	\$ 156,733	\$ -	\$ -	\$ -	\$ 707,789
Oil and gas taxes	13,852	-	-	-	48,271
State grants	4,003,395	819,514	12,059	-	-
Federal grants	9,319	-	-	-	-
Miscellaneous	87,131	-	-	-	-
Charges for services	78,425	-	-	-	-
Sale of district assets	-	-	-	-	-
Investment income	11,629	-	-	24,334	16,649
<i>Total revenues</i>	<u>4,360,484</u>	<u>819,514</u>	<u>12,059</u>	<u>24,334</u>	<u>772,709</u>
<i>Expenditures:</i>					
<i>Current:</i>					
Instruction	2,546,207	-	6,734	-	-
Support services					
Students	525,104	-	-	-	-
Instruction	-	-	-	-	-
General administration	273,490	-	-	-	7,348
School administration	242,081	-	-	-	-
Central services	96,052	-	-	-	-
Operation & maintenance of plant	595,326	-	-	-	-
Student transportation	-	1,012,318	-	-	-
Other support services	-	-	-	-	-
Food services operations	-	-	-	-	-
Community services	-	-	-	-	-
Capital outlay	-	-	-	2,046,357	1,060,968
Debt service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
<i>Total expenditures</i>	<u>4,278,260</u>	<u>1,012,318</u>	<u>6,734</u>	<u>2,046,357</u>	<u>1,068,316</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>82,224</u>	<u>(192,804)</u>	<u>5,325</u>	<u>(2,022,023)</u>	<u>(295,607)</u>
<i>Net changes in fund balances</i>	<u>82,224</u>	<u>(192,804)</u>	<u>5,325</u>	<u>(2,022,023)</u>	<u>(295,607)</u>
<i>Fund balances - beginning of year</i>	203,377	192,692	36,717	2,985,635	1,763,381
<i>Prior period adjustment</i>	-	-	-	-	-
<i>Adjusted fund balance - beginning of year</i>	<u>203,377</u>	<u>192,692</u>	<u>36,717</u>	<u>2,985,635</u>	<u>1,763,381</u>
<i>Fund balances - end of year</i>	<u>\$ 285,601</u>	<u>\$ (112)</u>	<u>\$ 42,042</u>	<u>\$ 963,612</u>	<u>\$ 1,467,774</u>

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

**STATE OF NEW MEXICO**  
**CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3**  
**STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Capital Projects</u>			
	Educational Techology Equipment Act 31900	Debt Service 41000	Other Governmental Funds	Total Primary Government
<i>Revenues:</i>				
Property taxes	\$ -	\$ 670,987	\$ 336,657	\$ 1,872,166
Oil and gas taxes	-	33,850	32,568	128,541
State grants	-	-	56,707	4,891,675
Federal grants	-	-	660,325	669,644
Miscellaneous	-	-	18,820	105,951
Charges for services	-	-	51,623	130,048
Sale of district assets	-	-	-	-
Investment income	8,180	4,683	3,375	68,850
<i>Total revenues</i>	<u>8,180</u>	<u>709,520</u>	<u>1,160,075</u>	<u>7,866,875</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	-	-	303,145	2,856,086
Support services				
Students	-	-	79,124	604,228
Instruction	-	-	76,158	76,158
General administration	-	6,744	3,796	291,378
School administration	-	-	15,273	257,354
Central services	-	-	13,898	109,950
Operation & maintenance of plant	-	-	-	595,326
Student transportation	-	-	-	1,012,318
Other support services	-	-	-	-
Food services operations	-	-	311,556	311,556
Community services	-	-	-	-
Capital outlay	284,293	403	268	3,392,289
Debt service				
Principal	-	245,000	650,000	895,000
Interest	-	99,366	28,500	127,866
<i>Total expenditures</i>	<u>284,293</u>	<u>351,513</u>	<u>1,481,718</u>	<u>10,529,509</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(276,113)</u>	<u>358,007</u>	<u>(321,643)</u>	<u>(2,662,634)</u>
<i>Net changes in fund balances</i>	<u>(276,113)</u>	<u>358,007</u>	<u>(321,643)</u>	<u>(2,662,634)</u>
<i>Fund balances - beginning of year</i>	1,188,589	337,690	892,949	7,601,030
<i>Prior period adjustment</i>	42,240	-	(42,240)	-
<i>Adjusted fund balance - beginning of year</i>	<u>1,230,829</u>	<u>337,690</u>	<u>850,709</u>	<u>7,601,030</u>
<i>Fund balances - end of year</i>	<u>\$ 954,716</u>	<u>\$ 695,697</u>	<u>\$ 529,066</u>	<u>\$ 4,938,396</u>

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

**STATE OF NEW MEXICO**  
**CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2018**

Exhibit B-4

	Governmental Funds
Amounts reported for governmental activities in the Statement of Activities are different because:	
Net change in fund balances - total governmental funds	\$ (2,662,634)
<p>Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation expenses in the Statement of Activities. This is the amount by which depreciation exceeds capital outlays for the period.</p>	
Depreciation expense	(1,120,516)
Capital outlays	3,126,509
Loss on disposal of capital assets	(259,640)
<p>Revenues not collected within 60 days after the fiscal year-end are not considered available revenues in the governmental funds. They are considered revenues in the Statement of Activities. The increase (decrease) in revenues receivable for the year end were:</p>	
Unavailable revenue related to the property taxes receivable	(7,043)
<p>The issuance of long-term debt (e.g. bonds, notes, leases) provides current financial resources to governmental funds, while 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, whereas these amounts are deferred and amortized in the Statement of Activities:</p>	
Amortization of bond premiums	17,920
Accrued interest payable	(26,968)
Accrued compensated absences	(279)
Bond principle payments	895,000
<p>Governmental funds report district pension contributions as expenditures. However, in the Statement of Activities, the pension benefits earned net of employee contributions is reported as pension expense.</p>	
Difference between prior year pension contributions per entity and amount reported in the pension report	
Pension contributions - current year	413,661
Pension expense	(1,720,729)
Other post-employment benefits contributions - current year	58,987
Other post-employment benefits expense	(112,206)
Change in net position - total governmental activities	\$ (1,397,938)

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

**STATE OF NEW MEXICO**  
**CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND**  
**BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL**  
**OPERATIONAL FUND (11000)**  
**FOR THE YEAR ENDING JUNE 30, 2018**

Exhibit C-1

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
<i>Revenues:</i>				
Property taxes	\$ 159,538	\$ 159,538	\$ 163,946	\$ 4,408
Oil and gas taxes	12,690	12,690	12,525	(165)
State grants	3,888,797	4,013,011	4,003,395	(9,616)
Federal grants	-	-	9,319	9,319
Miscellaneous	56,000	85,280	90,939	5,659
Charges for services	73,723	73,723	78,425	4,702
Interest	2,500	2,500	11,629	9,129
<i>Total revenues</i>	<u>4,193,248</u>	<u>4,346,742</u>	<u>4,370,178</u>	<u>23,436</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	2,520,187	2,656,437	2,560,483	95,954
Support services				
Students	606,002	548,582	526,091	22,491
Instruction	41,131	10,888	-	10,888
General administration	273,122	299,252	284,147	15,105
School administration	225,096	246,588	242,081	4,507
Central services	108,818	98,626	96,052	2,574
Operation & maintenance of plant	568,768	636,245	596,792	39,453
Student transportation	-	-	-	-
Other support services	21,184	21,184	-	21,184
Food services operations	-	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>4,364,308</u>	<u>4,517,802</u>	<u>4,305,646</u>	<u>212,156</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(171,060)</u>	<u>(171,060)</u>	<u>64,532</u>	<u>235,592</u>
<i>Other financing sources (uses):</i>				
Designated cash	171,060	171,060	-	(171,060)
Operating transfers	-	-	-	-
Proceeds from bond issues	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>171,060</u>	<u>171,060</u>	<u>-</u>	<u>(171,060)</u>
<i>Net change in fund balance</i>	<u>-</u>	<u>-</u>	<u>64,532</u>	<u>64,532</u>
<i>Cash or fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>385,688</u>	<u>385,688</u>
Prior period adjustments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Adjusted cash or fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>385,688</u>	<u>385,688</u>
<i>Cash or fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 450,220</u>	<u>\$ 450,220</u>
<i>Reconciliation to GAAP basis:</i>				
Net change in fund balance (cash basis)			\$ 64,532	
Adjustments to revenues			(9,694)	
Adjustments to expenditures			27,386	
Net change in fund balance (GAAP basis)			<u>\$ 82,224</u>	

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

**STATE OF NEW MEXICO**  
**CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND**  
**BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL**  
**TRANSPORTATION FUND (13000)**  
**FOR THE YEAR ENDING JUNE 30, 2018**

Exhibit C-2

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
<i>Revenues:</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
State grants	434,047	819,514	819,514	-
Federal grants	-	-	-	-
Miscellaneous	-	192,688	192,688	-
Charges for services	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	<u>434,047</u>	<u>1,012,202</u>	<u>1,012,202</u>	<u>-</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	-	-	-	-
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	434,047	1,012,202	1,002,693	9,509
Other support services	-	-	-	-
Food services operations	-	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>434,047</u>	<u>1,012,202</u>	<u>1,002,693</u>	<u>9,509</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>9,509</u>	<u>9,509</u>
<i>Other financing sources (uses):</i>				
Designated cash	-	-	-	-
Operating transfers	-	-	-	-
Proceeds from bond issues	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	<u>-</u>	<u>-</u>	<u>9,509</u>	<u>9,509</u>
<i>Cash or fund balance - beginning of year</i>	-	-	4	4
Prior period adjustments	-	-	-	-
<i>Adjusted cash or fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>4</u>	<u>4</u>
<i>Cash or fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,513</u>	<u>\$ 9,513</u>
<i>Reconciliation to GAAP basis:</i>				
Net change in fund balance (cash basis)			\$ 9,509	
Adjustments to revenues			(192,688)	
Adjustments to expenditures			(9,625)	
Net change in fund balance (GAAP basis)			<u>\$ (192,804)</u>	

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

**STATE OF NEW MEXICO**  
**CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND**  
**BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL**  
**INSTRUCTIONAL MATERIALS FUND (14000)**  
**FOR THE YEAR ENDING JUNE 30, 2018**

Exhibit C-3

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
<i>Revenues:</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
State grants	10,462	10,462	12,059	1,597
Federal grants	-	-	-	-
Miscellaneous	-	-	-	-
Charges for services	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	<u>10,462</u>	<u>10,462</u>	<u>12,059</u>	<u>1,597</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	41,499	47,177	6,734	40,443
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food services operations	-	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>41,499</u>	<u>47,177</u>	<u>6,734</u>	<u>40,443</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(31,037)</u>	<u>(36,715)</u>	<u>5,325</u>	<u>42,040</u>
<i>Other financing sources (uses):</i>				
Designated cash	31,037	36,715	-	(36,715)
Operating transfers	-	-	-	-
Proceeds from bond issues	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>31,037</u>	<u>36,715</u>	<u>-</u>	<u>(36,715)</u>
<i>Net change in fund balance</i>	<u>-</u>	<u>-</u>	<u>5,325</u>	<u>5,325</u>
<i>Cash or fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>36,717</u>	<u>36,717</u>
Prior period adjustments	-	-	-	-
<i>Adjusted cash or fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>36,717</u>	<u>36,717</u>
<i>Cash or fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 42,042</u>	<u>\$ 42,042</u>
<i>Reconciliation to GAAP basis:</i>				
Net change in fund balance (cash basis)			\$ 5,325	
Adjustments to revenues			-	
Adjustments to expenditures			-	
Net change in fund balance (GAAP basis)			<u>\$ 5,325</u>	

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

**STATE OF NEW MEXICO**  
CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3  
AGENCY FUNDS  
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
JUNE 30, 2018

Exhibit D-1

	<u>Agency Funds</u>
<b>ASSETS</b>	
<i>Current assets:</i>	
Cash and cash equivalents	\$ 131,828
Certificate of deposit	12,163
Annuities	<u>45,880</u>
<i>Total assets</i>	<u><u>\$ 189,871</u></u>
 <b>LIABILITIES</b>	
<i>Current liabilities:</i>	
Deposits held in trust for others	<u>\$ 189,871</u>
<i>Total liabilities</i>	<u><u>\$ 189,871</u></u>

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



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**STATE OF NEW MEXICO**  
**CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2018**

**NOTE 1      Summary of Significant Accounting Policies**

Cimarron Municipal School District No. 3 (the “District”) is a public school District governed by an elected five-member Board of Education created under the provision of Chapter 22 Article 5, Paragraph 4, New Mexico Statutes 1978 to provide public education for the children within the District boundaries. The Board of Education is the basic level of government, which has oversight responsibility and control over all activities related to public elementary and secondary school education within its jurisdiction. The District receives funding from local, state and federal government sources and must comply with the requirements of these funding source entities.

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

During the year ended June 30, 2018, the District adopted the following GASB Statements.

- GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. 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 is effective for fiscal years beginning after June 15, 2017.
- 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. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2016, and should be applied retroactively.
- 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]). The requirements of this Statement are effective for reporting periods beginning after June 15, 2017.
- 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. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017.

These pronouncements are not expected to have a material effect on the District except for GASB statement No. 75. The more significant accounting policies of the District are described below.

STATE OF NEW MEXICO  
CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2018

**NOTE 1      Summary of Significant Accounting Policies (Continued)**

A.      *Financial Reporting Entity*

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

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

Based upon the application of these criteria, the District has a charter school which operates as a component unit of the District – Moreno Valley High School Charter School. In addition, the School has a foundation, Moreno Valley Education Foundation, which is a component unit of the charter school. The District does not appoint the Charter School or the Foundation's governing council. Neither the charter school nor the foundation has separately issued reports for the year ended June 30, 2018. Significant disclosure for the component units can be found in the financial footnotes and the governmental financial statements are in the Component Units section of the report and in Note 11 for pension information.

B.      *Government-Wide and Fund Financial Statements*

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

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

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

STATE OF NEW MEXICO  
CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2018

NOTE 1 **Summary of Significant Accounting Policies (Continued)**

B. *Government-Wide and Fund Financial Statements (Continued)*

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

C. *Measurement Focus, Basis of Accounting, and Financial Statement Presentation*

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

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

***Deferred Outflows of Resources*** – a consumption of net position by the government that is applicable to a future reporting period. It has a positive effect on net position, similar to assets; therefore, it is not recognized as an outflow of resources (expense) until then.

***Deferred Inflows of Resources*** – an acquisition of net position by the government that is applicable to a future reporting period. It has a negative effect on net position, similar to liabilities; therefore, it is not recognized as an inflow of resources (revenue) until that time.

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

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

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

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

STATE OF NEW MEXICO  
CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2018

**NOTE 1      Summary of Significant Accounting Policies (Continued)**

C.      *Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)*

have been incurred and all other grant requirements have been met and the susceptible to accrual criteria have been met. All other revenue items are considered to be measurable and available only when cash is received by the government.

The *agency funds* are custodial in nature (assets equal liabilities) and do not present results of operations or have a measurement focus. Agency funds are accounted for using the accrual basis of accounting. These funds are used to account for assets that the District holds for others in an agency capacity. Governmental funds are used to account for the District's general government activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets, and the servicing of general long-term debt. Governmental funds include:

The *General Fund* is the primary operating fund of the District, and accounts for all financial resources of the general government, except those required to be accounted for in other funds. The General Fund includes the Operational, Teacherage, Transportation, and Instructional Materials Funds.

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

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

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

Under the requirements of GASB Statement No. 34, the District is required to present some of its governmental funds as major funds based upon certain criteria. The major funds presented in the fund financial statements include the following:

The *Operational Fund* (11000) accounts for the primary revenues and expenditures of the District, including, but not limited to, student instruction, student support, instructional support, general administration, school administration, central services, and operations and maintenance of plant. Revenues come from district tax levy, state equalization, and other local, state, and federal sources. This fund is considered by PED to be a sub-fund of the General Fund.

The *Transportation Fund* (13000) accounts for state equalization funds authorized by Section 22-8-26, NMSA, 1978 designated for the costs of transporting school-age children who are students within the District. This fund is considered by PED to be a sub-fund of the General Fund.

The *Instructional Materials Fund* (14000) accounts for funding designated for instructional materials purchases as authorized by Sections 22-15-1 through 22-15-14, NMSA, 1978 for the purposes of purchasing instructional materials (books, manuals, periodicals, etc.) used in the education of students. This is considered by PED to be a sub-fund of the General Fund.

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

STATE OF NEW MEXICO  
CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2018

NOTE 1      **Summary of Significant Accounting Policies (Continued)**

C.      *Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)*

*Capital Improvements SB-9 (Local)* (31701) is used for funds 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 a special tax levy as authorized by the Public School District Capital Improvements Act. (22-25-1 to 22-25-10 NMSA 1978).

The *Education Technology Equipment Act* (31900) accounts for State funding to promote the comprehensive integration of advanced technologies in education settings, through the conduct of technical assistance, professional development, information and resource dissemination, and collaboration activities.

*Debt Service Fund* (41000) is used to account for the accumulation of resources for the payment of general long-term debt principal and interest.

Additionally, the government reports the following fund types:

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

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

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

**Cash and Temporary Investments:** The District's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. State statutes authorize the District to invest in certificates of deposit, obligations of the U.S. Government, and the State Treasurer's Investment Pool. Investments for the District are reported at fair value. The State Treasurer's Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

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. 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.

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



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**CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3**  
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**NOTE 1      Summary of Significant Accounting Policies (Continued)**

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

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

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

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

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

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

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

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. The District expenses the cost of library books when purchased because their estimated useful life is less than one year. Major outlays for capital assets and improvements are capitalized as projects are constructed. No interest was included as part of the cost of capital assets under construction during the year ended June 30, 2018.

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

Buildings	25-50 years
Building improvements	7-20 years
Office equipment	5 years
Vehicles	5 years
Computer equipment	5 years

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NOTE 1 **Summary of Significant Accounting Policies (Continued)**

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

**Deferred Outflows of Resources – Pensions:** The government-wide financial statements report pension related expenses and liabilities for the cost-sharing plan one year in arrears, i.e. expenses and liabilities as of June 30, 2017. Contributions of \$413,661 made by the District in the current fiscal year are thus applicable to a future reporting period where they will then be expensed. As such, they are presented in the Statement of Net Position as a deferred outflow of resources in the current period. The District may also have four other deferred outflows which arise due to the implementation of GASB 68; change in proportion \$147,253; change in assumptions \$3,110,253 and change in investment experience \$19,126.

**Deferred Outflows of Resources – OPEB:** The government-wide financial statements report other post-employment benefits related expenses and liabilities for the cost-sharing plan one year in arrears, i.e. expenses and liabilities as of June 30, 2017. Contributions of \$58,987 made by the District in the current fiscal year are thus applicable to a future reporting period where they will then be expensed. As such, they are presented in the Statement of Net Position as a deferred outflow of resources in the current period. The District may also have four other deferred outflows which arise due to the implementation of GASB 75; change in proportion; change in assumptions; investment experience; and actuarial experiences which have no balances in the current year.

**Unearned revenues:** The District recognizes grant revenue at the time the related expense is made if the expenditure of funds is the prime factor for determining eligibility for reimbursement; therefore, amounts received and not expended in the Special Revenue Funds are shown as unearned revenues. At June 30, 2018, the District's unearned revenues were \$51,394 related to Federal grants which had been received but not earned.

**Compensated Absences:** The District no longer provides for the accrual of leave which is payable upon termination or retirement and is recorded as an expenditure when it is paid. However, one individual remains with the District who had compensated absences at the time the District did away with future accruals. The individual's value of compensated absences was calculated at that time and will be paid out upon retirement.

**Long-term Obligations:** In the government-wide fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. For bonds issued after the fiscal year ended June 30, 2004, bond premiums and discounts, will be deferred and amortized over the life of the bonds using the effective interest method. Bonds payable of \$6,640,000 at June 30, 2018 are reported net of the applicable bond premium or discount. Bond insurance issuance costs will be reported as deferred charges and amortized over the term of the related debt.

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

**Net Pension Liability:** The District records its proportionate share of the difference between the value of total pension liabilities and plan assets for the State of New Mexico's Employee Retirement Board pension plan. For the year ended June 30, 2018, net pension liability totaled \$10,654,482.

**Net Other Post-Employment Benefits Liability:** The District records its proportionate share of the difference between the value of total other post-employment benefit (OPEB) liabilities and plan assets for the State of New Mexico's Retiree Health Care plan. For the year ended June 30, 2018, net OPEB liability totaled \$2,822,326.



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**NOTE 1 Summary of Significant Accounting Policies (Continued)**

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

**Deferred Inflows of Resources – Unavailable Revenues:** Governmental funds report unavailable revenues in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Revenues not received within sixty (60) days of year-end are not considered available; therefore, a receivable is recorded for the amount due and a corresponding deferred revenue, is recorded as well. Total unavailable revenues of \$306,377 for property taxes were recorded at June 30, 2018.

**Deferred Inflows of Resources – Pensions:** Changes in actuarial experience \$164,142, change in investments \$1,462, and change in proportion \$20,728 for the District are applicable to a future reporting period and will be expensed over a five-year period beginning in the next fiscal year. As such, these amounts are presented in the Statement of Net Position as deferred inflows of resources in the current period.

**Deferred Inflows of Resources – OPEB:** Changes in actuarial experience \$108,306, change in assumptions \$493,448, and change in investment experience \$40,601 for the District are applicable to a future reporting period and will be expensed over a five-year period beginning in the next fiscal year. As such, these amounts are presented in the Statement of Net Position as deferred inflows of resources in the current period.

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

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

*Net investment in capital assets:* Consists of capital assets including restricted capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position

*Restricted Net Position:* Consists of net position with constraints placed on the use either by (a) external groups such as creditors, grantors, contributors, or laws or regulation of other governments; or (b) 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. The restricted component consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

*Unrestricted Net Position:* All other net position that does not meet the definition of “restricted” or “invested in capital assets.”

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

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NOTE 1      **Summary of Significant Accounting Policies (Continued)**

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

*Nonspendable:* Consists of amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example, inventories and prepaid amounts.

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

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

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

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

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

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

E.      *Revenues*

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

**Interfund Transactions:** Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund from expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transactions, except quasi-external transactions and reimbursements are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

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NOTE 1      **Summary of Significant Accounting Policies (Continued)**

*E. Revenues (Continued)*

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

**State Equalization Guarantee:** School districts in the State of New Mexico receive a 'state equalization guarantee distribution' which is defined as "that amount of money distributed to each school district to insure that the school district's operating revenue, including its local and federal revenues as defined in Chapter 22, Section 825, NMSA 1978 is at least equal to the 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 \$4,003,395 in state equalization guarantee distributions during the year ended June 30, 2018.

**Tax Revenues:** The District receives mill levy and ad-valorem tax revenues primarily for debt service and capital outlay purposes. Property taxes are assessed on January 1 of each year and are payable in two equal installments, on November 10<sup>th</sup> of the year in which the tax bill is prepared and April 10<sup>th</sup> of the following year with the levies becoming delinquent 30 days (one month) thereafter. In the government-wide financial statements, the District recognizes property tax revenues in the period for which they are levied, net of estimated refunds and uncollectible amounts. The District records only the portion of the taxes considered to be 'measurable' and 'available' in the government fund financial statements, which is within 60 days of year-end. Descriptions of the individual debt service and capital outlay funds contained in these financial statements include information regarding the authority for the collection and use of these taxes. In the financial statements, the mill levy and ad-valorem taxes are broken out into two types: property taxes – residential and commercial and property taxes – oil and gas. Amounts collected from residential and commercial property taxes at June 30, 2018 were \$1,872,166. Amounts collected from oil and gas taxes were \$128,541.

**Transportation Distribution:** School districts in the State of New Mexico receive student transportation distributions. The transportation distribution is allocated to each school district in accordance with formulas developed by the State Transportation Director and the Director of Public School Finance. The funds shall be used only for the purpose of making payments to each school district for the to-and-from school transportation costs of students in grades K through twelve attending public school within the school district. The District received \$819,514 in transportation distributions during the year ended June 30, 2018.

**Instructional Materials:** The New Mexico Public Education Department (PED) receives federal material leasing funds from which it makes annual allocations to the various school districts for the purchase of educational materials. Of each allocation, fifty percent is restricted to the requisition of materials listed in the State Board of Education "State Adopted Instructional Material" list, while fifty percent of each allocation is available for purchases directly from vendors. Allocations received from the State for the year ended June 30, 2018 totaled \$12,059.

**SB-9 State Match:** The Director shall distribute to any school district that has imposed a tax under the Public School Capital Improvements Act (22-25-1 to 22-25-10 NMSA 1978) an amount from the public school capital improvements fund that is equal to the amount by which the revenue estimated to be received from the imposed tax as specified in Subsection B of Section 22-25-3 NMSA 1978, assuming a one hundred percent collection rate, is less than an amount calculated by multiplying the product obtained by the rate imposed in the District under the Public School Capital Improvements Act. The distribution shall be

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**NOTE 1 Summary of Significant Accounting Policies (Continued)**

*E. Revenues (Continued)*

made by December 1, of each year that the tax is imposed in accordance with Section 22-25-3 NMSA 1978. Provided, however, in the event that sufficient funds are not available in the public school capital improvement funds to make the state distribution provided for in this section, the dollar per program unit figure shall be reduced as necessary. The District did not receive any state SB-9 matching funds during the year ended June 30, 2018.

**Public School Capital Outlay:** Under the provisions of Chapter 22, Article 24, NMSA 1978. The money in the fund may be used only for capital expenditures deemed by the public school capital outlay council necessary for an adequate educational program per Section 22-24-4(B); core administrative functions of the public school facilities authority and for project management expenses upon approval of the council per Section 22-24-4(G); and for the purpose of demolishing abandoned school district facilities, upon application by a school district to the council, per Section 22-24-4(L). Money in the fund shall be disbursed by warrant of the Department of Finance and Administration on vouchers signed by the Secretary of Finance and Administration following certification by the council that the application has been approved. During the year ended June 30, 2018, the District received no special capital outlay funds.

**Federal Grants:** The District receives revenues from various Federal departments (both direct and indirect), which are legally restricted to expenditures for specific purposes. These programs are reported as Special Revenue Funds. Each program operated under its own budget, which has been approved by the federal department or the flowthrough agency (usually the New Mexico Public Education Department). The various budgets are approved by the Local School Board and the New Mexico Public Education Department. The District also receives reimbursement under the National School Lunch and Breakfast Programs for its food services operations, and the distributions of commodities through the New Mexico Human Services Department.

**NOTE 2 Stewardship, Compliance and Accountability**

*Budgetary Information*

Budgets for the General, Special Revenue, Capital Projects, and Debt Service Funds are prepared by management and are approved by the local Board of Education and the School Budget and Planning Unit of the Public Education Department. Auxiliary student activity accounts are not budgeted. Public School Capital Outlay Council expenditures in the Public School Capital Outlay fund are not budgeted at the District level, so there is no budgetary comparison presented. These budgets are prepared on the non-GAAP cash basis, excluding encumbrances, and secure appropriation of funds for only one year. Carryover funds must be re-appropriated in the budget of the subsequent fiscal year. The budget process in the State of New Mexico requires that the ending cash balance be appropriated in the budget of the subsequent fiscal year.

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

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

1. In April or May, the local school board submits to the District Budget Planning Unit (DBPU) of the New Mexico Public Education Department (PED) (100%) a proposed operating budget for the ensuing fiscal year commencing July 1. The operating budget includes proposed expenditures and the means of financing them. All budgets are submitted to the State of New Mexico PED.

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**NOTE 2 Stewardship, Compliance and Accountability (Continued)**

*Budgetary Information (Continued)*

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

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

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



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**NOTE 3 Cash and Temporary Investments**

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

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

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

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

**Deposits**

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 in excess of federal deposit insurance. The schedule listed below will meet the State of New Mexico Office of the State Auditor's requirements in reporting the insured portion of the deposits.

	International Bank
Total amounts of deposits	\$ 4,429,706
FDIC coverage	250,000
Total uninsured public funds	4,179,706
Collateral requirement (50% of uninsured public funds)	2,089,853
Pledged security	230,186
Total over (under) collateralized	\$ (1,859,667)

The funds are maintained in interest bearing checking accounts and certificates of deposit in International Bank. At year-end the District was under-collateralized by \$1,859,667.

The types of collateral allowed are limited by the section 6-10-16, NMSA 1978.

*Custodial Credit Risk – Deposits.* Custodial credit risk is the risk that in the event of a bank failure the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk, other than following state statutes as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978).

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**NOTE 3 Cash and Temporary Investments (Continued)**

Deposits – The risk exists when a portion of the District’s deposits are not covered by depository insurance and are:

1. Uncollateralized;
2. Collateralized with securities held by the pledging financial institution; or
3. Collateralized with securities held by the pledging financial institution’s trust department or agent but not in the depositor’s (District’s) name.

At June 30, 2018, \$4,179,706 of the District’s bank balance of \$4,429,706 was exposed to custodial credit risk as it was uninsured and the collateral was not held in the District’s name.

**Reconciliation of Cash to the Financial Statements**

The carrying amount of deposits and investments shown above are included in the District’s Statement of Net Position as follows:

Reconciliation to Statement of Net Position

Governmental Funds - Balance Sheet

Cash and cash equivalents per Exhibit A-1	\$ 5,430,249
Statement of Fiduciary Net Position - cash per Exhibit D-1	<u>189,871</u>
Total per financial statements	5,620,120
Add outstanding checks and other reconciling items	217,214
Less: temporary investments	(1,361,748)
Less: activity fund annuities	<u>(45,880)</u>
Bank balance of deposits	<u><u>\$ 4,429,706</u></u>

The District utilized pooled accounts for their programs and funds. Negative cash balances in individual funds that were part of the pooled accounts should be reclassified as due to/due from accounts in the combining balance sheets at June 30, 2018. Funds in the 24000’s and 25000’s are federal funds, 27000’s through 29000’s funds are non-federal funds. The following individual funds had negative cash balances as of June 30, 2018:

**Fund # Special Revenue Funds:**

24106	IDEA-B Entitlement	\$ 39,292
24109	IDEA-B Preschool	2,743
24118	Fresh Fruits and Vegetables	892
24132	IDEA-B Results Plan	17,779
24154	Teacher/Principal Training & Recruiting	2,500
27103	Dual Credit Instructional Materials	129
27149	PreK Initiative	6,190
	Total	<u><u>\$ 69,525</u></u>

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**NOTE 3 Cash and Temporary Investments (Continued)**

**Temporary Investments**

At June 30, 2018, the District had \$1,361,748 held in trust by the Bank of Albuquerque. Those funds are held in a U.S. Treasury Money Market Fund. The District does not have the legal authority to move these funds from the trust institution. Information regarding the fund is as follows:

Fund	CUSIP	WAM	Ratings		Net Assets
			S&P	Moody's	
Premier U.S. Government Money Portfolio	00142W843	22 days	AAAm	Aaa-mf	\$5.63 Billion

**Interest Rate Risk for Investments.** The District does not have a written policy for limiting interest rate risk. However, the average maturity of certificates of deposit is twelve months or less, which is an effective limit of interest rate risk.

**Credit Risk.** State law limits investments to bonds or negotiable securities of the U. S. Government, the State, municipalities, or school district securities issued by the U.S. Government (or its agencies, either direct obligations or backed and guaranteed by the U.S. Government) and repurchase agreements with banks, savings and loan associations, or credit union. The District has no investment policy that would further limit its investment choices.

**Concentration of Credit.** The District places no limit on the amount the District may invest in any one issuer. Investments which are over 5% of total investments are the amounts invested in the Lipper Institutional U.S. Treasury Money Market Funds which are invested by the trust institution Bank of Albuquerque.

**NOTE 4 Receivables**

Receivables as of June 30, 2018 are as follows:

	Major Funds			Other Governmental Funds	Total Governmental Funds
	Operational 11000	Capital Improv. SB-9 31701	Debt Service 41000		
Taxes Receivable	\$ 35,616	\$ 158,150	\$ 89,671	\$ 100,027	\$ 383,464
Due from other governments	25,474	-	-	121,738	147,212
Total receivables	<u>\$ 61,090</u>	<u>\$ 158,150</u>	<u>\$ 89,671</u>	<u>\$ 221,765</u>	<u>\$ 530,676</u>

The above receivables are deemed 100% collectible. In Accordance with GASB No. 33, property tax revenues in the amount of \$306,377 were not collected within the period of availability.



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**NOTE 5 Interfund Receivables, Payables, and Transfers (Continued)**

“Interfund balances” have primarily been recorded when funds overdraw their share of pooled cash when the District is waiting for grant reimbursements. The composition of interfund balances at June 30, 2018 is as follows:

<b>Governmental Activities</b>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
<b>Major Funds:</b>		
Operational (11000)	\$ 82,545	\$ -
<b>Non-major Funds:</b>		
IDEA-B Entitlement (24106)	-	45,511
IDEA-B Preschool (24109)	-	3,200
Fresh Fruits and Vegetables (24118)	-	895
IDEA-B Results Plan (24132)	-	19,565
Teacher/Principal Training & Recruiting (24154)	-	3,145
Dual Credit Instructional Materials (27103)	-	129
PreK Initiative (27149)	-	10,100
Totals	<u>\$ 82,545</u>	<u>\$ 82,545</u>

**NOTE 6 Capital Assets**

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

	<u>Balance June 30, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Adjustments</u>	<u>Balance June 30, 2018</u>
Capital assets used in governmental activities:					
Capital assets not being depreciated:					
Land	\$ 1,139,109	\$ -	\$ -	\$ -	\$ 1,139,109
Construction in progress	275,939	2,497,449	(2,353,164)	-	420,224
Total capital assets not being depreciated	<u>1,415,048</u>	<u>2,497,449</u>	<u>(2,353,164)</u>	<u>-</u>	<u>1,559,333</u>
Capital assets being depreciated:					
Land improvements	985,119	-	(25,324)	-	959,795
Buildings and building improvements	24,665,516	2,353,164	(176,602)	1,760,302	28,602,380
Furniture, fixtures, and equipment	4,474,534	629,060	(1,554,570)	-	3,549,024
Total capital assets being depreciated	<u>30,125,169</u>	<u>2,982,224</u>	<u>(1,756,496)</u>	<u>1,760,302</u>	<u>33,111,199</u>
Less accumulated depreciation:					
Land improvements	421,597	51,233	(14,289)	-	458,541
Buildings and building improvements	9,989,445	846,442	(55,957)	297,051	11,076,981
Furniture, fixtures, and equipment	2,955,190	222,841	(1,426,610)	-	1,751,421
Total accumulated depreciation	<u>13,366,232</u>	<u>1,120,516</u>	<u>(1,496,856)</u>	<u>297,051</u>	<u>13,286,943</u>
Total capital assets, net of depreciation	<u>\$ 18,173,985</u>	<u>\$ 4,359,157</u>	<u>\$ (2,612,804)</u>	<u>\$ 1,463,251</u>	<u>\$ 21,383,589</u>

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**NOTE 6 Capital Assets (Continued)**

Depreciation expense of \$1,120,516 for the year ended June 30, 2018 was allocated as follows:

Governmental activities:	
Instruction	\$ 452,353
Support services - students	126,282
Support services - instruction	14,903
Support services - general administration	46,389
School administration	41,011
Central services	24,091
Operation and maintenance of plant	300,186
Student transportation	74,066
Food services	41,235
Total depreciation	<u>\$ 1,120,516</u>

At June 30, 2018, the District had begun a project to remodel the elementary school, middle school, and high school in Cimarron, and this project had remaining estimated commitments of \$809,821.

During the current year, the District has made two adjustments to fixed assets. First, the State allowed for the removal of fixed assets and the related accumulated depreciation for assets which had an initial purchase value of less than \$5,000. The District chose to remove these assets from their books which resulted in a net reduction of \$259,541. Next, when the District constructed the charter school, the auditor had required them to book the building as an asset of the charter school. However, the District funded the building, charters the school under the District, and would own the building if the charter school ceased to exist. As such, the value of the building and the related accumulated depreciation was transferred to the District's assets in the current year which resulted in a net increase of \$1,463,251.

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.

**NOTE 7 Long-Term Debt**

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

	Balance at 06/30/17	Additions	Deletions	Balance at 06/30/18	Due Within One Year
General Obligation Bonds	\$ 7,535,000	\$ -	\$ 895,000	\$ 6,640,000	\$ 830,000
Compensated Absences	2,854	279	-	3,133	3,133
Total	<u>\$ 7,537,854</u>	<u>\$ 279</u>	<u>\$ 895,000</u>	<u>\$ 6,643,133</u>	<u>\$ 833,133</u>

**General Obligations Bonds:** General obligation bonds are direct obligations and pledge the full faith and credit of the District. The District has the following outstanding general obligation bonds as of June 30, 2018:

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**NOTE 7 Long-Term Debt (Continued)**

	Series 2015 GO Bond	Series 2016 GO Ed Tech Note	Series 2017 GO Bond
Issue Date	<u>3/24/2015</u>	<u>8/1/2016</u>	<u>6/23/2017</u>
Original Issue	\$4,000,000	\$1,750,000	\$3,000,000
Maturity Date	9/15/2026	8/1/2021	9/15/2032
Principal	15-Sep	1-Aug	15-Sep
Interest Rate	2.00% and 2.50%	2.00%	1.222% to 3.09%
Principal/Interest	15-Sep	1-Aug	15-Sep
Interest	15-Mar	1-Feb	15-Mar

The annual requirements to amortize the special revenue bonds as of June 30, 2018, including interest payments are as follows:

Fiscal Year Ending June 30,	Total General Obligation Bonds		Total Debt Service
	Principal	Interest	
2019	\$ 830,000	\$ 127,862	\$ 957,862
2020	665,000	114,394	779,394
2021	665,000	101,691	766,691
2022	630,000	89,181	719,181
2023	395,000	89,180	484,180
2024-2028	1,965,000	79,198	2,044,198
2029-2033	<u>1,490,000</u>	<u>54,589</u>	<u>1,544,589</u>
Totals	<u>\$ 6,640,000</u>	<u>\$ 656,095</u>	<u>\$ 7,296,095</u>

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

**Compensated Absences:** The District no longer provides paid leave to employees. However, one individual remains employed by the District whose leave balance was maintained when the District made this policy change. The balance of leave for this individual is \$3,133 at June 30, 2018.

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

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**NOTE 8 Unearned Revenues**

In accordance with the terms of the various grant agreements within the Special Revenue Funds, revenues received in excess of expenditures carry over to the subsequent years, unless such excess revenues are requested to be returned to the grantor. The District had the following unearned revenues at June 30, 2018:

<b>Fund #</b>	<b>Special Revenue Funds:</b>	<b>Amount</b>
24101	Title I IASA	\$ 48,765
24106	IDEA-B Entitlement	<u>2,629</u>
	Total	<u>\$ 51,394</u>

**NOTE 9 Risk Management**

The District is a member of the New Mexico Public Schools Insurance Authority (NMPSIA). The Authority was created to provide comprehensive core insurance programs by expanding the pool of subscribers to maximize cost containment opportunities for required insurance coverage. The District pays an annual premium to the NMPSIA based on claim experience and the status of the pool. The Risk Management Program includes workers compensation, general and automobile liability, automobile physical damage, and property and crime coverage. Also included under the risk management program are boiler, machinery and student accident insurance.

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

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

**NOTE 10 Other Required Individual Fund Disclosures**

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

- A. Deficit fund balance of individual funds. The District the Transportation Fund (13000) reporting a deficit fund balance at June 30, 2018 in the amount of \$112.
- B. Excess of expenditures over appropriations. The District had no funds reporting expenditures over appropriations for the year ended June 30, 2018.
- C. Cash appropriations in excess of available cash balance. For the year ended June 30, 2018, the District had no funds which had cash appropriations in excess of available cash balances.

**NOTE 11. General Information on the Pension Plan – Educational Retirement Act**

*Plan Description.* The New Mexico Educational Retirement Act (ERA) was enacted in 1957. The act created the Educational Employees Retirement Plan (Plan) and, to administer it, the New Mexico Educational Retirement Board (NMERB). The Plan is included in NMERB's comprehensive annual financial report. The report can be found on NMERB's web site at [https://www.nmerb.org/Annual\\_report.html](https://www.nmerb.org/Annual_report.html).

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**NOTE 11    General Information on the Pension Plan – Educational Retirement Act (Continued)**

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

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

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

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

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

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

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

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

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

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

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**NOTE 11 General Information on the Pension Plan – Educational Retirement Act (Continued)**

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

**Benefit Options.** The Plan has three benefit options available.

- **Option A – Straight Life Benefit** – The single life annuity option has no reductions to the monthly benefit, and there is not continuing benefit due to a beneficiary or estate, except the balance, if any, of member contributions plus interest less benefits paid prior to the member's death.
- **Option B – Joint 100% Survivor Benefit** – The single life annuity monthly benefit is reduced to provide for a 100% survivor's benefit. The reduced benefit is payable during the life of the member, with the provision that, upon death, the same benefit is paid to the beneficiary for his or her lifetime. If the beneficiary predeceases the member, the member's monthly benefit is increased to the amount the member would have received under Option A Straight Life Benefit. The member's increased monthly benefit commences in the month following the beneficiary's death.
- **Option C – Joint 50% Survivor Benefit** – The single life annuity monthly benefit is reduced to provide for a 50% survivor's benefit. The reduced benefit is payable during the life of the member, with the provision that, upon death, the reduced 50% benefit is paid to the beneficiary for his or her lifetime. If the beneficiary predeceases the member, the member's monthly benefit is increased to the amount the member would have received under Option A Straight Life Benefit. The member's increased monthly benefit commences in the month following the beneficiary's death.

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

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

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

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

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

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



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**NOTE 11 General Information on the Pension Plan – Educational Retirement Act (Continued)**

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

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

The contribution requirements of defined benefit plan members and the District and at Moreno Valley High School (MVHS) are established under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. For the fiscal year ended June 30, 2018 and 2017 the District paid employee and employer contributions of \$725,285 and \$668,234, and MVHS paid employee and employer contributions of \$90,571 and \$111,202 which equal the amount of the required contributions for each fiscal year.

*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:* At June 30, 2018, the District reported a liability of \$10,654,482 for its proportionate share of the net pension liability and MVHS reported \$1,784,823. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016. The total pension liability was rolled-forward from the valuation date to the plan year ending June 30, 2017, using generally accepted actuarial principles. The roll-forward incorporates the impact of the new assumptions adopted by the Board on April 21, 2017. There were no other significant events of changes in benefit provisions that required an adjustment to the roll-forward liabilities as of June 30, 2017. Therefore, the employer's portion was established as of the measurement date of June 30, 2017. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating educational institutions, actuarially determined. June 30, 2017, the District's proportion was 0.09587 %, which was an increase of 0.00184% from its proportion measured as of June 30, 2016. MVHS' proportion was 0.01606% which was a decrease of 0.00155% from its proportion measured at June 30, 2016.

For the year ended June 30, 2018, the District recognized pension expense of \$1,307,068. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net (Inflows) Outflows
Differences between expected and actual experience	\$ -	\$ (164,142)	\$ (164,142)
Changes of assumptions	3,110,253	-	3,110,253
Net difference between projected and actual earnings on pension plan investments	19,126	(1,462)	17,664
Changes in proportion and differences between contributions and proportionate share of contributions	147,253	(20,728)	126,525
District's contributions subsequent to the measurement date	413,661	-	413,661
Total	<u>\$ 3,690,293</u>	<u>\$ (186,332)</u>	<u>\$ 3,503,961</u>

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**NOTE 11 General Information on the Pension Plan – Educational Retirement Act (Continued)**

Deferred outflows of resources of \$413,661 related to pensions resulting from the District’s contributions subsequent to the measurement date of June 30, 2017 will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Year ended June 30,**

2019	\$ 1,172,709
2020	1,259,904
2021	745,418
2022	(87,731)
2023	-
Thereafter	-
<b>Total</b>	<u><u>\$ 3,090,300</u></u>

For the year ended June 30, 2018, MVHS recognized pension expense of \$170,871. At June 30, 2018, MVHS reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Net (Inflows) Outflows</u>
Differences between expected and actual experience	\$ 3,204	\$ (27,497)	\$ (24,293)
Changes of assumptions	521,025	-	521,025
Net difference between projected and actual earnings on pension plan investments	-	(245)	(245)
Changes in proportion and differences between contributions and proportionate share of contributions	-	(139,058)	(139,058)
School's contributions subsequent to the measurement date	51,415	-	51,415
<b>Total</b>	<u><u>\$ 575,644</u></u>	<u><u>\$ (166,800)</u></u>	<u><u>\$ 408,844</u></u>

Deferred outflows of resources of \$51,415 related to pensions resulting from MVHS’ contributions subsequent to the measurement date of June 30, 2017 will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Year ended June 30,**

<b>2018</b>	\$ 114,159
<b>2019</b>	155,125
<b>2020</b>	102,842
<b>2021</b>	(14,697)
<b>2022</b>	-
<b>Total</b>	<u><u>\$ 357,429</u></u>



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**NOTE 11 General Information on the Pension Plan – Educational Retirement Act (Continued)**

Inflation	2.5%										
Salary Increases	3.25% composed of 2.50% inflation, plus a 0.75% productivity increase rate, plus a step-rate promotional increase for members with less than 10 years of service.										
Investment Rate of Return	7.25% compounded annually, net of expenses. This is made up of a 2.50% inflation rate and a 4.75 real rate of return.										
Average of Expected Remaining Service Lives	<table border="0" style="margin-left: 20px;"> <tr> <td style="padding-right: 20px;">Fiscal Year</td> <td style="text-align: center;"><u>2017</u></td> <td style="text-align: center;"><u>2016</u></td> <td style="text-align: center;"><u>2015</u></td> <td style="text-align: center;"><u>2014</u></td> </tr> <tr> <td>Service life in years</td> <td style="text-align: center;">3.35</td> <td style="text-align: center;">3.77</td> <td style="text-align: center;">3.92</td> <td style="text-align: center;">3.88</td> </tr> </table>	Fiscal Year	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	Service life in years	3.35	3.77	3.92	3.88
Fiscal Year	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>							
Service life in years	3.35	3.77	3.92	3.88							
Mortality	<p><b>Healthy males:</b> Based on the RP-2000 Combined Mortality Table with White Collar adjustments, not set back. Generational mortality improvements with Scale BB from the table’s base year of 2000.</p> <p><b>Healthy females:</b> Based on GRS Southwest Region Teacher Mortality Table, set back one year, generational mortality improvements in accordance with Scale BB from the table’s base year of 2012.</p> <p><b>Disabled males:</b> RP-2000 Disabled Mortality Table for males, set back three years, projected to 2016 with Scale BB.</p> <p><b>Disabled females:</b> RP-2000 Disabled Mortality Table for females, no set back, projected to 2016 with Scale BB.</p> <p><b>Active members:</b> RP-2000 Employee Mortality Tables, with males set back two years and scaled at 80%, and females set back five years and scaled at 70%. Static mortality improvement from the table’s base year of 2000 to the year 2016 in accordance with Scale BB. No future improvement was assumed for preretirement mortality.</p>										
Retirement Age	Experience-based table rates based on age and service, adopted by the Board on June 12, 2015 in conjunction with the six-year experience study for the period ending June 30, 2014.										
Cost-of-Living Increases	1.90% per year, compounded annually.										
Payroll Growth	3.00% per year (with no allowance for membership growth).										
Contribution Accumulation	The accumulated member account balance with interest is estimated at the valuation date by assuming that member contributions increased 5.50% per year for all years prior to the valuation date. Contributions are credited with 4.00% interest, compounded annually, applicable to the account balance in the past as well as future.										
Disability Incidence	Approved rates applied to eligible members with at least 10 years of service.										

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

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**NOTE 11 General Information on the Pension Plan – Educational Retirement Act (Continued)**

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

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

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

**Discount rate:** A single discount rate of 5.9% was used to measure the total pension liability as of June 30, 2017. This single discount rate was based on a long-term expected rate of return on pension plan investments of 7.25%, and a municipal bond rate of 3.56%, net of expense. Based on the stated assumptions and the projection of cash flows, the plan’s fiduciary net position and future contributions were sufficient to finance the benefit payments through the year 2053. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the 2053 fiscal year, and the municipal bond rate was applied to all benefit payments after that date.

The projections of cash flows used to determine this single discount rate assumed that plan member and employer contributions will be made at the current statutory levels.

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

<u>1% Decrease (4.90%)</u>	<u>Current Discount Rate (5.90%)</u>	<u>1% Increase (6.90%)</u>
\$ 13,869,486	\$ 10,654,482	\$ 8,026,478

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

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**NOTE 11 General Information on the Pension Plan – Educational Retirement Act (Continued)**

1% Decrease (4.90%)	Current Discount Rate (5.90%)	1% Increase (6.90%)
\$ 2,323,396	\$ 1,784,823	\$ 1,344,584

*Pension plan fiduciary net position.* Detailed information about the pension plan’s fiduciary net position is available in the separately issued NMERB’s financial reports. The reports can be found on NMERB’s web site at [https://www.nmerb.org/Annual\\_reports.html](https://www.nmerb.org/Annual_reports.html).

*Payables to the pension plan.* The District and MVHS remit the legally required employer and employee contributions on a monthly basis to ERB. The ERB requires that the contributions be remitted by the 15<sup>th</sup> day of the month following the month for which contributions are withheld. At June 30, 2018 the District had \$132,657 due and payable which was paid on July 10, 2018; MVHS had contributions due and payable in the amount of \$2,311 which was paid on July 9, 2018.

**NOTE 12 Other Post-Employment Benefits (OPEB) – State Retiree Health Care Act (RHCA)**

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

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

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

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

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**NOTE 12 Other Post-Employment Benefits (OPEB) – State Retiree Health Care Act (RHCA) (Continued)**

Plan membership

Plan membership

Current retirees and surviving spouses	51,208
Inactive and eligible for deferred benefit	11,478
Current active members	<u>97,349</u>
Total	<u><u>160,035</u></u>

Active membership

State general	19,593
State police and corrections	1,886
Municipal general	21,004
Municipal police	3,820
Municipal FTRE	2,290
Educational Retirement Board	<u>48,756</u>
Total	<u><u>97,349</u></u>

**Contributions** - Employer and employee contributions to the Fund total 3% for non-enhanced retirement plans and 3.75% of enhanced retirement plans of each participating employee's salary as required by Section 10-7C-15 NMSA 1978. The contributions are established by statute and are not based on an actuarial calculation. All employer and employee contributions are non-refundable under any circumstance, including termination of the employer's participation in the Fund. Contributions of employee and employer portions to the Fund from the District were \$88,531 for the year ended June 30, 2018. Employee and employer contributions from MVHS amounted to \$11,096 for the year ended June 30, 2018.

At June 30, 2018, the District reported a liability of \$2,822,326 for its proportionate share of the net OPEB liability while MVHS reported a liability of \$442,744 for its proportionate share. The net OPEB liability was measured as June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB liability was based on actual contributions provided to the Fund for the year ending June 30, 2017, the District's proportion was 0.03044% and MVHS' proportion was 0.00977%.

For the year ended June 30, 2018, the District recognized OPEB expense of \$53,219. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>	<b>Net (Inflows) Outflows</b>
Differences between expected and actual experience	\$ -	\$ (108,306)	\$ (108,306)
Changes of assumptions	-	(493,448)	(493,448)
Net difference between projected and actual earnings on pension plan investments	-	(40,601)	(40,601)
District's contributions subsequent to the measurement date	<u>58,987</u>	-	<u>58,987</u>
Total	<u><u>\$ 58,987</u></u>	<u><u>\$ (642,355)</u></u>	<u><u>\$ (583,368)</u></u>

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**NOTE 12 Other Post-Employment Benefits (OPEB) – State Retiree Health Care Act (RHCA) (Continued)**

Deferred outflows of resources totaling \$58,987 represent the District’s contributions to the Fund made subsequent to the measurement date and will be recognized as a reduction of net OPEB liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

<b>Year ended June 30,</b>	
2019	\$ (136,569)
2020	(136,569)
2021	(136,569)
2022	(136,569)
2023	(96,079)
Thereafter	-
Total	<u><u>\$ (642,355)</u></u>

For the year ended June 30, 2018, MVHS recognized OPEB expense of \$10,784. At June 30, 2018, MVHS reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>	<b>Net (Inflows) Outflows</b>
Differences between expected and actual experience	\$ -	\$ (16,990)	\$ (16,990)
Changes of assumptions	-	(77,408)	(77,408)
Net difference between projected and actual earnings on pension plan investments	-	(6,369)	(6,369)
School's contributions subsequent to the measurement date	7,398	-	7,398
Total	<u><u>\$ 7,398</u></u>	<u><u>\$ (100,767)</u></u>	<u><u>\$ (93,369)</u></u>

Deferred outflows of resources totaling \$7,398 represent the MVHS’ contributions to the Fund made subsequent to the measurement date and will be recognized as a reduction of net OPEB liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

<b>Year ended June 30,</b>	
2019	\$ (21,424)
2020	(21,424)
2021	(21,424)
2022	(21,424)
2023	(15,071)
Thereafter	-
Total	<u><u>\$ (100,767)</u></u>

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**NOTE 12 Other Post-Employment Benefits (OPEB) – State Retiree Health Care Act (RHCA) (Continued)**

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

Valuation Date	June 30, 2017
Actuarial cost method	Entry age normal, level percent of pay, calculated on individual employee basis.
Asset valuation method	Market value of assets
Actuarial assumptions:	
Inflation	2.50% for ERB, 2.25% for PERA
Projected payroll increases	3.50%
Investment rate of return	7.25%, net of OPEB plan investment expense and margin for adverse deviation including inflation.
Health care cost trend rate	8% graded down to 4.5% over 14 years for Non-Medicare medical plan costs and 7.5% graded down to 4.5% over 12 for Medicare medical plan costs

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

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

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

**Discount Rate:** The discount rate used to measure the Fund’s total OPEB liability is 3.81% as of June 30, 2017. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at rates proportional to the actuary determined contribution rates. For this purpose, employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries are not included. Based on those assumptions, the Fund’s

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**NOTE 12 Other Post-Employment Benefits (OPEB) – State Retiree Health Care Act (RHCA) (Continued)**

fiduciary net position was projected to be available to make all projected future benefit payments for current plan members through the fiscal year ending June 30, 2028. Thus, the 7.25% discount rate was used to calculate the net OPEB liability through 2029. Beyond 2029, the index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher. Thus, 3.81% is the blended discount rate.

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

<u>1% Decrease</u> <u>(2.81%)</u>	<u>Current</u> <u>Discount Rate</u> <u>(3.81%)</u>	<u>1% Increase</u> <u>(4.81%)</u>
\$ 3,423,437	\$ 2,822,326	\$ 2,350,700

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

<u>1% Decrease</u>	<u>Current</u> <u>Trend Rates</u>	<u>1% Increase</u>
\$ 2,400,583	\$ 2,822,326	\$ 3,151,182

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

<u>1% Decrease</u> <u>(2.81%)</u>	<u>Current</u> <u>Discount Rate</u> <u>(3.81%)</u>	<u>1% Increase</u> <u>(4.81%)</u>
\$ 537,042	\$ 442,744	\$ 368,759

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

<u>1% Decrease</u>	<u>Current</u> <u>Trend Rates</u>	<u>1% Increase</u>
\$ 376,585	\$ 442,744	\$ 494,333

**OPEB plan fiduciary net position:** Detailed information about the OPEB plan’s fiduciary net position is available in NMRHCA’s audited financial statements for the year ended June 30, 2017.

**Payable changes in the net OPEB liability:** At June 30, 2018, the District had no liability due to NMRHCA for the year ended June 30, 2018. MVHS owed \$282 which was paid on July 9, 2018.



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**NOTE 13      Unavailable Revenues**

The District had \$306,377 of property taxes which weren't collected within the period of availability. As such, the amount is recorded as a receivable and a deferred inflows of resources in the funds statements; however, for the government-wide statements the amounts are recorded as a receivable and a revenue.

**NOTE 14      Concentrations**

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

**NOTE 15      Contingent Liabilities**

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

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

**NOTE 16      Tax Abatement Disclosures**

GASB Statement No. 77 requires government agencies to identify any tax abatement agreements that affect the government agency and disclose the amount of tax which was abated. There are no reported tax abatements affecting the District.

**NOTE 17      Subsequent Accounting Standard Pronouncements**

In November 2016, GASB Statement No. 83, *Certain Asset Retirement Obligations*, was issued. 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. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged. The District is still evaluating how this standard will affect the District.

In January 2017, GASB Statement No. 84 *Fiduciary Activities*, was issued. 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. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged. The District is still evaluating how this standard will affect the District.

In June 2017, GASB Statement No. 87 *Leases*, was issued. 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



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**NOTE 17 Subsequent Accounting Standard Pronouncements (Continued)**

deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The District is still evaluating how this standard will affect the District.

In April 2018, GASB Statement No. 88 *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements* was issued. 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. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged. The District is still evaluating how this standard will affect the District.

In June 2018, GASB Statement No. 89 *Accounting for Interest Cost Incurred Before the End of a Construction Period*, was issued. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify 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. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The District is still evaluating how this standard will affect the District.

In August 2018, GASB Statement No. 90 *Majority Equity Interests – An Amendment of GASB Statement No. 14 and No. 61*, was issued. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged. The District is still evaluating how this standard will affect the District.

**NOTE 18 Restatement – Change in Accounting Principle**

During the year ended June 30, 2018, there was a restatement in the District's financial statements due to the implementation of GASB 75 resulting in a reduction in net position in the amount of \$3,352,475. This includes the District's proportionate share of the beginning net OPEB liability of \$3,405,947 less the 2017 contributions to the pension plan in the amount of \$53,472.

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**NOTE 19**     **Prior Period Adjustments**

During the year ended June 30, 2018, there was a prior period adjustment to the District's capital assets resulting in an increase in net position in the amount of \$1,463,251. The school built for Moreno Valley High School was being carried on the School's fixed assets listing and is being adjusted to the District's listing which is the proper location for it.

During the year ended June 30, 2017, the District sold a bond and had transferred the bond premium to the debt fund which services that bond. However, the District had the right to offset the issuance costs with the premium which didn't occur. As such, the cash related to premium, \$42,240, which was less than the issuance costs, were transferred back to the Educational Technology Equipment Act Fund (31900) from the Education Technology Debt Service Fund (43000).

**NOTE 20**     **Subsequent Events**

A review of subsequent events through October 17, 2018, which is the date the financial statements were available to be issued, indicated nothing of audit significance.

**NOTE 21**     **Component Units**

**Moreno Valley High School**

Moreno Valley High School (MVHS) is a dependent charter school formed under NMSA 22-8A and as such is presented as a discrete component unit of Cimarron Municipal School District No. 3. MVHS is presented as a component unit since its charter is annually presented and approved by the District's board and a financial burden exists for the District upon closure of the charter school or when the charter school is in need of financial assistance. Additionally, the New Mexico State Auditor, through Rule 2 NMAC 2.2, requires the inclusion of this unit in the reporting entity. Refer to Notes 1 through 18 for significant policies of MVHS, as the charter school is subject to the same State and Federal regulations and follows the same policies as the District.

The following are summarized details of the charter school's balances and transactions as of June 30, 2018 and for the year then ended:

**A.     *Financial Statement Presentation***

Under the requirements of GASB Statement No. 34, MVHS is required to present some of its governmental funds as major funds based upon certain criteria. The major funds presented in the supplementary information for the funds statements of the component unit include the following:

**Operational Fund (11000)** – To account for the primary revenues and expenditures of MVHS, including, but not limited to, student instruction, student support, instructional support, general administration, school administration, central services, and operations and maintenance of plant. Revenues come from district tax levy, state equalization, and other local, state, and federal sources. This fund is considered by PED to be a sub-fund of the General Fund. No minimum balance required according to legislation.

**Instructional Materials Fund (14000)** – To account for funding designated for instructional materials purchases as authorized by Sections 22-15-1 through 22-15-14, NMSA, 1978 for the purposes of purchasing instructional materials (books, manuals, periodicals, etc.) used in the education of students. This is considered by PED to be a sub-fund of the General Fund. No minimum balance required according to legislation.

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NOTE 21      **Component Units (Continued)**

**Moreno Valley High School (Continued)**

**A.      *Financial Statement Presentation***

**Private Direct Grants (29102)** – To account for local grants awarded to provide additional funding for specific projects. No minimum balance required according to legislation.

**Capital Improvements SB-9 (Local) – (31701)** – 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 a special tax levy as authorized by the Public School District Capital Improvements Act. (22-25-1 to 22-25-10 NMSA 1978).

**Education Technology Equipment Act (31900)** – To account for State funding to promote the comprehensive integration of advanced technologies in education settings, through the conduct of technical assistance, professional development, information and resource dissemination, and collaboration activities. No minimum balance required according to legislation.

**B.      *Revenues***

*State Equalization Guarantee:* MVHS received \$677,914 in state equalization guarantee distributions during the year ended June 30, 2018.

*Instructional Materials:* Allocations received by MVHS from the State for the year ended June 30, 2018 totaled \$1,483.

*SB-9 State Match:* MVHS received \$1,910 in state SB-9 matching during the year ended June 30, 2018.

*Public School Capital Outlay:* Awards for rent assistance totaled \$39,389 during the year ended June 30, 2018 for MVHS.

*Tax Revenues:* In the year ended June 30, 2018, MVHS collected \$105,185 in property taxes.

**C.      *Cash and Temporary Investments***

*Deposits:* 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 MVHS for at least one half of the amount on deposit with the institution in excess of federal deposit insurance. The schedule listed below will meet the State of New Mexico Office of the State Auditor's requirements in reporting the insured portion of the deposits.

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**NOTE 21 Component Units (Continued)**

**Moreno Valley High School (Continued)**

**C. Cash and Temporary Investments (Continued)**

	International <u>Bank</u>	Washington <u>Federal</u>	<u>Total</u>
Total amounts of deposits	\$ 447,894	\$ 19,200	\$ 467,094
FDIC coverage	250,000	19,200	269,200
Total uninsured public funds	<u>197,894</u>	<u>-</u>	<u>197,894</u>
Collateral requirement (50% of uninsured public funds)	98,947	-	98,947
Pledged security	139,036	-	139,036
Total over (under) collateralized	<u>\$ 40,089</u>	<u>\$ -</u>	<u>\$ 40,089</u>

Funds are maintained in non-interest bearing accounts in both financial institutions.

*Custodial Credit Risk – Deposits.* Custodial credit risk is the risk that in the event of a bank failure the government’s deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk, other than following state statutes as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978).

Deposits – The risk exists when a portion of MVHS’s deposits are not covered by depository insurance and are:

1. Uncollateralized;
2. Collateralized with securities held by the pledging financial institution; or
3. Collateralized with securities held by the pledging financial institution’s trust department or agent but not in the depositor’s (MVHS’s) name.

At June 30, 2018, \$85,140 of MVHS’ bank balance of \$349,214 was exposed to custodial credit risk as it was uninsured and the collateral was not held in MVHS’ name.

The carrying amount of deposits and investments shown above are included in MVHS’ Statement of Net Position as follows:

Reconciliation to Statement of Net Position	
Governmental Funds - Balance Sheet	
Cash and cash equivalents per Statement E-1	\$ 413,723
Statement of Fiduciary Net Position - cash per Statement E-10	19,200
Total per financial statements	<u>432,923</u>
Less: cash on hand	(50)
Add outstanding checks and other reconciling items	<u>34,221</u>
Bank balance of deposits	<u>\$ 467,094</u>

**STATE OF NEW MEXICO**  
**CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2018**

**NOTE 21 Component Units (Continued)**

**Moreno Valley High School (Continued)**

***D. Receivables***

Receivables for MVHS as of June 30, 2018 related to taxes due to Capital Improvements SB-9 (Local) (31701) in the amount of \$18,132.

The above receivables are deemed 100% collectible. In Accordance with GASB No. 33, property tax revenues in the amount of \$14,510 were not collected within the period of availability.

***E. Interfund Receivables, Payables, and Transfers***

At June 30, 2018, MVHS' had no Interfund receivables, payable, or transfers.

***F. Capital Assets***

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

Capital assets used in governmental activities:	Balance June 30, 2017	Additions	Deletions	Adjustments	Balance June 30, 2018
Capital assets being depreciated:					
Buildings and building improvements	\$ 1,775,624	\$ -	\$ (15,322)	\$ (1,760,302)	\$ -
Furniture, fixtures, and equipment	103,951	-	(31,117)	-	72,834
Total capital assets being depreciated	<u>1,879,575</u>	<u>-</u>	<u>(46,439)</u>	<u>(1,760,302)</u>	<u>72,834</u>
Less accumulated depreciation:					
Buildings and building improvements	310,760	-	(13,709)	(297,051)	-
Furniture, fixtures, and equipment	103,951	-	(31,117)	-	72,834
Total accumulated depreciation	<u>414,711</u>	<u>-</u>	<u>(44,826)</u>	<u>(297,051)</u>	<u>72,834</u>
Total capital assets, net of depreciation	<u>\$ 1,464,864</u>	<u>\$ -</u>	<u>\$ (1,613)</u>	<u>\$ (1,463,251)</u>	<u>\$ -</u>

There was no depreciation expense for the year ended June 30, 2018 as all assets are fully depreciated.

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.

***G. Other Required Individual Fund Disclosures***

1. Deficit fund balance of individual funds. MVHS had no funds reporting a deficit fund balance at June 30, 2018.
2. Excess of expenditures over appropriations. MVHS had no excess expenditures at June 30, 2018.
3. Cash appropriations in excess of available cash balance. For the year ended June 30, 2018, MVHS had no cash appropriations in excess of available cash balances.

STATE OF NEW MEXICO  
CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2018

NOTE 21 **Component Units (Continued)**

**Moreno Valley High School (Continued)**

***H. Unavailable Revenues***

MVHS had \$14,510 of property taxes which weren't collected within the period of availability. As such, the amount is recorded as a receivable and a deferred inflow of resources in the funds statements; however, for the government-wide statements the amounts are recorded as a receivable and revenue.

***I. Restatement – Change in Accounting Principle***

During the year ended June 30, 2018, there was a restatement in MVHS' financial statements due to the implementation of GASB 75 resulting in a reduction in net position in the amount of \$525,329. This includes the MVHS' proportionate share of the beginning net OPEB liability of \$534,298 less the 2017 contributions to the pension plan in the amount of \$8,969.

***J. Prior Period Adjustment***

During the year ended June 30, 2018, there was a prior period adjustment to MVHS' capital assets resulting in a decrease in net position in the amount of \$1,463,251. The school built for Moreno Valley High School was being carried on the School's fixed assets listing and is being adjusted to the District's listing which is the proper location for it.

**Moreno Valley Education Foundation – Component Unit of Moreno Valley High School**

Moreno Valley Education Foundation (Foundation) is a separate but affiliated, self-sustaining, not-for-profit organization. The Foundation was established to provide support for Moreno Valley High School and to promote, sponsor, and carry out charitable and related activities for Moreno Valley High School. It is governed by an independent board of volunteers. The Foundation is considered to be a component unit of the Moreno Valley High School because the purpose of the Foundation is to exclusively, or almost exclusively, benefit the District and MVHS by soliciting contributions and managing the funds.

The following are summarized details for the Foundation's balances and transactions as of June 30, 2018 and for the year then ended:

***A. Cash and Temporary Investments***

The Foundation's cash accounts are held in noninterest-bearing demand checking account at a local financial institution with a carrying amount of \$97,221 at June 30, 2018.

*Custodial Credit Risk – Deposits.* Custodial credit risk is the risk that in the event of a bank failure the Foundation's deposits may not be returned to it. All of the Foundation's accounts are at an insured depository institution insured by the FDIC up to the maximum deposit insurance amount of \$250,000 for demand deposit accounts. At June 30, 2018, the Foundation had no uninsured cash deposits.

STATE OF NEW MEXICO  
 CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3  
 NOTES TO THE FINANCIAL STATEMENTS  
 June 30, 2018

NOTE 21 **Component Units (Continued)**

**Moreno Valley Education Foundation (Continued)**

*B. Capital Assets*

A summary of the Foundation's capital assets and changes occurring during the year ended June 30, 2018 follow:

	Balance				Balance
Capital assets used in governmental activities:	June 30, 2017	Additions	Deletions	Adjustments	June 30, 2018
Capital assets not being depreciated:					
Land	\$ 151,920	\$ -	\$ -	\$ -	\$ 151,920
Total capital assets not being depreciated	<u>151,920</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>151,920</u>
Capital assets being depreciated:					
Furniture, fixtures, and equipment	41,696	-	-	-	41,696
Total capital assets being depreciated	<u>41,696</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>41,696</u>
Less accumulated depreciation:					
Furniture, fixtures, and equipment	41,696	-	-	-	41,696
Total accumulated depreciation	<u>41,696</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>41,696</u>
Total capital assets, net of depreciation	<u>\$ 151,920</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 151,920</u>

The Foundation's capital assets are completely depreciated, as such there is no depreciation for the year.

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.

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**REQUIRED SUPPLEMENTARY INFORMATION**

**STATE OF NEW MEXICO**  
**CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3**  
**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**EDUCATIONAL RETIREMENT BOARD (ERB) PLAN**  
**LAST 10 FISCAL YEARS\***  
**JUNE 30, 2018**

Schedule I

**Primary Government: Cimarron Municipal School District No. 3**

<b>Fiscal Year Ended June 30,</b>	<b>Measurement Date - Year Ended June 30,</b>	<b>District's Proportion of the Net Pension Liability (NPL)</b>	<b>District's Proportionate Share of the NPL</b>	<b>District's Covered-Employee Payroll</b>	<b>District's Proportionate Share of the NPL as a Percentage of its Covered-Employee Payroll</b>	<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>
2018	2017	0.09587%	\$ 10,654,482	\$ 2,730,075	390.26%	52.95%
2017	2016	0.09403%	\$ 6,766,806	\$ 2,684,101	252.11%	61.58%
2016	2015	0.09209%	\$ 5,964,915	\$ 2,617,732	227.87%	63.97%
2015	2014	0.09349%	\$ 5,334,279	\$ 2,577,459	206.96%	66.54%

**Component Unit: Moreno Valley High School**

<b>Fiscal Year Ended June 30,</b>	<b>Measurement Date - Year Ended June 30,</b>	<b>MVHS' Proportion of the Net Pension Liability (NPL)</b>	<b>MVHS' Proportionate Share of the NPL</b>	<b>MVHS' Covered-Employee Payroll</b>	<b>MVHS' Proportionate Share of the NPL as a Percentage of its Covered-Employee Payroll</b>	<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>
2018	2017	0.01606%	\$ 1,784,823	\$ 456,739	390.78%	52.95%
2017	2016	0.01761%	\$ 1,267,292	\$ 539,390	234.95%	61.58%
2016	2015	0.01897%	\$ 1,228,737	\$ 566,253	216.99%	63.97%
2015	2014	0.02054%	\$ 1,171,949	\$ 554,162	211.48%	66.54%

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

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

**STATE OF NEW MEXICO**  
**CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3**  
**SCHEDULE OF PENSION CONTRIBUTIONS**  
**EDUCATIONAL RETIREMENT BOARD (ERB) PLAN**  
**LAST 10 FISCAL YEARS\***  
**JUNE 30, 2018**

Schedule II

**Primary Government: Cimarron Municipal School District No. 3**

<b>Fiscal Year Ended June 30,</b>	<b>Contractually Required Contribution</b>	<b>Contributions in Relation to the Contractually Required Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>District's Covered- Employee Payroll</b>	<b>Contributions as a Percentage of Covered- Employee Payroll</b>
2018	\$ 413,661	\$ 413,661	\$ -	\$ 2,970,833	13.92%
2017	\$ 378,353	\$ 378,353	\$ -	\$ 2,730,075	13.86%
2016	\$ 373,090	\$ 373,090	\$ -	\$ 2,684,101	13.90%
2015	\$ 363,865	\$ 363,865	\$ -	\$ 2,617,732	13.90%

**Component Unit: Moreno Valley High School**

<b>Fiscal Year Ended June 30,</b>	<b>Contractually Required Contribution</b>	<b>Contributions in Relation to the Contractually Required Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>MVHS' Covered- Employee Payroll</b>	<b>Contributions as a Percentage of Covered- Employee Payroll</b>
2018	\$ 51,415	\$ 51,415	\$ -	\$ 369,984	13.90%
2017	\$ 63,857	\$ 63,857	\$ -	\$ 456,739	13.98%
2016	\$ 74,975	\$ 74,975	\$ -	\$ 539,390	13.90%
2015	\$ 74,462	\$ 74,462	\$ -	\$ 566,253	13.15%

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

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

**STATE OF NEW MEXICO**  
CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
EDUCATIONAL RETIREMENT BOARD (ERB) PLAN  
JUNE 30, 2018

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

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

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

**STATE OF NEW MEXICO**  
**CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3**  
**SCHEDULE OF PROPORTIONATE SHARE OF THE**  
**NET OTHER POST-EMPLOYMENT BENEFITS (OPEB)**  
**RETIREE HEALTH CARE AUTHORITY (RHCA)**  
**LAST 10 FISCAL YEARS\***  
**JUNE 30, 2018**

Schedule III

**Primary Government: Cimarron Municipal School District No. 3**

<b>Fiscal Year Ended June 30,</b>	<b>Measurement Date - Year Ended June 30,</b>	<b>District's Proportion of the Net OPEB Liability</b>	<b>District's Proportionate Share of the Net OPEB Liability</b>	<b>District's Covered- Employee Payroll</b>	<b>District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered- Employee Payroll</b>	<b>Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability</b>
2018	2017	0.03044%	\$ 2,822,326	\$ 2,673,584	105.56%	11.34%

**Component Unit: Moreno Valley High School**

<b>Fiscal Year Ended June 30,</b>	<b>Measurement Date - Year Ended June 30,</b>	<b>MVHS' Proportion of the Net OPEB Liability</b>	<b>MVHS' Proportionate Share of the Net OPEB Liability</b>	<b>MVHS' Covered- Employee Payroll</b>	<b>MVHS' Proportionate Share of the Net OPEB Liability as a Percentage of its Covered- Employee Payroll</b>	<b>Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability</b>
2018	2017	0.00977%	\$ 442,744	\$ 448,423	98.73%	11.34%

\* Governmental Accounting Standards Board Statement No. 75 requires ten years of historical information be presented; however, until a full 10-year trend is compiled, the statement only requires presentation of information for those years that information is available. Complete information for the District is not available prior to fiscal year 2018, the year the statement's requirements became effective.

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

**STATE OF NEW MEXICO**  
**CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3**  
**SCHEDULE OF OTHER POST-EMPLOYMENT BENEFITS (OPEB) CONTRIBUTIONS**  
**RETIREE HEALTH CARE AUTHORITY (RHCA)**  
**LAST 10 FISCAL YEARS\***  
**JUNE 30, 2018**

Schedule IV

**Primary Government: Cimarron Municipal School District No. 3**

<b>Fiscal Year Ended June 30,</b>	<b>Contractually required contribution</b>	<b>Contributions in relation to the contractually required contribution</b>	<b>Contribution deficiency (excess)</b>	<b>District's covered- employee payroll</b>	<b>Contributions as a percentage of covered- employee payroll</b>
2018	58,987	\$ 58,987	\$ -	\$ 2,951,013	2.00%

**Component Unit: Moreno Valley High School**

<b>Fiscal Year Ended June 30,</b>	<b>Contractually required contribution</b>	<b>Contributions in relation to the contractually required contribution</b>	<b>Contribution deficiency (excess)</b>	<b>MVHS' covered- employee payroll</b>	<b>Contributions as a percentage of covered- employee payroll</b>
2018	7,398	\$ 7,398	\$ -	\$ 369,884	2.00%

\* Governmental Accounting Standards Board Statement No. 75 requires ten years of historical information be presented; however, until a full 10-year trend is compiled, the statement only requires presentation of information for those years that information is available. Complete information for the District is not available prior to fiscal year 2018, the year the statement's requirements became effective.

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

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**SUPPLEMENTARY INFORMATION**



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**NONMAJOR GOVERNMENTAL FUNDS**

**STATE OF NEW MEXICO**  
**CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**JUNE 30, 2018**

Statement A-1

	SPECIAL REVENUE	CAPITAL PROJECTS	DEBT SERVICE	TOTAL
<b>ASSETS</b>				
<i>Current assets:</i>				
Cash and temporary investments	\$ 178,659	\$ 1,677	\$ 388,711	\$ 569,047
Accounts receivable				
Taxes	-	27,307	72,720	100,027
Due from other governments	121,738	-	-	121,738
Interfund receivables	-	-	-	-
Inventory	2,494	-	-	2,494
<i>Total assets</i>	<u>\$ 302,891</u>	<u>\$ 28,984</u>	<u>\$ 461,431</u>	<u>\$ 793,306</u>
<b>LIABILITIES</b>				
<i>Current liabilities:</i>				
Accounts payable	\$ 17,979	\$ -	\$ -	\$ 17,979
Accrued payroll liabilities	26,951	-	-	26,951
Interfund payables	82,545	-	-	82,545
Unearned revenue	51,394	-	-	51,394
<i>Total liabilities</i>	<u>178,869</u>	<u>-</u>	<u>-</u>	<u>178,869</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenues - property taxes	-	27,295	58,076	85,371
<i>Total deferred inflows of resources</i>	<u>-</u>	<u>27,295</u>	<u>58,076</u>	<u>85,371</u>
<b>FUND BALANCES</b>				
Nonspendable	2,494	-	-	2,494
Restricted for:				
Grant mandates	69,627	-	-	69,627
Capital projects	-	473	-	473
Debt service	-	-	-	-
Assigned	51,901	1,216	403,355	456,472
Unassigned	-	-	-	-
<i>Total fund balances</i>	<u>124,022</u>	<u>1,689</u>	<u>403,355</u>	<u>529,066</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 302,891</u>	<u>\$ 28,984</u>	<u>\$ 461,431</u>	<u>\$ 793,306</u>

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

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

Statement A-2

	SPECIAL REVENUE	CAPITAL PROJECTS	DEBT SERVICE	TOTAL
<i>Revenues:</i>				
Property taxes	\$ -	\$ 478	\$ 336,179	\$ 336,657
Oil and gas taxes	-	-	32,568	32,568
State grants	56,707	-	-	56,707
Federal grants	660,325	-	-	660,325
Miscellaneous	18,820	-	-	18,820
Charges for services	51,623	-	-	51,623
Investment income	323	-	3,052	3,375
<i>Total revenues</i>	<u>787,798</u>	<u>478</u>	<u>371,799</u>	<u>1,160,075</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	303,145	-	-	303,145
Support services				
Students	79,124	-	-	79,124
Instruction	76,158	-	-	76,158
General administration	-	5	3,791	3,796
School administration	15,273	-	-	15,273
Central services	13,898	-	-	13,898
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food services operations	311,556	-	-	311,556
Community services	-	-	-	-
Capital outlay	-	-	268	268
Debt service				
Principal	-	-	650,000	650,000
Interest	-	-	28,500	28,500
<i>Total expenditures</i>	<u>799,154</u>	<u>5</u>	<u>682,559</u>	<u>1,481,718</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(11,356)</u>	<u>473</u>	<u>(310,760)</u>	<u>(321,643)</u>
<i>Net changes in fund balances</i>	<u>(11,356)</u>	<u>473</u>	<u>(310,760)</u>	<u>(321,643)</u>
<i>Fund balances - beginning of year</i>	135,378	1,216	756,355	892,949
<i>Prior period adjustment</i>	-	-	(42,240)	(42,240)
<i>Adjusted fund balances - beginning of year</i>	<u>135,378</u>	<u>1,216</u>	<u>714,115</u>	<u>850,709</u>
<i>Fund balances - end of year</i>	<u>\$ 124,022</u>	<u>\$ 1,689</u>	<u>\$ 403,355</u>	<u>\$ 529,066</u>

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

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**SPECIAL REVENUE FUNDS**

**STATE OF NEW MEXICO**  
**CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3**  
**SPECIAL REVENUE FUNDS DESCRIPTIONS**  
**JUNE 30, 2018**

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

**Primary Government**

**Food Services (21000)** - This fund is utilized to account for Federal and Local sources of income relating to the food service programs. The Food Service Fund is segregated into two categories, one being the Federal funds and the other being Non-Federal funds. Federal funds consist of National School Lunch Program, which is administered by the State of New Mexico for the purpose of making breakfast and lunch available to all school children and to encourage the domestic consumption of agricultural commodities and other food components. Authority for the creation of this fund is NMSA 22-13-13. No minimum balance required according to legislation.

**Athletics (22000)** - This fund is used to account for fees generated at athletic activities throughout the School District. The gate receipts are obtained from the general public and are expended in this fund. The authority for creation of this fund is 6.20.2 NMAC. No minimum balance required according to legislation.

**Title I IASA (24101)** This fund is used to account for the major objectives of the Title I programs are to provide supplemental educational opportunity for academically disadvantaged children in the area of residing. Campuses are identified for program participation by the percentage of students on free or reduced price lunches. Any school with a free and reduced price lunch percentage that is equal to or greater than the total district percentage becomes eligible for program participation. Any student whose test scores fall below District established criteria and who is attending a Title I campus is eligible to receive Title I services. Poverty is the criteria that identify a campus; educational need determines the students to be served. Federal revenues accounted for in this fund are allocated to the District through the New Mexico Department of Education. Authority for creation of this fund is Part A of Chapter I of Title I of Elementary and Secondary Education Act (ESEA) of 1965, as amended, Public Law 103-383. No minimum balance required according to legislation.

**IDEA-B Entitlement (24106)** - To account for a program funded by a Federal grant to assist the District in providing free appropriate public education to all handicapped children. Funding authorized by Individuals with Disabilities Education Act, Part B, Section 611-620, as amended, Public Laws 91-230, 93-380, 94-142, 98-199, 99-457, 100,639, and 101-476, 20 U.S.C. 1411-1420. No minimum balance required according to legislation.

**IDEA-B Preschool (24109)** - The objective of the Assistance to States for the Education of Handicapped Children Program is to assist in providing free, appropriate public education to all handicapped children from ages three to five. Federal revenues accounted for in this fund are allocated to the District through the New Mexico Department of Children, Youth and Families. Authority for creation of this fund is Public Law 105-17. No minimum balance required according to legislation.

**Fresh Fruits and Vegetables (24118)** - To assist States, through cash grants, in providing free fresh fruits and vegetables to school children in designated participating schools beginning in school year 2004/2005. Authorized by National School Lunch Act, as amended, 42 U.S.C. 1769. No minimum balance required according to legislation.

**IDEA-B Results Plan (24132)** - This account is to support the individual school site's Education Plan for Student Success, or areas in need of improvement as identified through an instructional audit. This is a pilot program for the New Mexico Real Results program required by US Dept. of Education of Special Education Programs. Authority for creation of this fund is the NMPED. No minimum balance required according to legislation.

**Teacher/Principal Training & Recruiting (24154)** - To improve the skills of teachers and the quality of instruction in mathematics and science, and also to increase the accessibility of such instruction to all students. No minimum balance required according to legislation.

**Title XIX Medicaid 3/21 Years (25153)** - To provide school-based screening, diagnostic services and other related health services and administrative activities in conformance with the approved Medicaid State Plan in order to improve health and developmental outcomes for children. (P.L. 105-33) No minimum balance required according to legislation.

**Rural Education Achievement Program (25233)** - To account for funds received under the Small Rural School Achievement Program to enhance education. No minimum balance required according to legislation.

**STATE OF NEW MEXICO**  
**CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3**  
**SPECIAL REVENUE FUNDS DESCRIPTIONS**  
**JUNE 30, 2018**

**Turner Foundation (26156)** – The purpose of this grant is to enhance the curriculum by utilizing nontraditional teaching methods (real life learning). No minimum balance required.

**A Plus for Energy (26179)** – To assist high school lab based science courses in the study of energy resources. No minimum balance required.

**Dual Credit Instructional Materials (27103)** – To purchase college textbooks for students who dual enroll in college credited courses while still attending high school. No minimum balance required according to legislation.

**2012 GO Bonds Student Library Fund (SB66) (27107)** – Funds used to purchase library books and library supplies for all school sites. Program is authorized by state statute. No minimum balance required according to legislation.

**PreK Initiative (27149)** – The Pre-K Initiative program provides high-quality early childhood services (in accordance with the NM Pre-K standards) to four year old children in need. Authorized through 32A-23-1 NMSA 1978. No minimum balance required according to legislation.

**Teachers “hard to staff” Stipends (27195)** – Funding for stipends for teachers in hard to staff areas as specified by legislation for STEM/hard-to-staff teacher recruitment and/or retention stipends. These teacher stipends are \$5,000 per teacher and may only be awarded to teachers who have met the award criteria. Authorization for this stipend is NMPED. No minimum balance required according to legislation.

**Private Direct Grants (29102)** – To account for local grants awarded to provide additional funding for specific projects. No minimum balance required according to legislation.

**MORENO VALLEY HIGH SCHOOL**

**Component Unit**

**IDEA-B Entitlement (24106)** – To account for a program funded by a Federal grant to assist the District in providing free appropriate public education to all handicapped children. Funding authorized by Individuals with Disabilities Education Act, Part B, Section 611-620, as amended, Public Laws 91-230, 93-380, 94-142, 98-199, 99-457, 100,639, and 101-476, 20 U.S.C. 1411-1420. No minimum balance required according to legislation.

**2012 GO Bonds Student Library Fund (SB66) (27107)** – Funds used to purchase library books and library supplies for all school sites. Program is authorized by state statute. No minimum balance required according to legislation.



**STATE OF NEW MEXICO**  
**CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3**  
**COMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**JUNE 30, 2018**

Statement B-1

	Food Services 21000	Athletics 22000	Title I IASA 24101	IDEA-B Entitlement 24106	IDEA-B Preschool 24109
<b>ASSETS</b>					
<i>Current assets:</i>					
Cash and temporary investments	\$ 50,440	\$ 21,379	\$ 27,686	\$ 6,219	\$ 457
Accounts receivable					
Taxes	-	-	-	-	-
Due from other governments	-	-	25,673	48,144	3,199
Interfund receivables	-	-	-	-	-
Inventory	2,494	-	-	-	-
<i>Total assets</i>	<u>\$ 52,934</u>	<u>\$ 21,379</u>	<u>\$ 53,359</u>	<u>\$ 54,363</u>	<u>\$ 3,656</u>
<b>LIABILITIES</b>					
<i>Current liabilities:</i>					
Accounts payable	\$ 17,979	\$ -	\$ -	\$ -	\$ -
Accrued payroll liabilities	2,809	-	4,594	6,223	456
Interfund payables	-	-	-	45,511	3,200
Unearned revenue	-	-	48,765	2,629	-
<i>Total liabilities</i>	<u>20,788</u>	<u>-</u>	<u>53,359</u>	<u>54,363</u>	<u>3,656</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenues - property taxes	-	-	-	-	-
<i>Total deferred inflows of resources</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>					
Nonspendable	2,494	-	-	-	-
Restricted for:					
Grant mandates	-	-	-	-	-
Capital projects	-	-	-	-	-
Debt service	-	-	-	-	-
Assigned	29,652	21,379	-	-	-
Unassigned	-	-	-	-	-
<i>Total fund balances</i>	<u>32,146</u>	<u>21,379</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 52,934</u>	<u>\$ 21,379</u>	<u>\$ 53,359</u>	<u>\$ 54,363</u>	<u>\$ 3,656</u>

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

**STATE OF NEW MEXICO**  
**CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3**  
**COMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**JUNE 30, 2018**

Statement B-1

	Fresh Fruits and Vegetables 24118	IDEA-B Results Plan 24132	Teacher/Principal Training & Recruiting 24154	Title XIX Medicaid 3/21 Years 25153	Rural Education Achievement Program 25233
<b>ASSETS</b>					
<i>Current assets:</i>					
Cash and temporary investments	\$ 3	\$ 1,786	\$ 645	\$ 5,503	\$ 1,134
Accounts receivable					
Taxes	-	-	-	-	-
Due from other governments	892	19,563	3,142	-	-
Interfund receivables	-	-	-	-	-
Inventory	-	-	-	-	-
<i>Total assets</i>	<u>\$ 895</u>	<u>\$ 21,349</u>	<u>\$ 3,787</u>	<u>\$ 5,503</u>	<u>\$ 1,134</u>
<b>LIABILITIES</b>					
<i>Current liabilities:</i>					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll liabilities	-	1,784	642	5,503	1,134
Interfund payables	895	19,565	3,145	-	-
Unearned revenue	-	-	-	-	-
<i>Total liabilities</i>	<u>895</u>	<u>21,349</u>	<u>3,787</u>	<u>5,503</u>	<u>1,134</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenues - property taxes	-	-	-	-	-
<i>Total deferred inflows of resources</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>					
Nonspendable	-	-	-	-	-
Restricted for:					
Grant mandates	-	-	-	-	-
Capital projects	-	-	-	-	-
Debt service	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
<i>Total fund balances</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 895</u>	<u>\$ 21,349</u>	<u>\$ 3,787</u>	<u>\$ 5,503</u>	<u>\$ 1,134</u>

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

**STATE OF NEW MEXICO**  
**CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3**  
**COMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**JUNE 30, 2018**

Statement B-1

	Turner Foundation 26156	A Plus for Energy 26179	Dual Credit Instructional Materials 27103	2012 GO Bond Student Library Fund (SB66) 27107	PreK Initiative 27149
<b>ASSETS</b>					
<i>Current assets:</i>					
Cash and temporary investments	\$ 16,774	\$ 870	\$ -	\$ -	\$ 3,910
Accounts receivable					
Taxes	-	-	-	-	-
Due from other governments	-	-	129	-	9,996
Interfund receivables	-	-	-	-	-
Inventory	-	-	-	-	-
<i>Total assets</i>	<u>\$ 16,774</u>	<u>\$ 870</u>	<u>\$ 129</u>	<u>\$ -</u>	<u>\$ 13,906</u>
<b>LIABILITIES</b>					
<i>Current liabilities:</i>					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll liabilities	-	-	-	-	3,806
Interfund payables	-	-	129	-	10,100
Unearned revenue	-	-	-	-	-
<i>Total liabilities</i>	<u>-</u>	<u>-</u>	<u>129</u>	<u>-</u>	<u>13,906</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenues - property taxes	-	-	-	-	-
<i>Total deferred inflows of resources</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>					
Nonspendable	-	-	-	-	-
Restricted for:					
Grant mandates	16,774	-	-	-	-
Capital projects	-	-	-	-	-
Debt service	-	-	-	-	-
Assigned	-	870	-	-	-
Unassigned	-	-	-	-	-
<i>Total fund balances</i>	<u>16,774</u>	<u>870</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 16,774</u>	<u>\$ 870</u>	<u>\$ 129</u>	<u>\$ -</u>	<u>\$ 13,906</u>

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

**STATE OF NEW MEXICO**  
**CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3**  
**COMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**JUNE 30, 2018**

Statement B-1

	Teachers "hard to staff" Stipends 27195	Private Direct Grants 29102	Total
	<u>          </u>	<u>          </u>	<u>          </u>
<b>ASSETS</b>			
<i>Current assets:</i>			
Cash and temporary investments	\$ -	\$ 41,853	\$ 178,659
Accounts receivable			-
Taxes	-	-	-
Due from other governments	-	11,000	121,738
Interfund receivables	-	-	-
Inventory	-	-	2,494
	<u>          </u>	<u>          </u>	<u>          </u>
<i>Total assets</i>	<u>\$ -</u>	<u>\$ 52,853</u>	<u>\$ 302,891</u>
<b>LIABILITIES</b>			
<i>Current liabilities:</i>			
Accounts payable	\$ -	\$ -	\$ 17,979
Accrued payroll liabilities	-	-	26,951
Interfund payables	-	-	82,545
Unearned revenue	-	-	51,394
	<u>          </u>	<u>          </u>	<u>          </u>
<i>Total liabilities</i>	<u>-</u>	<u>-</u>	<u>178,869</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenues - property taxes	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>
<i>Total deferred inflows of resources</i>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>			
Nonspendable	-	-	2,494
Restricted for:			
Grant mandates	-	52,853	69,627
Capital projects	-	-	-
Debt service	-	-	-
Assigned	-	-	51,901
Unassigned	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>
<i>Total fund balances</i>	<u>-</u>	<u>52,853</u>	<u>124,022</u>
	<u>          </u>	<u>          </u>	<u>          </u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ -</u>	<u>\$ 52,853</u>	<u>\$ 302,891</u>

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

**STATE OF NEW MEXICO**  
**CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3**  
**COMBINING STATEMENT OF REVENUES,**  
**EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

Statement B-2

	Food Services 21000	Athletics 22000	Title I IASA 24101	IDEA-B Entitlement 24106	IDEA-B Preschool 24109
<i>Revenues:</i>					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-	-
State grants	1,515	-	-	-	-
Federal grants	249,149	-	83,020	129,884	11,117
Miscellaneous	120	-	-	-	-
Charges for services	34,660	16,963	-	-	-
Investment income	323	-	-	-	-
<i>Total revenues</i>	<u>285,767</u>	<u>16,963</u>	<u>83,020</u>	<u>129,884</u>	<u>11,117</u>
<i>Expenditures:</i>					
<i>Current:</i>					
Instruction	-	13,072	20,805	91,796	11,117
Support services					
Students	-	-	-	24,190	-
Instruction	-	-	59,116	-	-
General administration	-	-	-	-	-
School administration	-	-	3,099	-	-
Central services	-	-	-	13,898	-
Operation & maintenance of plant	-	-	-	-	-
Student transportation	-	-	-	-	-
Other support services	-	-	-	-	-
Food services operations	305,836	-	-	-	-
Community services	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
<i>Total expenditures</i>	<u>305,836</u>	<u>13,072</u>	<u>83,020</u>	<u>129,884</u>	<u>11,117</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(20,069)</u>	<u>3,891</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net changes in fund balances</i>	<u>(20,069)</u>	<u>3,891</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances - beginning of year</i>	52,215	17,488	-	-	-
<i>Prior period adjustment</i>	-	-	-	-	-
<i>Adjusted fund balances - beginning of year</i>	<u>52,215</u>	<u>17,488</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances - end of year</i>	<u>\$ 32,146</u>	<u>\$ 21,379</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

**STATE OF NEW MEXICO**  
**CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3**  
**COMBINING STATEMENT OF REVENUES,**  
**EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

Statement B-2

	Fresh Fruits and Vegetables 24118	IDEA-B Results Plan 24132	Teacher/Principal Training & Recruiting 24154	Title XIX Medicaid 3/21 Years 25153	Rural Education Achievement Program 25233
<i>Revenues:</i>					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-	-
State grants	-	-	-	-	-
Federal grants	5,720	58,771	13,410	60,815	48,439
Miscellaneous	-	-	-	-	-
Charges for services	-	-	-	-	-
Investment income	-	-	-	-	-
<i>Total revenues</i>	<u>5,720</u>	<u>58,771</u>	<u>13,410</u>	<u>60,815</u>	<u>48,439</u>
<i>Expenditures:</i>					
<i>Current:</i>					
Instruction	-	58,771	13,410	-	29,230
Support services					
Students	-	-	-	48,641	6,293
Instruction	-	-	-	-	12,916
General administration	-	-	-	-	-
School administration	-	-	-	12,174	-
Central services	-	-	-	-	-
Operation & maintenance of plant	-	-	-	-	-
Student transportation	-	-	-	-	-
Other support services	-	-	-	-	-
Food services operations	5,720	-	-	-	-
Community services	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
<i>Total expenditures</i>	<u>5,720</u>	<u>58,771</u>	<u>13,410</u>	<u>60,815</u>	<u>48,439</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net changes in fund balances</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances - beginning of year</i>	-	-	-	-	-
<i>Prior period adjustment</i>	-	-	-	-	-
<i>Adjusted fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

**STATE OF NEW MEXICO**  
**CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3**  
**COMBINING STATEMENT OF REVENUES,**  
**EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

Statement B-2

	Turner Foundation 26156	A Plus for Energy 26179	Dual Credit Instructional Materials 27103	2012 GO Bond Student Library Fund (SB66) 27107	PreK Initiative 27149
<i>Revenues:</i>					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-	-
State grants	-	-	857	4,126	44,135
Federal grants	-	-	-	-	-
Miscellaneous	7,700	-	-	-	-
Charges for services	-	-	-	-	-
Investment income	-	-	-	-	-
<i>Total revenues</i>	<u>7,700</u>	<u>-</u>	<u>857</u>	<u>4,126</u>	<u>44,135</u>
<i>Expenditures:</i>					
<i>Current:</i>					
Instruction	7,491	-	857	-	44,135
Support services					
Students	-	-	-	-	-
Instruction	-	-	-	4,126	-
General administration	-	-	-	-	-
School administration	-	-	-	-	-
Central services	-	-	-	-	-
Operation & maintenance of plant	-	-	-	-	-
Student transportation	-	-	-	-	-
Other support services	-	-	-	-	-
Food services operations	-	-	-	-	-
Community services	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
<i>Total expenditures</i>	<u>7,491</u>	<u>-</u>	<u>857</u>	<u>4,126</u>	<u>44,135</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>209</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net changes in fund balances</i>	<u>209</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances - beginning of year</i>	16,565	870	-	-	-
<i>Prior period adjustment</i>	-	-	-	-	-
<i>Adjusted fund balances - beginning of year</i>	<u>16,565</u>	<u>870</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances - end of year</i>	<u>\$ 16,774</u>	<u>\$ 870</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

**STATE OF NEW MEXICO**  
**CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3**  
**COMBINING STATEMENT OF REVENUES,**  
**EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	Teachers "hard to staff" Stipends 27195	Private Direct Grants 29102	Total
<i>Revenues:</i>			
Property taxes	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-
State grants	6,074	-	56,707
Federal grants	-	-	660,325
Miscellaneous	-	11,000	18,820
Charges for services	-	-	51,623
Investment income	-	-	323
<i>Total revenues</i>	<u>6,074</u>	<u>11,000</u>	<u>787,798</u>
<i>Expenditures:</i>			
<i>Current:</i>			
Instruction	6,074	6,387	303,145
Support services			
Students	-	-	79,124
Instruction	-	-	76,158
General administration	-	-	-
School administration	-	-	15,273
Central services	-	-	13,898
Operation & maintenance of plant	-	-	-
Student transportation	-	-	-
Other support services	-	-	-
Food services operations	-	-	311,556
Community services	-	-	-
Capital outlay	-	-	-
Debt service			
Principal	-	-	-
Interest	-	-	-
<i>Total expenditures</i>	<u>6,074</u>	<u>6,387</u>	<u>799,154</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>4,613</u>	<u>(11,356)</u>
<i>Net changes in fund balances</i>	<u>-</u>	<u>4,613</u>	<u>(11,356)</u>
<i>Fund balances - beginning of year</i>	-	48,240	135,378
<i>Prior period adjustment</i>	-	-	-
<i>Adjusted fund balances - beginning of year</i>	<u>-</u>	<u>48,240</u>	<u>135,378</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ 52,853</u>	<u>\$ 124,022</u>

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



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**CAPITAL PROJECTS FUNDS**

**STATE OF NEW MEXICO**  
**CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3**  
**CAPITAL PROJECTS FUNDS DESCRIPTIONS**  
**JUNE 30, 2018**

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

**Primary Government**

**Capital Improvements HB-33 (31600)** – The fund provides financing for the purchase of equipment and capital improvements to School District property. Funding received from a 5 mill property tax levy and interest earned on investments, per House Bill 33. No minimum balance required according to legislation.

**MORENO VALLEY HIGH SCHOOL**

**Component Unit**

**Public School Capital Outlay Capital Projects Fund (31200)** is used to account for funding provided to the District by the State of New Mexico for capital improvement projects approved by the Public School Capital Outlay Council. Funding is authorized by NMAC 6.20.2 through the New Mexico Public Education Department. No minimum balance required according to legislation.

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

**STATE OF NEW MEXICO**  
**CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3**  
**COMBINING BALANCE SHEET**  
**NONMAJOR CAPITAL PROJECTS FUNDS**  
**JUNE 30, 2018**

Statement C-1

	Capital Improvements HB-33 31600
<b>ASSETS</b>	
<i>Current assets:</i>	
Cash and temporary investments	\$ 1,677
Accounts receivable	
Taxes	27,307
Due from other governments	-
Interfund receivables	-
Inventory	-
	-
<i>Total assets</i>	\$ 28,984
<b>LIABILITIES</b>	
<i>Current liabilities:</i>	
Accounts payable	\$ -
Accrued payroll liabilities	-
Interfund payables	-
Unearned revenue	-
	-
<i>Total liabilities</i>	-
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Unavailable revenues - property taxes	27,295
<i>Total deferred inflows of resources</i>	27,295
<b>FUND BALANCES</b>	
Nonspendable	-
Restricted for:	
Grant mandates	-
Capital projects	473
Debt service	-
Assigned	1,216
Unassigned	-
	-
<i>Total fund balances</i>	1,689
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	\$ 28,984

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

**STATE OF NEW MEXICO**  
**CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3**  
**COMBINING STATEMENT OF REVENUES,**  
**EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR CAPITAL PROJECTS FUNDS**  
**FOR THE YEAR ENDING JUNE 30, 2018**

		Capital Improvements HB-33 31600
<i>Revenues:</i>		
Property taxes	\$	478
Oil and gas taxes		-
State grants		-
Federal grants		-
Miscellaneous		-
Charges for services		-
Investment income		-
<i>Total revenues</i>		478
<i>Expenditures:</i>		
<i>Current:</i>		
Instruction		-
Support services		-
Students		-
Instruction		-
General administration		5
School administration		-
Central services		-
Operation & maintenance of plant		-
Student transportation		-
Other support services		-
Food services operations		-
Community services		-
Capital outlay		-
Debt service		-
Principal		-
Interest		-
<i>Total expenditures</i>		5
<i>Excess (deficiency) of revenues over (under) expenditures</i>		473
<i>Net changes in fund balances</i>		473
<i>Fund balances - beginning of year</i>		1,216
<i>Prior period adjustment</i>		-
<i>Adjusted fund balances - beginning of year</i>		1,216
<i>Fund balances - end of year</i>	\$	1,689

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

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**DEBT SERVICE FUNDS**

**STATE OF NEW MEXICO**  
**CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3**  
**DEBT SERVICE FUNDS DESCRIPTIONS**  
**JUNE 30, 2018**

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

**Primary Government**

**Education Technology Debt Service Fund (43000)** – The fund is to account for the debt repayments of the debt incurred through the Education Technology Equipment Act (Capital Projects Fund) (Section 6-15A-1 to 6-15A-16 NMSA 1978). No minimum balance required according to legislation.

**MORENO VALLEY HIGH SCHOOL**

**Component Unit**

None



**STATE OF NEW MEXICO**  
**CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3**  
**COMBINING BALANCE SHEET**  
**NONMAJOR DEBT SERVICE FUNDS**  
**JUNE 30, 2018**

Statement D-1

		Education Technology Debt Service <u>43000</u>
<b>ASSETS</b>		
<i>Current assets:</i>		
Cash and temporary investments	\$	388,711
Accounts receivable		
Taxes		72,720
Due from other governments		-
Interfund receivables		-
Other		-
Inventory		<u>-</u>
<i>Total assets</i>	<b>\$</b>	<b><u>461,431</u></b>
<b>LIABILITIES</b>		
<i>Current Liabilities:</i>		
Accounts payable	\$	-
Accrued payroll liabilities		-
Interfund payables		-
Unearned revenue		<u>-</u>
<i>Total liabilities</i>		<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Unavailable revenues - property taxes		<u>58,076</u>
<i>Total deferred inflows of resources</i>		<u>58,076</u>
<b>FUND BALANCES</b>		
Nonspendable		-
Restricted for:		
Grant mandates		-
Capital projects		-
Debt service		-
Assigned		403,355
Unassigned		<u>-</u>
<i>Total fund balances</i>		<u>403,355</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<b>\$</b>	<b><u>461,431</u></b>

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

**STATE OF NEW MEXICO**  
**CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3**  
**COMBINING STATEMENT OF REVENUES,**  
**EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR DEBT SERVICE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

		Education Technology Debt Service <u>43000</u>
<i>Revenues:</i>		
Property taxes	\$	336,179
Oil and gas taxes		32,568
State grants		-
Federal grants		-
Miscellaneous		-
Charges for services		-
Investment income		3,052
<i>Total revenues</i>		<u>371,799</u>
<i>Expenditures:</i>		
Current:		
Instruction		-
Support services		
Students		-
Instruction		-
General administration		3,791
School administration		-
Central services		-
Operation & maintenance of plant		-
Student transportation		-
Other support services		-
Food services operations		-
Community services		-
Capital outlay		268
Debt service		
Principal		650,000
Interest		28,500
<i>Total expenditures</i>		<u>682,559</u>
<i>Excess (deficiency) of revenues</i>		
<i>over (under) expenditures</i>		<u>(310,760)</u>
<i>Net changes in fund balances</i>		<u>(310,760)</u>
<i>Fund balances - beginning of year</i>		756,355
<i>Prior period adjustment</i>		<u>(42,240)</u>
<i>Adjusted fund balances - beginning of year</i>		<u>714,115</u>
<i>Fund balances - end of year</i>	\$	<u><u>445,595</u></u>

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

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## **COMPONENT UNITS**

**MORENO VALLEY HIGH SCHOOL**

**STATE OF NEW MEXICO**  
**CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3**  
**MORENO VALLEY HIGH SCHOOL (COMPONENT UNIT)**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2018**

Statement E-1

	<u>Primary Government</u>	<u>Component Unit</u>	<u>Total</u>
	Governmental Activities	Moreno Valley Education Foundation	
<b>ASSETS</b>			
<i>Current assets:</i>			
Cash and cash equivalents	\$ 413,723	\$ 97,221	\$ 510,944
Receivables (net of allowance for uncollectibles)	18,132	-	18,132
<i>Total current assets</i>	<u>431,855</u>	<u>97,221</u>	<u>529,076</u>
<i>Noncurrent assets</i>			
Capital assets (net of accumulated depreciation):			
Land and land improvements	-	151,920	151,920
Furniture, fixtures and equipment	72,834	41,696	114,530
Less: accumulated depreciation	(72,834)	(41,696)	(114,530)
<i>Total noncurrent assets</i>	<u>-</u>	<u>151,920</u>	<u>151,920</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows - pensions	575,644	-	575,644
Deferred outflows - other post-employment benefits	7,398	-	7,398
<i>Total deferred outflows</i>	<u>583,042</u>	<u>-</u>	<u>583,042</u>
<i>Total assets and deferred outflows of resources</i>	<u>\$ 1,014,897</u>	<u>\$ 249,141</u>	<u>\$ 1,264,038</u>
<b>LIABILITIES</b>			
<i>Current liabilities:</i>			
Accounts payable	\$ 5,396	\$ -	\$ 5,396
Accrued payroll liabilities	5,477	-	5,477
<i>Total current liabilities</i>	<u>10,873</u>	<u>-</u>	<u>10,873</u>
<i>Noncurrent liabilities:</i>			
Net pension liability	1,784,823	-	1,784,823
Net other post-employment benefits liability	442,744	-	442,744
<i>Total noncurrent liabilities</i>	<u>2,227,567</u>	<u>-</u>	<u>2,227,567</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows - pensions	166,800	-	166,800
Deferred inflows - other post-employment benefits	100,767	-	100,767
<i>Total deferred inflows</i>	<u>267,567</u>	<u>-</u>	<u>267,567</u>
<b>NET POSITION</b>			
Invested in capital assets	-	151,920	151,920
Restricted for:			
Capital projects	250,921	-	250,921
Other purposes - special revenue	87,415	-	87,415
Unrestricted	(1,829,446)	97,221	(1,732,225)
<i>Total net position</i>	<u>(1,491,110)</u>	<u>249,141</u>	<u>(1,241,969)</u>
<i>Total liabilities, deferred inflows of resources, and net position</i>	<u>\$ 1,014,897</u>	<u>\$ 249,141</u>	<u>\$ 1,264,038</u>

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



**STATE OF NEW MEXICO**  
**CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3**  
**MORENO VALLEY HIGH SCHOOL (COMPONENT UNIT)**  
**COMBINING BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2018**

Statement E-3

	<b>Major Funds</b>				
	General Fund		Special Revenue	Capital Projects	
	Operational 11000	Instructional Materials 14000	Private Direct Grants 29102	Capital Improvements SB-9 (Local) 31701	Educational Technology Equipment Act 31900
<b>ASSETS</b>					
<i>Current assets:</i>					
Cash and temporary investments	\$ 87,784	\$ 5,735	\$ 87,415	\$ 134,285	\$ 98,504
Accounts receivable					
Taxes	-	-	-	18,132	-
<i>Total assets</i>	<u>\$ 87,784</u>	<u>\$ 5,735</u>	<u>\$ 87,415</u>	<u>\$ 152,417</u>	<u>\$ 98,504</u>
<b>LIABILITIES</b>					
<i>Current liabilities:</i>					
Accounts payable	\$ 5,396	\$ -	\$ -	\$ -	\$ -
Accrued payroll liabilities	5,477	-	-	-	-
<i>Total liabilities</i>	<u>10,873</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenues - property taxes	-	-	-	14,510	-
<i>Total deferred inflows of resources</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,510</u>	<u>-</u>
<b>FUND BALANCES</b>					
Nonspendable	-	-	-	-	-
Restricted for:					
Transportation	-	-	-	-	-
Instructional materials	-	1,766	-	-	-
Grant mandates	-	-	-	-	-
Capital projects	-	-	-	36,820	259
Debt service	-	-	-	-	-
Assigned	76,911	3,969	87,415	101,087	98,245
Unassigned	-	-	-	-	-
<i>Total fund balances</i>	<u>76,911</u>	<u>5,735</u>	<u>87,415</u>	<u>137,907</u>	<u>98,504</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 87,784</u>	<u>\$ 5,735</u>	<u>\$ 87,415</u>	<u>\$ 152,417</u>	<u>\$ 98,504</u>

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



**STATE OF NEW MEXICO**  
**CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3**  
**MORENO VALLEY HIGH SCHOOL (COMPONENT UNIT)**  
**COMBINING BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2018**

Statement E-3

	<b>Non-major Funds</b>				
	Total Major Funds	Special Revenue		Capital Projects	
		IDEA-B Entitlement 24106	2012 GO Bonds Student Library Fund (SB66) 27107	Educational Technology Equipment Grant 31200	Capital Improvements SB-9 (Local) 31700
<b>ASSETS</b>					
<i>Current assets:</i>					
Cash and temporary investments	\$ 413,723	\$ -	\$ -	\$ -	\$ -
Accounts receivable					
Taxes	18,132	-	-	-	-
<i>Total assets</i>	<u>\$ 431,855</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>LIABILITIES</b>					
<i>Current liabilities:</i>					
Accounts payable	\$ 5,396	\$ -	\$ -	\$ -	\$ -
Accrued payroll liabilities	5,477	-	-	-	-
<i>Total liabilities</i>	<u>10,873</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenues - property taxes	14,510	-	-	-	-
<i>Total deferred inflows of resources</i>	<u>14,510</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>					
Nonspendable	-	-	-	-	-
Restricted for:					
Transportation	-	-	-	-	-
Instructional materials	1,766	-	-	-	-
Grant mandates	-	-	-	-	-
Capital projects	37,079	-	-	-	-
Debt service	-	-	-	-	-
Assigned	367,627	-	-	-	-
Unassigned	-	-	-	-	-
<i>Total fund balances</i>	<u>406,472</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 431,855</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

**STATE OF NEW MEXICO**  
**CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3**  
**MORENO VALLEY HIGH SCHOOL (COMPONENT UNIT)**  
**COMBINING BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2018**

Statement E-3

	Total Non-major Funds	Total Governmental Activities
<b>ASSETS</b>		
<i>Current assets:</i>		
Cash and temporary investments	\$ -	\$ 413,723
Accounts receivable		
Taxes	-	18,132
	-	18,132
<i>Total assets</i>	\$ -	\$ 431,855
<b>LIABILITIES</b>		
<i>Current liabilities:</i>		
Accounts payable	\$ -	\$ 5,396
Accrued payroll liabilities	-	5,477
	-	10,873
<i>Total liabilities</i>	-	10,873
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Unavailable revenues - property taxes	-	14,510
<i>Total deferred inflows of resources</i>	-	14,510
<b>FUND BALANCES</b>		
Nonspendable	-	-
Restricted for:		
Transportation	-	-
Instructional materials	-	1,766
Grant mandates	-	-
Capital projects	-	37,079
Debt service	-	-
Assigned	-	367,627
Unassigned	-	-
	-	406,472
<i>Total fund balances</i>	-	406,472
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	\$ -	\$ 431,855

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

**STATE OF NEW MEXICO**  
**CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3**  
**MORENO VALLEY HIGH SCHOOL (COMPONENT UNIT)**  
**GOVERNMENTAL FUNDS**  
**RECONCILIATION OF THE BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
**JUNE 30, 2018**

Exhibit E-4

	Governmental Funds
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Total fund balances - governmental funds	\$ 406,472
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
The cost of capital assets is	72,834
Accumulated depreciation is	(72,834)
Revenues not collected within sixty days after year-end are considered "available" revenues and are shown as deferred revenues on the balance sheet.	
Delinquent property taxes	14,510
Deferred outflows and inflows of resources related to pensions are applicable to future periods and therefore, are not reported in governmental funds.	
Deferred outflows of resources - pensions	575,644
Deferred outflows of resources - other post-employment benefits	7,398
Deferred inflows of resources - pensions	(166,800)
Deferred inflows of resources - other post-employment benefits	(100,767)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in governmental funds. Long-term and other liabilities at year-end consist of:	
Net pension liability	(1,784,823)
Net other post-employment benefits liability	(442,744)
Total net position - governmental activities	\$ (1,491,110)

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

**STATE OF NEW MEXICO**  
 CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3  
 MORENO VALLEY HIGH SCHOOL (COMPONENT UNIT)  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES  
 JUNE 30, 2018

	<b>Major Funds</b>				
	General Fund		Special Revenue	Capital Projects	
	Operational 11000	Instructional Materials 14000	Private Direct Grants 29102	Capital Improvements SB-9 (Local) 31701	Educational Technology Equipment Act 31900
<i>Revenues:</i>					
Taxes:					
Property	\$ -	\$ -	\$ -	\$ 105,185	\$ -
State grants	677,914	1,483	-	-	-
Federal grants	-	-	-	-	-
Miscellaneous	6,764	-	156,220	-	-
Charges for services	5,757	-	-	-	-
<i>Total revenues</i>	<u>690,435</u>	<u>1,483</u>	<u>156,220</u>	<u>105,185</u>	<u>-</u>
<i>Expenditures:</i>					
Current:					
Instruction	358,242	3,717	24,090	-	-
Support services					
Students	19,955	-	44,715	-	-
Instruction	-	-	-	-	-
General administration	177,176	-	-	1,108	-
School administration	-	-	-	-	-
Central services	-	-	-	-	-
Operation & maintenance of plant	105,790	-	-	-	-
Capital outlay	-	-	-	76,098	29,166
<i>Total expenditures</i>	<u>661,163</u>	<u>3,717</u>	<u>68,805</u>	<u>77,206</u>	<u>29,166</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>29,272</u>	<u>(2,234)</u>	<u>87,415</u>	<u>27,979</u>	<u>(29,166)</u>
<i>Net changes in fund balances</i>	29,272	(2,234)	87,415	27,979	(29,166)
<i>Fund balances - beginning of year</i>	47,639	7,969	-	109,928	127,670
<i>Fund balances - end of year</i>	<u>\$ 76,911</u>	<u>\$ 5,735</u>	<u>\$ 87,415</u>	<u>\$ 137,907</u>	<u>\$ 98,504</u>

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

**STATE OF NEW MEXICO**  
 CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3  
 MORENO VALLEY HIGH SCHOOL (COMPONENT UNIT)  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES  
 JUNE 30, 2018

	<b>Non-major Funds</b>				
	Total Major Funds	Special Revenue		Capital Projects	
		IDEA-B Entitlement 24106	2012 GO Bonds Student Library Fund (SB66) 27107	Public School Capital Outlay 31200	Capital Improvements SB-9 (State Match) 31700
<i>Revenues:</i>					
Taxes:					
Property	\$ 105,185	\$ -	\$ -	\$ -	\$ -
State grants	679,397	-	443	39,389	1,910
Federal grants	-	13,898	-	-	-
Miscellaneous	162,984	-	-	-	-
Charges for services	5,757	-	-	-	-
<i>Total revenues</i>	<u>953,323</u>	<u>13,898</u>	<u>443</u>	<u>39,389</u>	<u>1,910</u>
<i>Expenditures:</i>					
Current:					
Instruction	386,049	13,898	-	-	-
Support services					
Students	64,670	-	-	-	-
Instruction	-	-	443	-	-
General administration	178,284	-	-	-	-
School administration	-	-	-	-	-
Central services	-	-	-	-	-
Operation & maintenance of plant	105,790	-	-	-	-
Capital outlay	105,264	-	-	39,389	1,910
<i>Total expenditures</i>	<u>840,057</u>	<u>13,898</u>	<u>443</u>	<u>39,389</u>	<u>1,910</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>113,266</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net changes in fund balances</i>	113,266	-	-	-	-
<i>Fund balances - beginning of year</i>	<u>293,206</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances - end of year</i>	<u>\$ 406,472</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

**STATE OF NEW MEXICO**  
 CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3  
 MORENO VALLEY HIGH SCHOOL (COMPONENT UNIT)  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES  
 JUNE 30, 2018

	Total Non-major Funds	Total Governmental Activities
<i>Revenues:</i>		
Taxes:		
Property	\$ -	\$ 105,185
State grants	41,742	721,139
Federal grants	13,898	13,898
Miscellaneous	-	162,984
Charges for services	-	5,757
<i>Total revenues</i>	55,640	1,008,963
<i>Expenditures:</i>		
Current:		
Instruction	13,898	399,947
Support services		
Students	-	64,670
Instruction	443	443
General administration	-	178,284
School administration	-	-
Central services	-	-
Operation & maintenance of plant	-	105,790
Capital outlay	41,299	146,563
<i>Total expenditures</i>	55,640	895,697
<i>Excess (deficiency) of revenues over (under) expenditures</i>	-	113,266
<i>Net changes in fund balances</i>	-	113,266
<i>Fund balances - beginning of year</i>	-	293,206
<i>Fund balances - end of year</i>	\$ -	\$ 406,472

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

**STATE OF NEW MEXICO**  
**CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3**  
**MORENO VALLEY HIGH SCHOOL (COMPONENT UNIT)**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2018**

Exhibit E-6

	Governmental Funds
Amounts reported for governmental activities in the Statement of Activities are different because:	
Net change in fund balances - total governmental funds	\$ 113,266
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation expenses in the Statement of Activities. This is the amount by which depreciation exceeds capital outlays for the period.	
Loss on disposal of capital assets	(1,613)
Revenues not collected within 60 days after the fiscal year-end are not considered available revenues in the governmental funds. They are considered revenues in the Statement of Activities. The increase (decrease) in revenues receivable for the year end were:	
Unavailable revenue related to the property taxes receivable	10,360
Governmental funds report district pension contributions as expenditures. However, in the Statement of Activities, the pension benefits earned net of employee contributions is reported as pension expense.	
Difference between prior year pension contributions per entity and amount reported in the pension report	
Pension contributions - current year	51,415
Pension expense	(222,286)
Other post-employment benefits contributions - current year	7,398
Other post-employment benefits expense	(18,182)
Change in net position - total governmental activities	\$ (59,642)

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

**STATE OF NEW MEXICO**  
**CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3**  
**MORENO VALLEY HIGH SCHOOL (COMPONENT UNIT)**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND**  
**BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL**  
**OPERATIONAL FUND (11000)**  
**FOR THE YEAR ENDING JUNE 30, 2018**

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<i>Revenues:</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	667,527	677,913	677,914	1
Federal grants	-	-	-	-
Miscellaneous	-	-	6,764	6,764
Charges for services	-	-	5,757	5,757
Interest	-	-	-	-
<i>Total revenues</i>	<u>667,527</u>	<u>677,913</u>	<u>690,435</u>	<u>12,522</u>
<i>Expenditures:</i>				
Current:				
Instruction	388,419	383,197	362,183	21,014
Support services				
Students	64,473	24,495	19,955	4,540
Instruction	-	-	-	-
General administration	166,488	182,340	177,176	5,164
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	88,152	127,886	103,188	24,698
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food services operations	-	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>707,532</u>	<u>717,918</u>	<u>662,502</u>	<u>55,416</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(40,005)</u>	<u>(40,005)</u>	<u>27,933</u>	<u>67,938</u>
<i>Other financing sources (uses):</i>				
Designated cash	40,005	40,005	-	(40,005)
Operating transfers	-	-	-	-
Proceeds from bond issues	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>40,005</u>	<u>40,005</u>	<u>-</u>	<u>(40,005)</u>
<i>Net change in fund balance</i>	<u>-</u>	<u>-</u>	<u>27,933</u>	<u>27,933</u>
<i>Cash or fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>59,851</u>	<u>59,851</u>
Prior period adjustments	-	-	-	-
<i>Adjusted cash or fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>59,851</u>	<u>59,851</u>
<i>Cash or fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 87,784</u>	<u>\$ 87,784</u>
<i>Reconciliation to GAAP basis:</i>				
Net change in fund balance (cash basis)			\$ 27,933	
Adjustments to revenues			-	
Adjustments to expenditures			1,339	
Net change in fund balance (GAAP basis)			<u>\$ 29,272</u>	

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



**STATE OF NEW MEXICO**  
**CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3**  
**MORENO VALLEY HIGH SCHOOL (COMPONENT UNIT)**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND**  
**BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL**  
**INSTRUCTIONAL MATERIALS FUND (14000)**  
**FOR THE YEAR ENDING JUNE 30, 2018**

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<i>Revenues:</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	1,486	1,486	1,483	(3)
Federal grants	-	-	-	-
Miscellaneous	-	-	-	-
Charges for services	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	<u>1,486</u>	<u>1,486</u>	<u>1,483</u>	<u>(3)</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	4,111	9,455	3,717	5,738
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food services operations	-	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>4,111</u>	<u>9,455</u>	<u>3,717</u>	<u>5,738</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(2,625)</u>	<u>(7,969)</u>	<u>(2,234)</u>	<u>5,735</u>
<i>Other financing sources (uses):</i>				
Designated cash	2,625	7,969	-	(7,969)
Operating transfers	-	-	-	-
Proceeds from bond issues	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>2,625</u>	<u>7,969</u>	<u>-</u>	<u>(7,969)</u>
<i>Net change in fund balance</i>	<u>-</u>	<u>-</u>	<u>(2,234)</u>	<u>(2,234)</u>
<i>Cash or fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>7,969</u>	<u>7,969</u>
Prior period adjustments	-	-	-	-
<i>Adjusted cash or fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>7,969</u>	<u>7,969</u>
<i>Cash or fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,735</u>	<u>\$ 5,735</u>
<i>Reconciliation to GAAP basis:</i>				
Net change in fund balance (cash basis)			\$ (2,234)	
Adjustments to revenues			-	
Adjustments to expenditures			-	
Net change in fund balance (GAAP basis)			<u>\$ (2,234)</u>	

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

**STATE OF NEW MEXICO**  
**CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3**  
**MORENO VALLEY HIGH SCHOOL (COMPONENT UNIT)**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND**  
**BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL**  
**PRIVATE DIRECT GRANTS SPECIAL REVENUE FUND (29102)**  
**FOR THE YEAR ENDING JUNE 30, 2018**

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<i>Revenues:</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	-	-	-	-
Federal grants	-	-	-	-
Miscellaneous	-	156,220	156,220	-
Charges for services	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>156,220</u>	<u>156,220</u>	<u>-</u>
<i>Expenditures:</i>				
Current:				
Instruction	-	65,805	24,090	41,715
Support services				
Students	-	90,415	44,715	45,700
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food services operations	-	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>156,220</u>	<u>68,805</u>	<u>87,415</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>87,415</u>	<u>87,415</u>
<i>Other financing sources (uses):</i>				
Designated cash	-	-	-	-
Operating transfers	-	-	-	-
Proceeds from bond issues	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	<u>-</u>	<u>-</u>	<u>87,415</u>	<u>87,415</u>
<i>Cash or fund balance - beginning of year</i>	-	-	-	-
Prior period adjustments	-	-	-	-
<i>Adjusted cash or fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Cash or fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 87,415</u>	<u>\$ 87,415</u>
<i>Reconciliation to GAAP basis:</i>				
Net change in fund balance (cash basis)			\$ 87,415	
Adjustments to revenues			-	
Adjustments to expenditures			-	
Net change in fund balance (GAAP basis)			<u>\$ 87,415</u>	

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

**STATE OF NEW MEXICO**  
CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3  
MORENO VALLEY HIGH SCHOOL (COMPONENT UNIT)  
AGENCY FUNDS  
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
JUNE 30, 2018

Statement E-10

	<u>Agency Funds</u>
<b>ASSETS</b>	
<i>Current Assets</i>	
Cash	\$ 19,200
<i>Total assets</i>	<u>\$ 19,200</u>
 <b>LIABILITIES</b>	
<i>Current Liabilities</i>	
Deposits held in trust for others	\$ 19,200
<i>Total liabilities</i>	<u>\$ 19,200</u>

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

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**MORENO VALLEY EDUCATION FOUNDATION**

**STATE OF NEW MEXICO**  
 CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3  
 MORENO VALLEY EDUCATION FOUNDATION (COMPONENT UNIT)  
 PROPRIETARY FUND  
 STATEMENT OF NET POSITION  
 JUNE 30, 2018

Statement F-1

	<u>Primary Government</u>
<b>Assets</b>	
<i>Current assets:</i>	
Cash and cash equivalents	\$ 97,221
<i>Total current assets</i>	<u>97,221</u>
 <i>Noncurrent assets:</i>	
Land	151,920
Equipment	41,696
Less: accumulated depreciation	<u>(41,696)</u>
<i>Total noncurrent assets</i>	<u>151,920</u>
 <i>Total assets</i>	 <u>\$ 249,141</u>
 <b>Net Position</b>	
Net investment in capital assets	\$ 151,920
Unrestricted	<u>97,221</u>
<i>Total net position</i>	<u>249,141</u>
 <i>Total liabilities and net position</i>	 <u>\$ 249,141</u>

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

**STATE OF NEW MEXICO**  
 CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3  
 MORENO VALLEY EDUCATION FOUNDATION (COMPONENT UNIT)  
 PROPRIETARY FUND  
 STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION  
 FOR THE YEAR ENDED JUNE 30, 2018

Statement F-2

	<b>Primary Government</b>
<b>Operating Revenues</b>	
Donations	\$ 2,000
<i>Total operating revenues</i>	2,000
<b>Operating Expenses</b>	
Insurance	930
Legal and professional	1,458
Miscellaneous	64
Athletic and Music Equipment	2,510
Professional development	4,103
Science classroom equipment	6,836
Theatre festival	1,379
<i>Total operating expenses</i>	17,280
<b>Operating Income (Loss)</b>	(15,280)
Net position - beginning of year	264,421
<b>Net position, end of year</b>	\$ 249,141

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

**STATE OF NEW MEXICO**  
**CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3**  
**MORENO VALLEY EDUCATION FOUNDATION (COMPONENT UNIT)**  
**PROPRIETARY FUND**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

Statement F-3

	<u><b>Primary Government</b></u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Cash received from customers	\$ 2,000
Cash payments to vendors for goods and services	<u>(17,280)</u>
Net cash provided by (used in) operating activities	<u>(15,280)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	(15,280)
<b>Cash and cash equivalents, beginning of period</b>	<u>112,501</u>
<b>Cash and cash equivalents, end of period</b>	<u><u>\$ 97,221</u></u>
Reconciliation of operating income to net cash provided by operating activities	
Operating income (loss)	\$ (15,280)
Adjustments to reconcile operating income to net cash provided by (used in) operating activities	<u>-</u>
Net cash provided by (used in) operating activities	<u><u>\$ (15,280)</u></u>

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



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**OTHER SUPPLEMENTAL INFORMATION**

**STATE OF NEW MEXICO**  
**CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3**  
**AGENCY FUNDS**  
**SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES**  
**FOR THE YEAR ENDING JUNE 30, 2018**

Schedule V

**Primary Government**

Activity Fund	Description	Balance June 30, 2017	Additions	Deletions	Adjustments	Balance June 30, 2018
100	Pay Pal E-Store	\$ 558	\$ 1	\$ 559	\$ -	\$ -
200	Scholarship CD Cash	-	-	-	-	-
202	Masonic Scholarship	-	10,000	614	-	9,386
400	Annual Yearbook	713	1,340	1,471	-	582
401	Administration	-	1,640	162	-	1,478
402	High School Art	1,652	-	-	-	1,652
403	Booster Club	27,077	32,275	33,780	-	25,572
404	Cardwell Scholarship Fund	28,126	10,749	2,379	-	36,496
405	Juan Martinez Scholarship	20,089	-	-	-	20,089
406	CHS Cheerleaders	540	-	-	-	540
407	High School Photography	492	4,973	2,789	-	2,676
408	Elementary MOP	2,168	1,271	776	-	2,663
409	Elementary Yearbook	624	1,311	647	-	1,288
410	Elementary Principal	1,495	633	1,048	-	1,080
411	Elementary Art	303	-	277	-	26
412	PeeWee Basketball	617	-	612	-	5
413	Elementary Athletics	66	-	-	-	66
415	Class of 2012	1	-	-	-	1
416	District Nurse	1,389	500	47	-	1,842
417	Class of 2020	-	7,160	2,348	-	4,812
419	Class of 2011	2,095	137	2,095	-	137
420	Class of 2013	2,657	1,187	3,697	-	147
421	Activities Bank Acct	776	7,438	6,440	-	1,774
424	CMS Student Council	431	61	313	-	179
425	CMS 8th Grade Dance	79	293	304	-	68
426	ENEMS Principal	6,405	3,811	3,472	-	6,744
427	MS Admin	143	-	-	-	143
428	MS Barn Fund	10,327	7,065	9,744	-	7,648
429	Universal Classroom	35	-	-	-	35
430	MS Art	13	-	-	-	13
431	MS Yearbook	2,359	1,065	1,134	-	2,290
432	EN Vocational ED	-	42	-	-	42
433	Trails End Ranch	-	1,000	-	-	1,000
434	MS Student Council	884	789	490	-	1,183
435	EN PBIS Committee	-	894	472	-	422
440	HS Principal	1,914	1,164	1,706	-	1,372
442	HS Student Council	248	500	265	-	483
445	HS Teachers	572	-	100	-	472
446	Band-Music	2,985	21,535	18,377	-	6,143
449	HS Exploratory	271	5,120	4,652	-	739
450	HS National Honor Society	223	4,009	3,679	-	553
451	Ram's Horn	1	-	-	-	1
452	RHOR	473	-	-	-	473
454	CHS Shop	9,355	8,085	11,532	-	5,908
455	HS Laser Shop/Business	1,498	-	1,498	-	-
456	CHS Drama	-	1,614	1,268	-	346
457	CHS Snack Pantry	-	87	-	-	87
458	Elementary VIP's	1,849	3,678	3,668	-	1,859
460	Zane Scholarship	12,631	638	500	-	12,769
461	100 Years of Excellence	253	-	-	-	253
463	ENEMS Library	756	14	-	-	770
464	ENEMS K-2 Teachers	2,793	3,412	2,635	-	3,570
465	ENEMS 3-4 Teachers	3,360	15,207	12,355	-	6,212
470	MS FCA	2,130	-	-	-	2,130

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

**STATE OF NEW MEXICO**  
**CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3**  
**AGENCY FUNDS**  
**SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES**  
**FOR THE YEAR ENDING JUNE 30, 2018**

Schedule V

**Primary Government**

Activity Fund	Description	Balance June 30, 2017	Additions	Deletions	Adjustments	Balance June 30, 2018
471	EN Century Link Grant	-	3,500	-	-	3,500
479	HS Graphic Art	299	-	84	-	215
481	CHS Rams E-Store	1,251	-	1,251	-	-
482	CHS Broadcast	2,045	-	1,649	-	396
483	Culinary Arts	5,737	3,698	2,023	-	7,412
485	ENEMS Beta Club	1,796	-	-	-	1,796
486	District Sams Rewards	102	-	-	-	102
487	WERC Environmental Design	231	-	-	-	231
		<u>\$ 164,887</u>	<u>\$ 167,896</u>	<u>\$ 142,912</u>	<u>\$ -</u>	<u>\$ 189,871</u>

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

**STATE OF NEW MEXICO**  
**CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3**  
**AGENCY FUNDS**  
**SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES**  
**FOR THE YEAR ENDING JUNE 30, 2018**

Schedule V

**Component Unit: MVHS**

Activity Fund	Description	Balance June 30, 2017	Additions	Deletions	Adjustments	Balance June 30, 2018
400	Drama	\$ 354	\$ 3,990	\$ 3,558	\$ -	\$ 786
401	UAV	1	-	-	-	1
403	Band	1,503	-	663	-	840
404	Fundraiser	41	-	-	-	41
405	Recycling/Green	29	-	-	-	29
407	Yearbook	1,283	2,240	1,392	-	2,131
408	Ski/Snowboard	65	289	-	-	354
409	Grants	1,362	46	-	-	1,408
411	Art	307	-	74	-	233
412	Math	239	-	-	-	239
413	BVEF	4,478	4,916	5,296	-	4,098
414	Soccer	-	2,796	68	-	2,728
415	PE	1,333	-	-	-	1,333
416	Greenhouse	64	-	-	-	64
417	Class of 2017	167	3,180	1,400	-	1,947
419	Scholarships	180	-	-	-	180
420	Student Council	34	-	-	-	34
421	Interact Club	1,645	391	95	-	1,941
422	Kitchen	12	-	-	-	12
423	Technology	416	-	-	-	416
424	National Honor Society	-	385	-	-	385
425	Interact Club - Food Bank	1,625	153	328	(1,450)	-
		<u>\$ 15,138</u>	<u>\$ 18,386</u>	<u>\$ 12,874</u>	<u>\$ (1,450)</u>	<u>\$ 19,200</u>

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

**STATE OF NEW MEXICO**  
**CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3**  
**SCHEDULE OF PLEDGED COLLATERAL**  
**FOR THE YEAR ENDED JUNE 30, 2018**

Schedule VI

**Primary Government**

<u>Name of Depository</u>	<u>Description of Pledged Collateral</u>	<u>Maturity Date</u>	<u>CUSIP Number</u>	<u>Fair Market Value June 30, 2018</u>
<b>International Bank</b>				
	FNMA	11/1/2037	31418CRG1	\$ 230,186
Total Wells Fargo Bank				<u>\$ 230,186</u>

The securities are held, not in the District's name, at:  
 FIMAC Solutions, LLC  
 7000 East Belleview Ave. Suite 310  
 Greenwood Village, CO 80111

**Component Unit: MVHS**

<u>Name of Depository</u>	<u>Description of Pledged Collateral</u>	<u>Maturity Date</u>	<u>CUSIP Number</u>	<u>Fair Market Value June 30, 2018</u>
<b>International Bank</b>				
	FNMA Pool	10/1/2047	3140H2AP3	\$ 139,036
Total International Bank				<u>\$ 139,036</u>

The securities are held, not in the School's name, at:  
 FIMAC Solutions, LLC  
 7000 East Belleview Ave. Suite 310  
 Greenwood Village, CO 80111

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

**STATE OF NEW MEXICO**  
**CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3**  
**SCHEDULE OF CASH AND TEMPORARY INVESTMENT ACCOUNTS**  
**JUNE 30, 2018**

Schedule VII

**Primary Government**

Bank Name/Account Type	Account Type	Bank Balance	Deposits in Transit	Outstanding Checks/Wires	Other Adjustments	Book Balance
<b>International Bank</b>						
Operational/Capital Projects	Checking	\$ 74,105	\$ -	\$ (128,549)	\$ 230,923	\$ 176,479
Cafeteria Fund	Checking	47,663	-	(32)	-	47,631
SB-9 Account	Checking	1,453,896	-	(149)	-	1,453,747
Debt Service Account	Checking	1,100,364	-	-	-	1,100,364
Education Technology Bonds	Checking	1,394	-	-	-	1,394
Payroll Clearing	Checking	-	-	(317,513)	-	(317,513)
Special Investment Account	Checking	695,316	-	-	-	695,316
Certificate of Deposit	CD	303,462	-	-	-	303,462
Certificate of Deposit	CD	303,694	-	-	-	303,694
Certificate of Deposit	CD	303,927	-	-	-	303,927
Activity Fund	Checking	133,722	-	(1,894)	-	131,828
Zane CD	CD	12,163	-	-	-	12,163
Total International Bank		<u>\$ 4,429,706</u>	<u>\$ -</u>	<u>\$ (448,137)</u>	<u>\$ 230,923</u>	<u>\$ 4,212,492</u>
<b>Bank of Albuquerque</b>						
Capital Project Fund	Trust	<u>\$ 1,361,748</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,361,748</u>
<b>Manhattan Life Insurance Company</b>						
Scholarship Fund	Annuity	\$ 8,431	\$ -	\$ -	\$ -	\$ 8,431
Scholarship Fund	Annuity	18,564	-	-	-	18,564
Scholarship Fund	Annuity	9,501	-	-	-	9,501
Scholarship Fund	Annuity	9,384	-	-	-	9,384
Total Manhattan Life Insurance Company		<u>\$ 45,880</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 45,880</u>
Total		<u>\$ 5,837,334</u>	<u>\$ -</u>	<u>\$ (448,137)</u>	<u>\$ 230,923</u>	<u>\$ 5,620,120</u>
<b>Cash per financial statements</b>						
Cash and cash equivalents - Government Activities Exhibit A-1						\$ 5,430,249
Fiduciary funds - Exhibit D-1						189,871
						<u>\$ 5,620,120</u>

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

**STATE OF NEW MEXICO**  
**CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3**  
**SCHEDULE OF CASH AND TEMPORARY INVESTMENT ACCOUNTS**  
**JUNE 30, 2018**

Schedule VII

**Component Unit: MVHS**

Bank Name/Account Type	Account Type	Bank Balance	Deposits in Transit	Outstanding Checks	Other Adjustments	Book Balance
<b>International Bank</b>						
Operational	Checking	\$ 447,894	\$ -	\$ (24,885)	\$ (9,336)	\$ 413,673
<b>Washington Federal</b>						
Activity	Checking	\$ 19,200	\$ -	\$ -	\$ -	\$ 19,200
Plus cash on hand						\$ 50
Total		<u>\$ 467,094</u>	<u>\$ -</u>	<u>\$ (24,885)</u>	<u>\$ (9,336)</u>	<u>\$ 432,923</u>
Cash per financial statements						
Cash and cash equivalents - Government Activities Statement E-1						\$ 413,723
Fiduciary funds - Statement E-10						19,200
						<u>\$ 432,923</u>

**Component Unit: MVEF**

Bank Name/Account Type	Account Type	Bank Balance	Deposits in Transit	Outstanding Checks	Other Adjustments	Book Balance
<b>International Bank</b>						
Operating Account	Checking	\$ 97,221	\$ -	\$ -	\$ -	\$ 97,221
Total International Bank		<u>\$ 97,221</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 97,221</u>
Cash per financial statements						
Cash and cash equivalents - Statement of Net Position Statement F-1						<u>\$ 97,221</u>

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



**STATE OF NEW MEXICO**  
**CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3**  
**SCHEDULE OF CASH RECONCILIATIONS**  
**JUNE 30, 2018**

Schedule VIII

**Primary Government**

	Operational 11000	Transportation 13000	Instructional Materials 14000	Food Services 21000
Cash, June 30, 2017	\$ 385,688	\$ 4	\$ 36,717	\$ 50,885
Add:				
Current year revenues	4,370,178	1,012,202	12,059	250,750
Permanent cash transfers	-	-	-	-
Prior period adjustment	-	-	-	-
Loans from other funds	-	-	-	-
Total cash available	4,755,866	1,012,206	48,776	301,635
Less:				
Current year expenditures	(4,305,646)	(1,002,693)	(6,734)	(251,195)
Permanent cash transfers	-	-	-	-
Prior period adjustment	-	-	-	-
Loans to other funds	(82,545)	-	-	-
Cash, June 30, 2018	<u>\$ 367,675</u>	<u>\$ 9,513</u>	<u>\$ 42,042</u>	<u>\$ 50,440</u>

**Component Unit - MVHS**

	Operational 11000	Transportation 13000	Instructional Materials 14000	Food Services 21000
Cash, June 30, 2017	\$ 59,851	\$ -	\$ 7,969	\$ -
Add:				
Current year revenues	690,435	-	1,483	-
Permanent cash transfers	-	-	-	-
Prior period adjustment	-	-	-	-
Loans from other funds	-	-	-	-
Total cash available	750,286	-	9,452	-
Less:				
Current year expenditures	(662,502)	-	(3,717)	-
Permanent cash transfers	-	-	-	-
Prior period adjustment	-	-	-	-
Loans to other funds	-	-	-	-
Cash, June 30, 2018	<u>\$ 87,784</u>	<u>\$ -</u>	<u>\$ 5,735</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3**  
**SCHEDULE OF CASH RECONCILIATIONS**  
**JUNE 30, 2018**

Schedule VIII

**Primary Government**

	Athletics 22000	Federal Flowthrough 24000	Federal Direct 25000	Local Grants 26000	State Flowthrough 27000
Cash, June 30, 2017	\$ 17,488	\$ (6,695)	\$ (1,249)	\$ 17,435	\$ (10,082)
Add:					
Current year revenues	16,963	259,398	110,503	7,700	55,149
Permanent cash transfers	-	-	-	-	-
Prior period adjustment	-	-	-	-	-
Loans from other funds	-	72,316	-	-	10,229
Total cash available	34,451	325,019	109,254	25,135	55,296
Less:					
Current year expenditures	(13,072)	(288,223)	(102,617)	(7,491)	(51,386)
Permanent cash transfers	-	-	-	-	-
Prior period adjustment	-	-	-	-	-
Loans to other funds	-	-	-	-	-
Cash, June 30, 2018	<u>\$ 21,379</u>	<u>\$ 36,796</u>	<u>\$ 6,637</u>	<u>\$ 17,644</u>	<u>\$ 3,910</u>

**Component Unit - MVHS**

	Athletics 22000	Federal Flowthrough 24000	Federal Direct 25000	Local Grants 26000	State Flowthrough 27000
Cash, June 30, 2017	\$ -	\$ -	\$ -	\$ -	\$ (2,757)
Add:					
Current year revenues	-	13,898	-	-	3,200
Permanent cash transfers	-	-	-	-	-
Prior period adjustment	-	-	-	-	-
Loans from other funds	-	-	-	-	-
Total cash available	-	13,898	-	-	443
Less:					
Current year expenditures	-	(13,898)	-	-	(443)
Permanent cash transfers	-	-	-	-	-
Prior period adjustment	-	-	-	-	-
Loans to other funds	-	-	-	-	-
Cash, June 30, 2018	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3**  
**SCHEDULE OF CASH RECONCILIATIONS**  
**JUNE 30, 2018**

Schedule VIII

**Primary Government**

	Local / State 29000	Bond Building 31100	Public School Capital Outlay 31200	Capital Improvements HB-33 31600	Capital Improvements SB-9 - State 31700
Cash, June 30, 2017	\$ 48,240	\$ 2,985,635	\$ -	\$ 1,216	\$ -
Add:					
Current year revenues	-	24,334	-	466	-
Permanent cash transfers	-	-	-	-	-
Prior period adjustment	-	-	-	-	-
Loans from other funds	-	-	-	-	-
Total cash available	48,240	3,009,969	-	1,682	-
Less:					
Current year expenditures	(6,387)	(1,645,014)	-	(5)	-
Permanent cash transfers	-	-	-	-	-
Prior period adjustment	-	-	-	-	-
Loans to other funds	-	-	-	-	-
Cash, June 30, 2018	<u>\$ 41,853</u>	<u>\$ 1,364,955</u>	<u>\$ -</u>	<u>\$ 1,677</u>	<u>\$ -</u>

**Component Unit - MVHS**

	Local / State 29000	Bond Building 31100	Public School Capital Outlay 31200	Capital Improvements HB-33 31600	Capital Improvements SB-9 31700
Cash, June 30, 2017	\$ -	\$ -	\$ -	\$ -	\$ -
Add:					
Current year revenues	156,220	-	39,389	-	1,910
Permanent cash transfers	-	-	-	-	-
Prior period adjustment	-	-	-	-	-
Loans from other funds	-	-	-	-	-
Total cash available	156,220	-	39,389	-	1,910
Less:					
Current year expenditures	(68,805)	-	(39,389)	-	(1,910)
Permanent cash transfers	-	-	-	-	-
Prior period adjustment	-	-	-	-	-
Loans to other funds	-	-	-	-	-
Cash, June 30, 2018	<u>\$ 87,415</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3**  
**SCHEDULE OF CASH RECONCILIATIONS**  
**JUNE 30, 2018**

Schedule VIII

**Primary Government**

	Capital Improvements SB-9 - Local 31701	Educational Tech Equip 31900	Debt Service 41000	Education Technology Debt Service 43000	Total
Cash, June 30, 2017	\$ 1,941,470	\$ 1,188,589	\$ 309,715	\$ 700,955	\$ 7,666,011
Add:					
Current year revenues	806,033	8,180	711,211	412,555	8,057,681
Permanent cash transfers	-	-	-	-	-
Prior period adjustment	-	42,240	-	-	42,240
Loans from other funds	-	-	-	-	82,545
Total cash available	2,747,503	1,239,009	1,020,926	1,113,510	15,848,477
Less:					
Current year expenditures	(1,294,615)	(284,293)	(351,513)	(682,559)	(10,293,443)
Permanent cash transfers	-	-	-	-	-
Prior period adjustment	-	-	-	(42,240)	(42,240)
Loans to other funds	-	-	-	-	(82,545)
Cash, June 30, 2018	<u>\$ 1,452,888</u>	<u>\$ 954,716</u>	<u>\$ 669,413</u>	<u>\$ 388,711</u>	<u>\$ 5,430,249</u>

**Component Unit - MVHS**

	Capital Improvements SB-9 31701	Educational Tech Equip 31900	Debt Service 41000	Education Technology Debt Service 43000	Total
Cash, June 30, 2017	\$ 100,737	\$ 127,670	\$ -	\$ -	\$ 293,470
Add:					
Current year revenues	110,754	-	-	-	1,017,289
Permanent cash transfers	-	-	-	-	-
Prior period adjustment	-	-	-	-	-
Loans from other funds	-	-	-	-	-
Total cash available	211,491	127,670	-	-	1,310,759
Less:					
Current year expenditures	(77,206)	(29,166)	-	-	(897,036)
Permanent cash transfers	-	-	-	-	-
Prior period adjustment	-	-	-	-	-
Loans to other funds	-	-	-	-	-
Cash, June 30, 2018	<u>\$ 134,285</u>	<u>\$ 98,504</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 413,723</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3  
SCHEDULE OF JOINT POWERS AGREEMENTS  
JUNE 30, 2018

Schedule IX

Title: Regional Education Cooperative Joint Powers Agreement

Participants: Cimarron Municipal School District No. 3 and High Plains Regional Educational Center #3

Responsible Party: High Plains Regional Educational Cooperative #3's Governing Council

Description: The parties have agreed to form a Regional Education Cooperative to participate in cooperative programs relating to education related services, provide professional services to the districts, and provide other optional services as needed.

Dates of Operation: August 24, 2012 until either party gives Notice of Intent to Terminate pursuant to the agreement.

Projected Cost: None

Audit Responsibility: High Plains Regional Educational Cooperative #3

Fiscal Agent: High Plains Regional Educational Cooperative #3

Reporting Agency: High Plains Regional Educational Cooperative #3

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

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**COMPLIANCE SECTION**



# Manning Accounting and Consulting Services, LLC

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

### INDEPENDENT AUDITOR'S REPORT

Wayne Johnson  
New Mexico State Auditor  
The Office of Management and Budget  
And the Board of Education of  
Cimarron Municipal School District No. 3  
Cimarron, NM

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the general fund of Cimarron Municipal School District No. 3 (the "District"), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated October 17, 2018.

#### **Internal Control over Financial Reporting**

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist, that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses as items MVHS FS 2017-002 and FS 2018-001 that we consider to be significant deficiencies.



## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Responses as items NM 2017-001, NM 2017-002, NM 2017-006, NM 2018-001, MVHS NM 2017-001, MVHS NM 2018-001, MVHS NM 2018-002.

### **Response to Findings**

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

### **Purpose of this Report**

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

Manning Accounting and Consulting Services, LLC

Manning Accounting and Consulting Services, LLC

Kirtland, New Mexico

October 17, 2018

**STATE OF NEW MEXICO**  
CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2018

Schedule X

**Section I – Summary of Audit Results**

*Financial Statements:*

- |   |            |
|---|------------|
| 1. Type of auditor's report issued  | Unmodified |
| 2. Internal control over financial reporting:                                     |            |
| a. Material weakness identified?  | No         |
| b. Significant deficiencies identified not considered to be material weaknesses?  | Yes        |
| c. Control deficiencies identified not considered to be significant deficiencies? | Yes        |

STATE OF NEW MEXICO  
CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2018

Schedule X

**Section II – Financial Statement Findings – Moreno Valley High School**

**MVHS FS 2017-002 – Purchase Orders Payment Authorization and Receiving (Significant Deficiency) Repeated and Revised**

**Criteria:** Per the New Mexico Manual of Procedures for Public School Accounting and Budgeting, Supplement 13 – Purchasing, “**the preparation and execution of a duly authorized purchase order must precede the placement of any order for goods, services, or construction.....For each individual purchase contract, a receiving document or other recording instrument (i.e., electronic) shall be present at the delivery site to record the delivery of items or service. Upon verifying and recording the receipt of all the items or services ordered, the receiving document or recording instrument shall be manually or electronically signed by authorized receiving personnel and processed for payment according to procedures established by school district or charter school boards’ of education local procedures.**”

**13-1-157 NMSA 1978 Receipt; inspection; acceptance or rejection of deliveries.**

The using agency is responsible for inspecting and accepting or rejecting deliveries. **The using agency shall determine whether the quantity is as specified in the purchase order or contract and whether the quality conforms to the specifications referred to or included in the purchase order or contract. If inspection reveals that the delivery does not conform to the quantity or quality specified in the purchase order or contract, the using agency shall immediately notify the central purchasing office. The central purchasing office shall notify the vendor that the delivery has been rejected and shall order the vendor to promptly make a satisfactory replacement or supplementary delivery.** In case the vendor fails to comply, the central purchasing office shall have no obligation to pay for the nonconforming items of tangible personal property. If the delivery does conform to the quantity and quality specified in the purchase order or contract, the using agency shall certify to the central purchasing office that delivery has been completed and is satisfactory.

Additionally, 13-1-158 NMSA 1978 states:

A. **No warrant, check or other negotiable instrument shall be issued in payment for any purchase of services, construction or items of tangible personal property unless the central purchasing office or the using agency certifies that the services, construction or items of tangible personal property have been received and meet specifications** or unless prepayment is permitted under Section 13-1-98 NMSA 1978 by exclusion of the purchase from the Procurement Code [13-1-28 through 13-1-199 NMSA 1978].

B. Unless otherwise agreed upon by the parties or unless otherwise specified in the invitation for bids, request for proposals or other solicitation, within fifteen days from the date the central purchasing office or using agency receives written notice from the contractor that payment is requested for services or construction completed or items of tangible personal property delivered on site and received, the central purchasing office or using agency shall issue a written certification of complete or partial acceptance or rejection of the services, construction or items of tangible personal property.

C. **Except as provided in Subsection D of this section, upon certification by the central purchasing office or the using agency that the services, construction or items of tangible personal property have been received and accepted, payment shall be tendered to the contractor within thirty days of the date of certification.** If payment is made by mail, the payment shall be deemed tendered on the date it is postmarked. After the thirtieth day from the date that written certification of acceptance is issued, late payment charges shall be paid on the unpaid balance due on the contract to the contractor at the rate of one and one-half percent per month. For purchases funded by state or federal grants to local public bodies, if the local public body has not received the funds from the federal or state funding agency, payments shall be tendered to the contractor within five working days of receipt of funds from that funding agency.

**STATE OF NEW MEXICO**  
CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2018

Schedule X

**Section II – Financial Statement Findings (Continued)**

**MVHS FS 2017-002 – Purchase Orders Payment Authorization and Receiving (Significant Deficiency) Repeated and Revised (Continued)**

**Condition:** During our review of cash disbursements we noted the following instances in which proper procedures were not followed:

- In 10 of 25 items reviewed there was no receiving documentation to verify who received the goods and or service and when they were received. The value of these goods ranged from \$49.00 to \$3,042.35.
- In 4 of 25 items reviewed the purchase of goods or services was incurred prior to the approval of a purchase order.
  - A purchase of \$321.00 was invoiced on 8/29/17 the purchase order was approved on 9/8/17
  - A purchase of \$1,939.87 was invoiced on 3/12/18 the purchase order was approved 3/16/18
  - A purchase of \$172.39 was invoiced on 2/11/18, 2/23/18, and 3/6/18 the purchase order was approved 3/9/18
  - A purchase of \$333.10 was invoiced on 3/1/18 the purchase order was approved on 3/2/18
- In 1 of 25 items reviewed the invoice amount and the check amount did not agree. The invoice amount was \$182.08 and the check was \$330.10.
- In 1 of 25 items reviewed there was no evidence the Charter got 3 quotes prior to purchase as policy requires quotes for purchases over \$10,000

In the prior year's audit the School did not have any documentation to review cash disbursements to verify compliance with state guidelines.

During our review of individually significant items we noted the following instances in which proper procedures were not followed:

- In 5 of 25 items tested the goods and or services were received prior to the authorization of a purchase order
  - A purchase of \$2,992.53 was invoiced 7/31/17 the purchase order was approved 8/9/17
  - A purchase of \$3,411.07 was invoiced 6/20/17 the purchase order was approved 9/8/17
  - A purchase of \$3,512.01 was invoiced 8/15/17 and 9/1/17 the purchase order was approved 9/8/17
  - A purchase of \$3,729.69 was invoiced on 9/19/17 the purchase order was approved 10/20/17
  - A purchase of \$3,411.02 was invoiced on 3/29/18 the purchase order was approved 4/27/18
- In 5 of 25 items tested there was no receiving documentation to verify who received the goods and services and when they were received. The value of these purchases ranged from \$3,042.35 to \$3,755.40.
- In 2 of 25 items tested there was no indication the Charter obtained 3 quotes prior to the purchase of goods and or services as policy requires. The purchase amounts were \$3,042.35 and \$3,755.40.
- The charter did not make its NMPSIA payment on time. Their payment was made in June 2018.

In the previous year's audit there were 12 instances in which there was no purchase order in the file; there were 4 instances in which there was no receiving documentation for the disbursements; there were 4 instances in which there were no invoices in the file to verify proper payment; in one instance the payment amount did not agree with the invoice amount; there were 7 instances in which there was no supporting documentation to review; and in 4 instances payments were made more than 30 days after the due date.

STATE OF NEW MEXICO  
CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2018

Schedule X

**Section II – Financial Statement Findings (Continued)**

**MVHS FS 2017-002 – Purchase Orders Payment Authorization and Receiving (Significant Deficiency) Repeated and Revised (Continued)**

During our review of activity disbursements we noted the following instances in which proper procedures were not followed:

- In 1 of 10 items tested there was no invoice attached to verify check amount to invoice amount
- In 4 of 10 items tested there was no receiving documentation to verify goods and or services were received
- In 5 of 10 items tested the goods and or services were received prior to the authorization of a purchase order.
  - A purchase of \$90.00 was made on 10/6/17 the purchase order was approved on 10/24/17
  - A purchase of \$115.35 was made on 11/28/17 the purchase order was approved on 12/14/17
  - A purchase of \$376.00 was made on 12/15/17 the purchase order was approved on 1/3/18
  - A purchase of \$180.00 was made on 10/23/17 the purchase order was approved on 2/15/18
  - A purchase of \$14.80 was made on 4/14/18 the purchase order was approved on 4/17/18

**Cause:** School personnel have not followed State guidelines or internal procedures in the payment of services. State and School policy clearly states that the School must have a signed purchase order in place prior to ordering goods and or services and that there is a receiving document to verify goods and services are received. Additionally, the School requires 3 quotes for purchases over \$10,000.

**Effect:** Internal control over expenditures and the ability of responsible parties to appropriately monitor budgets for which they bear responsibility may be compromised. Not being in compliance with these requirements places the School and the Council at risk for fraud or misuse of public funds

**Auditor's Recommendation:** We recommend that all personnel be reminded of, or trained in, School and State policy in regards to payment of goods, services, or construction. All School personnel need to be aware that a purchase order must be approved prior to the purchase of goods and services and that all goods and services should be signed for indicating when items were received and by whom.

**Responsible official's view:**

- Specific corrective action plan for finding:
  - **Date each item is received is now recorded and initialed upon receipt of item. This recording is done on the original PO that is placed within the paperwork and is kept in the vendor file. Regarding check 10008 that is for professional SPED services and we are working with the SPED director to implement a double check system where she would sign off to make sure said services being billed have been performed prior to invoice being paid.**
  - **Training and refreshers have been given to all employees as to the time lines in which requisitions must be submitted before purchases can be made.**
  - **Check 10008 was for professional services (SPED PROVIDER). Please see attached contract and PO.**
- Timeline for completion of corrective action plan:
  - **Item one with exception of check 10008 was addressed 2017/18 and all incoming items are being recorded and initialed on original PO. Time line for professional SPED services will be implemented 10/22/2018.**
  - **Item two was addressed per auditor recommendations all faculty are aware of purchasing processes and are being followed.**
  - **Item three and four we believe were identified in error please see attached documentation to verify proper procedures were followed**

**STATE OF NEW MEXICO**  
CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2018

Schedule X

**Section II – Financial Statement Findings (Continued)**

**MVHS FS 2017-002 – Purchase Orders Payment Authorization and Receiving (Significant Deficiency)  
Repeated and Revised (Continued)**

- Employee position(s) responsible for meeting the timeline:
  - **Executive Assistant and Director**

STATE OF NEW MEXICO  
CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2018

Schedule X

**Section II – Financial Statement Findings (Continued)**

**FS 2018-001 – Inadequate Pledged Collateral (Significant Deficiency)**

**Criteria:** [6-10-17 NMSA 1978](#) Any bank or savings and loan association designated as a depository of public money shall deliver securities of the kind specified in [Section 6-10-16](#) NMSA 1978 to a custodial bank described in [Section 6-10-21](#) NMSA 1978 and shall then **deliver a joint safekeeping receipt issued by the custodial bank to the public official** from whom or the public board from which the public money is received for deposit. The **securities delivered shall have an aggregate value equal to one-half the amount of public money to be received** in accordance with Subsection B of [Section 6-10-16](#) NMSA 1978. However, any such bank or savings and loan association may deliver a depository bond executed by a surety company as provided in [Section 6-10-15](#) NMSA 1978 as security for any portion of a deposit of public money.

**Condition:** During our review of pledged collateral reports for the District we noted that International Bank only provided \$230,186 which was \$1,859,667 short of the required 50% collateralization level required by statute.

**Cause:** The International Bank branch was going through a change of ownership on June 21, 2018 and because of this transition, the new ownership did not have securities in place until July 6, 2018 at which point sufficient pledged collateral existed.

**Effect:** The District was exposed to a loss of up to \$1,859,667 for approximately two weeks during the change in ownership of the bank where District deposits are maintained.

**Auditor's Recommendation:** We recommend that the District ensure that their financial institutions understand the statutory requirement which requires 50% collateralization at all times. The District should also scrutinize these pledged collateral reports when received to verify that proper collateralization exists, and if insufficient collateralization is reported, District personnel should contact the financial institution immediately to correct the oversight.

**Responsible official's view:**

- Specific corrective action plan for finding:  
**District personnel will review all collateralization reports when received and will request that the Bank provide a report prior to year-end so that it can verify proper collateralization at June 30<sup>th</sup>.**
- Timeline for completion of corrective action plan:  
**Immediately**
- Employee position(s) responsible for meeting the timeline:  
**Business Manager**

**STATE OF NEW MEXICO**  
CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2018

Schedule X

**Section III – Federal Award Findings**

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



STATE OF NEW MEXICO  
CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2018

Schedule X

**Section IV – Section 12-6-5 NMSA 1978 Findings**

**NM 2017-001 – Purchase Orders Payment Authorization and Receiving (Other Non-Compliance)  
Repeated and Revised**

**Criteria:** Per the New Mexico Manual of Procedures for Public School Accounting and Budgeting, Supplement 13 – Purchasing, “**the preparation and execution of a duly authorized purchase order must precede the placement of any order for goods, services, or construction.....For each individual purchase contract, a receiving document or other recording instrument (i.e., electronic) shall be present at the delivery site to record the delivery of items or service. Upon verifying and recording the receipt of all the items or services ordered, the receiving document or recording instrument shall be manually or electronically signed by authorized receiving personnel and processed for payment according to procedures established by school district or charter school boards’ of education local procedures.**”

**13-1-157 NMSA 1978 Receipt; inspection; acceptance or rejection of deliveries.**

The using agency is responsible for inspecting and accepting or rejecting deliveries. The using agency shall determine whether the quantity is as specified in the purchase order or contract and whether the quality conforms to the specifications referred to or included in the purchase order or contract. If inspection reveals that the delivery does not conform to the quantity or quality specified in the purchase order or contract, the using agency shall immediately notify the central purchasing office. The central purchasing office shall notify the vendor that the delivery has been rejected and shall order the vendor to promptly make a satisfactory replacement or supplementary delivery. In case the vendor fails to comply, the central purchasing office shall have no obligation to pay for the nonconforming items of tangible personal property. If the delivery does conform to the quantity and quality specified in the purchase order or contract, the using agency shall certify to the central purchasing office that delivery has been completed and is satisfactory.

Additionally, [13-1-158 NMSA 1978](#) states:

“**No warrant, check or other negotiable instrument shall be issued in payment for any purchase of services, construction or items of tangible personal property unless the central purchasing office or the using agency certifies that the services, construction or items of tangible personal property have been received and meet specifications or unless prepayment is permitted under [Section 13-1-98](#) NMSA 1978 by exclusion of the purchase from the Procurement Code [ [13-1-28](#) NMSA 1978].**”

**Condition:** During our review of disbursements we noted the following instances in which proper procedures were not followed:

- In 4 of 25 items tested goods and or services were purchased prior to the approval of a valid purchase order.
  - \$207.00 was paid to an official who officiated a game on 9/15/17 the purchase order was approved 9/18/17
  - \$148.17 was paid to an official who officiated a game on 2/2/18 the purchase order was approved on 2/8/18
  - A purchase of \$110.00 was done on 2/21/18 the purchase order was approved on 3/6/18
  - Services of \$2,880.00 were received 5/1-11/18 the purchase order was approved on 5/22/18
- In 9 of 25 items tested there was no receiving documentation to verify who received the goods and services and when. The purchases of these goods and or services ranged from \$21.70 to \$12,007.09
- In 1 of 25 items tested there was no invoice in the file. The amount of this purchase was \$102.36
- In 1 of 25 items tested there was no information describing the breakdown of the payment. \$207.00 was paid to an official but does not list what level of game was officiated, the mileage, or meal allowance paid to the official.
- In 1 of 25 items tested there was no PO in the file. The amount of this purchase was \$2,457.46
- In 1 of 25 items tested the invoice amount did not match the payment. Invoice was for \$3,024 payment amount was \$2,880.

**STATE OF NEW MEXICO**  
CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3  
SCHEDULE OF FINDINGS AND RESPONSES  
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Schedule X

**Section IV – Section 12-6-5 NMSA 1978 Findings (Continued)**

**NM 2017-001 – Purchase Orders Payment Authorization and Receiving (Other Non-Compliance) Repeated and Revised (Continued)**

- In 1 of 25 items tested the purchase amount was greater than the authorized amount in the purchase order. The purchase order was authorized for \$113.18 and purchase amount was \$133.18

In the previous year's audit there were 13 instances in which a purchase order was not in the file prior to the purchase of goods and or service, and one instance in which there was no invoice in the file.

During our review of individually significant items we noted the following instances in which proper procedures were not followed:

- In 1 of 45 items tested goods and or services were purchased prior to the approval of a valid purchase order.
  - \$21,892.02 was invoiced on 8/23/17 and purchase order was approved on 9/5/17
- In 1 of 45 items tested there was no indication 3 quotes were obtained. District policy requires 3 quotes for purchase greater than \$10,000
- In 19 of 45 items tested there was no receiving documentation in the file. The value of these purchases ranged from \$14,493.68 to \$669,485.81.

In the previous year's audit there were 15 instances in which there was no receiving documentation, and six instances where a purchase order was completed after the fact.

During our review of activity disbursements we noted the following instances in which proper procedures were not followed:

- In 1 of 25 items tested goods and or services were purchased prior to the approval of a purchase order.
  - A purchase of \$71.51 was invoiced on 8/19/17 the purchase order was approved on 8/22/17

In the previous year's audit there was one instance where a purchase order was not in place prior to the purchase of goods and or services.

During our review of credit card disbursements we noted the following instances in which proper procedures were not followed:

- In 4 of 9 items reviewed there were missing fuel receipts and there was no missing receipt affidavit.

**Cause:** District personnel have not followed state guidelines or internal procedures in the payment of services. Policy clearly states that the District must have a signed purchase order in place prior to receiving goods and or services and that there is a receiving document to verify goods and services are received. District policy also requires quotes to be obtained for purchases greater than \$10,000.

**Effect:** Internal control over expenditures and the ability of responsible parties to appropriately monitor budgets for which they bear responsibility may be compromised. Not being in compliance with these requirements places the District and the Board at risk for fraud or misuse of public funds

**Auditor's Recommendation:** We recommend that all personnel be reminded of, or trained in, District and state policy in regards to payment of goods, services, or construction. All District personnel need to be aware that a purchase order must be approved prior to the purchase of goods and services and that all goods and services should be signed for indicating when items were received and by whom.

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Schedule X

**Section IV – Section 12-6-5 NMSA 1978 Findings (Continued)**

**NM 2017-001 – Purchase Orders Payment Authorization and Receiving (Other Non-Compliance)  
Repeated and Revised (Continued)**

*Responsible official's view:*

- Specific corrective action plan for finding:  
**Extensive training is being done in Accounts Payable. Business Manager is checking all payments when being made, for proper procedures.**
  
- Timeline for completion of corrective action plan:  
**July 1, 2018**
  
- Employee position(s) responsible for meeting the timeline:  
**Accounts Payable –Business Manager**

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Schedule X

**Section IV – Section 12-6-5 NMSA 1978 Findings (Continued)**

**NM 2017-002 – Background Checks (Other Non-Compliance) Repeated and Revised**

**Criteria:** 22-10A-5 NMSA 1978: Background checks; known convictions; alleged ethical misconduct; reporting required; limited immunity; penalty for failure to report.

A. As used in this section, "ethical misconduct" means unacceptable behavior or conduct engaged in by a licensed school employee and includes inappropriate touching, sexual harassment, discrimination and behavior intended to induce a child into engaging in illegal, immoral or other prohibited behavior.

B. An applicant for initial licensure shall be fingerprinted and shall provide two fingerprint cards or the equivalent electronic fingerprints to the department to obtain the applicant's federal bureau of investigation record. Convictions of felonies or misdemeanors contained in the federal bureau of investigation record shall be used in accordance with the Criminal Offender Employment Act [28-2-1 through 28-2-6 NMSA 1978]. Other information contained in the federal bureau of investigation record, if supported by independent evidence, may form the basis for the denial, suspension or revocation of a license for good and just cause. Records and related information shall be privileged and shall not be disclosed to a person not directly involved in the licensure or employment decisions affecting the specific applicant. The applicant for initial licensure shall pay for the cost of obtaining the federal bureau of investigation record.

C. Local school boards and regional education cooperatives shall develop policies and procedures to require background checks on an applicant who has been offered employment, a contractor or a contractor's employee with unsupervised access to students at a public school.

D. An applicant for employment who has been initially licensed within twenty-four months of applying for employment with a local school board, regional education cooperative or a charter school shall not be required to submit to another background check if the department has copies of the applicant's federal bureau of investigation records on file. An applicant who has been offered employment, a contractor or a contractor's employee with unsupervised access to students at a public school shall provide two fingerprint cards or the equivalent electronic fingerprints to the local school board, regional education cooperative or charter school to obtain the applicant's federal bureau of investigation record. The applicant, contractor or contractor's employee who has been offered employment by a regional education cooperative or at a public school may be required to pay for the cost of obtaining a background check. At the request of a local school board, regional education cooperative or charter school, the department is authorized to release copies of federal bureau of investigation records that are on file with the department and that are not more than twenty-four months old. Convictions of felonies or misdemeanors contained in the federal bureau of investigation record shall be used in accordance with the Criminal Offender Employment Act; provided that other information contained in the federal bureau of investigation record, if supported by independent evidence, may form the basis for the employment decisions for good and just cause. Records and related information shall be privileged and shall not be disclosed to a person not directly involved in the employment decision affecting the specific applicant who has been offered employment, contractor or contractor's employee with unsupervised access to students at a public school.

**Condition:** During our review of personnel files we noted the following instances in which there was insufficient documentation:

- 1 of 14 personnel files reviewed the District had not obtained its own background check and had relied on one submitted by Taos Charter School.

In the previous year's audit the District did not have a background check on one of their employees.

**Cause:** The District has not followed State guidelines in regards to documentation of background checks. The District was not aware that it couldn't use a background check provided from another institution in the State.

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Schedule X

**Section IV – Section 12-6-5 NMSA 1978 Findings (Continued)**

**NM 2017-002 – Background Checks (Other Non-Compliance) Repeated and Revised (Continued)**

*Effect:* The District's failure to maintain a background check report in the employee file is a violation of state statute and puts the District and school at additional risk of liability for any actions that may arise regarding employee conduct and does not comply with state regulations.

*Auditor's Recommendation:* We recommend that the District establish a policy regarding background checks and ensuring they are properly maintained within the employee personnel file. If a valid background check does not exist in the file then a new background checks should be completed.

*Responsible Official's View:*

- Specific corrective action plan for finding:  
**Background Check was requested immediately.**
  
- Timeline for completion of corrective action plan:  
**Immediately**
  
- Employee position(s) responsible for meeting the timeline:  
**Payroll/personnel**

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Schedule X

**Section IV – Section 12-6-5 NMSA 1978 Findings (Continued)**

**NM 2017-006 – Improper Cash Receiving and Depositing (Non-Other Non-Compliance) Repeated and Revised**

***Criteria: 6.20.2.14 NMAC 1978 CASH CONTROL STANDARDS:***

- A. School districts shall establish and maintain a cash management program to safeguard cash and provide prompt and accurate reporting that adheres to cash management requirements of the office of management and budget (OMB) Circular A-102, and applicable state and federal laws and regulations.
- B. The school district shall issue a factory pre-numbered receipt for all money received. Pre-numbered receipts are to be controlled and secured. If a receipt is voided, all copies shall be marked "VOID" and retained in the receipt book.
- C. **Money received and receipted shall be deposited in the bank within twenty-four (24) hours or one banking day. If the distance to the bank is considerable, or the cash collection is limited to small amounts and/or low volume and it is impractical to meet the twenty-four hour/one banking day requirement, the local board may request approval from the department for an alternative plan. The bank deposit slip shall have the numbers from applicable receipts entered on it or attached as a reference.**
- D. A cash receipts journal is to be used for each fiscal year beginning July 1 and ending June 30, and is to be presented to the school district's auditor during the annual audit.

***Condition:*** During our review of activity cash receipts we noted the following instances where proper procedures were not followed.

- In 3 of 25 items reviewed the money received was not deposited within 24 hours or one banking day of receipt.
  - \$309 was received on 1/15/18 and was deposited on 1/17/18
  - \$115 was received on 1/25/18 and was deposited on 2/8/18
  - \$653 was received on 4/6/18 and was deposited on 4/11/18

In the prior year review of activity receipts, there were at least 5 instances in which there was not sufficient evidence to identify if deposits were being made within 24 hours of receipt of funds.

***Cause:*** The staff of the District did not deposit the funds within 24 hours after receipt. Proper procedures relating to cash receipts were not followed.

***Effect:*** Non-adherence to state statutes places the District in noncompliance and lack of timeliness of deposits and proper receipt documentation could subject the District to a possible occurrence of fraud.

***Auditors' Recommendations:*** We recommend that the District emphasize the importance of timely deposits of receipts. The District should cross-train employees so that more than one individual is able to make deposits to ensure timely deposits are possible. Additionally, those individuals who supervise fundraising activities for the students should be trained in the procedures which are required to follow state and District policies.

***Responsible Official's View:***

- Specific corrective action plan for finding:  
**Deposits are being monitored for proper procedures.**
- Timeline for completion of corrective action plan:  
**Immediately**
- Employee position(s) responsible for meeting the timeline  
**Secretaries/Accts Payable**

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Schedule X

**Section IV – Section 12-6-5 NMSA 1978 Findings (Continued)**

**NM 2018-001 – Improper Reimbursement of Travel Expense (Other Non-Compliance)**

***Criteria: 2.42.2.9 NMAC 1978: REIMBURSEMENT OF ACTUAL EXPENSES IN LIEU OF PER DIEM RATES:***

A. **Applicability:** Upon written request of a public officer or an employee, agency heads may grant written approval for a public officer or employee of that agency or local public body to be reimbursed actual expenses in lieu of the per diem rate where overnight travel is required.

B. **Overnight travel:** For overnight travel for state officers and employees where overnight lodging is required, the public officer or employee will be reimbursed as follows:

(1) **Actual reimbursement for lodging:** A public officer or an employee may elect to be reimbursed actual expenses for lodging not exceeding the single occupancy room charge (including tax) in lieu of the per diem rate set forth in this Section. Whenever possible, public officers and employees should stay in hotels which offer government rates. Agencies, public officers or employees who incur lodging expenses in excess of \$215.00 per night must obtain the signature of the agency head or chairperson of the governing board on the travel voucher prior to requesting reimbursement and on the encumbering document at the time of encumbering the expenditure.

(2) **Actual reimbursement for meals: Actual expenses for meals are limited by Section 10-8-4(K)(2) NMSA 1978 (1995 Repl. Pamp.) to a maximum of \$30.00 for in-state travel and \$45.00 for out-of-state travel for a 24-hour period.**

(3) **Receipts required:** The public officer or employee must submit receipts for the actual meal and lodging expenses incurred. Under circumstances where the loss of receipts would create a hardship, an affidavit from the officer or employee attesting to the expenses may be substituted for actual receipts. The affidavit must accompany the travel voucher and include the signature of the agency head or governing board. See Appendix B for a sample affidavit.

C. **Return from overnight travel: On the last day of travel when overnight lodging is no longer required, partial day reimbursement shall be made. To calculate the number of hours in the partial day, begin with the time the traveler initially departed on the travel. Divide the total number of hours traveled by 24. The hours remaining constitute the partial day which shall be reimbursed as follows:**

- (1) for less than 2 hours, none;
- (2) for 2 hours but less than 6 hours, \$12.00;
- (3) for 6 hours or more, but less than 12 hours, \$20.00;
- (4) for 12 hours or more, \$30.00;
- (5) no reimbursement for actual expenses will be granted in lieu of partial day per diem rates.

**Condition:** During our review of travel and per diem compliance testing we noted the following instances in which proper procedures were not followed:

- In 2 of 10 items tested the employee was paid actuals on the final day of an overnight stay, the employee should be paid at the pro-rated per diem rate on their final day.
  - Employee was paid \$9.33 when they should have been paid \$10
  - Employee was paid \$10 when they should have been paid \$12
- In 1 of 10 items tested an employee was not originally reimbursed for drinks in the amount of \$7.62 but has since been paid back.
- In 2 of 10 items reviewed the travel documents did not include the departure and return times to be able to verify partial day rates are being paid correctly.
- In 2 of 10 items tested the travel form was not signed by the superintendent authorizing the payment of actuals.
- District was not having the Superintendent or the Board President approve board member travel.

**Cause:** The District did not properly calculate the reimbursement rate for meal expenses, is not properly recording departure and arrival times and was not ensuring there was approval for board member travel.

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Schedule X

**Section IV – Section 12-6-5 NMSA 1978 Findings (Continued)**

**NM 2018-001 – Improper Reimbursement of Travel Expense (Other Non-Compliance)**

*Effect:* The District paid some employee more than the amount allowed by the travel and per diem act and in some cases less than what the employee was entitled to. Employees were not reimbursed at the District and State mandated rates.

*Auditor's Recommendation:* We recommend that management ensure that they are reimbursing employees properly for qualified expenses and ensure that policies are consistent for all employees and that all travel forms have actual departure and arrival times to accurately reimburse employees.

*Responsible Official's View:*

- Specific corrective action plan for finding:  
**All travel reimbursements are being supervised by Business Manager. Accounts Payable is going over them from departure date to return date to be sure everything is correct.**
- Timeline for completion of corrective action plan:  
**Immediately**
- Employee position(s) responsible for meeting the timeline:  
**Accounts Payable/Business Manager**



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Schedule X

**Section IV – Section 12-6-5 NMSA 1978 Findings – Moreno Valley High School (Continued)**

**MVHS NM 2017-001 – Late Payment of Employer Contributions (Other Non-Compliance) Repeated and Revised**

***Criteria:* [10-7C-15 NMSA 1978](#) **Retiree health care fund contributions:****

A. Following completion of the preliminary contribution period, each participating employer shall make contributions to the fund pursuant to the following provisions:

(1) for participating employees who are not members of an enhanced retirement plan, the employer's contribution shall equal:

(d) two percent of each participating employee's salary beginning July 1, 2012;

(2) for participating employees who are members of an enhanced retirement plan, the employer's contribution shall equal:

(d) two and one-half percent of each participating employee's salary beginning July 1, 2012; and

(3) each employer that chooses to become a participating employer after January 1, 1998 shall make contributions to the fund in the amount determined to be appropriate by the board.

B. Following completion of the preliminary contribution period, each participating employee, as a condition of employment, shall contribute to the fund pursuant to the following provisions:

(1) for a participating employee who is not a member of an enhanced retirement plan, the employee's contribution shall equal:

(d) one percent of the employee's salary beginning July 1, 2012;

(2) for a participating employee who is a member of an enhanced retirement plan, the employee's contribution shall equal:

(d) one and one-fourth percent of the employee's salary beginning July 1, 2012; and

(3) as a condition of employment, each participating employee of an employer that chooses to become a participating employer after January 1, 1998 shall contribute to the fund an amount that is determined to be appropriate by the board. Each month, participating employers shall deduct the contribution from the participating employee's salary and shall remit it to the board as provided by any procedures that the board may require.

C. On or after July 1, 2009, no person who has obtained service credit pursuant to Subsection B of Section [10-11-6](#) NMSA 1978, Section [10-11-7](#) NMSA 1978 or Paragraph (3) or (4) of Subsection A of Section [22-11-34](#) NMSA 1978 may enroll with the authority unless the person makes a contribution to the fund equal to the full actuarial present value of the amount of the increase in the person's health care benefit, as determined by the authority.

**D. Except for contributions made pursuant to Subsection C of this section, a participating employer that fails to remit before the tenth day after the last day of the month all employer and employee deposits required by the Retiree Health Care Act to be remitted by the employer for the month shall pay to the fund, in addition to the deposits, interest on the unpaid amounts at the rate of six percent per year compounded monthly.**

E. Except for contributions made pursuant to Subsection C of this section, the employer and employee contributions shall be paid in monthly installments based on the percent of payroll certified by the employer.

***Condition:*** During our review of RHC contributions we noted in 1 of the months tested the school failed to submit its contribution before the 10<sup>th</sup> of the month. August's contribution was not made until October 18th.

In the previous year's audit the Charter was late on one of its payments.

***Cause:*** The school has not followed state guidelines in regards to contribution timelines.

***Effect:*** The school's late payment subjects the school to possible late fees and puts them in non-compliance with state guidelines.

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Schedule X

**Section IV – Section 12-6-5 NMSA 1978 Findings – Moreno Valley High School (Continued)**

**MVHS NM 2017-001 – Late Payment of Employer Contributions (Other Non-Compliance) Repeated and Revised (Continued)**

*Auditor's Recommendation:* We recommend that the school ensure that RHC contributions are mailed prior to the 10<sup>th</sup> of the month in which the payment is due.

*Responsible Official's View:*

- Specific corrective action plan for finding:
  - **We have a three person check system in place to guarantee payments are made on time. Prior to payment being due the Director and Executive Assistant are notified by our Payroll person. At this time the director is notified again by the Executive Assistant and when payment is made the Director notifies the Payroll person and Executive Assistant payment has been made.**
  
- Timeline for completion of corrective action plan:
  - **Action plan has already been implemented.**
  
- Employee position(s) responsible for meeting the timeline:
  - **Executive Assistant and Director**

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**Section IV – Section 12-6-5 NMSA 1978 Findings – Moreno Valley High School (Continued)**

**MVHS NM 2018-001 – Improper Travel Expense Payments (Other Non-Compliance)**

***Criteria: 2.42.2.9 NMAC 1978 REIMBURSEMENT OF ACTUAL EXPENSES IN LIEU OF PER DIEM RATES:***

A. **Applicability:** Upon written request of a public officer or an employee, agency heads may grant written approval for a public officer or employee of that agency or local public body to be reimbursed actual expenses in lieu of the per diem rate where overnight travel is required.

B. **Overnight travel:** For overnight travel for state officers and employees where overnight lodging is required, the public officer or employee will be reimbursed as follows:

(1) **Actual reimbursement for lodging:** A public officer or an employee may elect to be reimbursed actual expenses for lodging not exceeding the single occupancy room charge (including tax) in lieu of the per diem rate set forth in this Section. Whenever possible, public officers and employees should stay in hotels which offer government rates. Agencies, public officers or employees who incur lodging expenses in excess of \$215.00 per night must obtain the signature of the agency head or chairperson of the governing board on the travel voucher prior to requesting reimbursement and on the encumbering document at the time of encumbering the expenditure.

(2) **Actual reimbursement for meals:** Actual expenses for meals are limited by Section 10-8-4(K)(2) NMSA 1978 (1995 Repl. Pamp.) to a maximum of \$30.00 for in-state travel and \$45.00 for out-of-state travel for a 24-hour period.

(3) **Receipts required:** The public officer or employee must submit receipts for the actual meal and lodging expenses incurred. Under circumstances where the loss of receipts would create a hardship, an affidavit from the officer or employee attesting to the expenses may be substituted for actual receipts. The affidavit must accompany the travel voucher and include the signature of the agency head or governing board. See Appendix B for a sample affidavit.

C. **Return from overnight travel:** On the last day of travel when overnight lodging is no longer required, partial day reimbursement shall be made. To calculate the number of hours in the partial day, begin with the time the traveler initially departed on the travel. Divide the total number of hours traveled by 24. The hours remaining constitute the partial day which shall be reimbursed as follows:

- (1) for less than 2 hours, none;
- (2) for 2 hours but less than 6 hours, \$12.00;
- (3) for 6 hours or more, but less than 12 hours, \$20.00;
- (4) for 12 hours or more, \$30.00;
- (5) **no reimbursement for actual expenses will be granted in lieu of partial day per diem rates.**

**Condition:** During our review of travel and per diem we noted the following instances in which proper procedures were not followed:

- In 1 of 6 items reviewed the travel form was not signed by the employee doing the traveling and the file did not have the actual invoice for the hotel stay it only had the reservation confirmation. The value of this reimbursement was \$206.57
- In 4 of 6 items reviewed the employee was paid actuals on the final day of travel when returning from an overnight stay. When an employee returns from an overnight stay they are entitled to the partial day per diem rates based on the number of hours they were absent. The value of these reimbursements were \$34.39, \$112.79, \$42.51, \$32.34.
- In all of the items we reviewed there is no authorizing signature allowing for the paying of actual expenditures.
- An employee was reimburse for expenditures outside of the time the employee was traveling. According to the travel form the employee left on 6/13/17 but receipts were for 6/12/17. The employee was reimbursed \$71.90
- In 1 of 6 items reviewed reimbursement of expenses seemed to occur outside of the listed travel dates.

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**Section IV – Section 12-6-5 NMSA 1978 Findings – Moreno Valley High School (Continued)**

**MVHS NM 2018-001 – Improper Travel Expense Payments (Other Non-Compliance) (Continued)**

In the previous year’s audit the School did not have any documentation to review their compliance with the travel and per diem act.

*Cause:* The School has not maintained proper documentation and was unaware of some of the requirements of travel reimbursements per State statutes.

*Effect:* The School is not in compliance with State and School statutes and policies.

*Auditor’s Recommendation:* We recommend that management keep proper records as required by law. We also recommend that the travel reimbursement form be revised to account for proper authorizing and certifying signatures and that all personnel be trained in the proper completion of the revised travel form. Further training in the State statute for travel and per diem reimbursement should be obtained so that the Director and Business Manager are comfortable with the requirements of the law.

*Responsible Official’s View:*

- Specific corrective action plan for finding:
  - **Additional documentation has been implemented to include all pertinent information for making sure travel forms are signed, proper prorated per diem or actuals are paid accordingly, and actual travel dates are recorded correctly for reimbursement.**
- Timeline for completion of corrective action plan:
  - **The corrective plan has already been implemented.**
- Employee position(s) responsible for meeting the timeline:
  - **Executive Assistant and Director.**

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Schedule X

**Section IV – Section 12-6-5 NMSA 1978 Findings – Moreno Valley High School (Continued)**

**MVHS NM 2018-002 – Improper Cash Receiving and Depositing (Other Non-Compliance)**

***Criteria: 6.20.2.13 FINANCIAL STANDARDS NMAC 1978:***

A. General ledger: **All school districts shall establish and maintain a general ledger in accordance with GAAP.** The general ledger will be comprised of individual funds and account groups using the department's uniform chart of accounts and shall be reconciled every fiscal year with department records

**6.20.2.14 CASH CONTROL STANDARDS NMAC 1978:**

A. School districts shall establish and maintain a cash management program to safeguard cash and provide prompt and accurate reporting that adheres to cash management requirements of the office of management and budget (OMB) Circular A-102, and applicable state and federal laws and regulations.

B. **The school district shall issue a factory pre-numbered receipt for all money received.** Pre-numbered receipts are to be controlled and secured. If a receipt is voided, all copies shall be marked "VOID" and retained in the receipt book.

C. **Money received and receipted shall be deposited in the bank within twenty-four (24) hours or one banking day.** If the distance to the bank is considerable, or the cash collection is limited to small amounts and/or low volume and it is impractical to meet the twenty-four hour/one banking day requirement, the local board may request approval from the department for an alternative plan. The bank deposit slip shall have the numbers from applicable receipts entered on it or attached as a reference.

D. A cash receipts journal is to be used for each fiscal year beginning July 1 and ending June 30, and is to be presented to the school district's auditor during the annual audit.

K. All bank accounts shall be reconciled on a monthly basis. Reconciled bank statements are to be reviewed by the business manager and/or assistant superintendent for business administration. The bank statement, deposit slips, and canceled checks shall be made available to the district's auditor during the annual audit.

J. The school district shall maintain a cash control ledger for each fund/subfund where all transactions affecting cash are recorded. Cash balances reported to the department shall be the same as the district's cash control ledger and annual audit.

***Condition:*** During our review of receipts we identified the following instances in which proper procedures were not followed:

- In 1 of 9 receipts reviewed the School did not issue a receipt for monies received. \$77,750.00 was deposited on 8/14/17. The description for these funds was donations from private sources.

***Cause:*** The School early in the year was not receipting or recording revenues and expenses in a timely manner. However, since these issues were brought to the attention of the Director and new Business Manager, the School has corrected those issues going forward.

***Effect:*** Non-adherence to state statutes places the School in noncompliance and lack of timeliness of deposits could subject the School to a possible occurrence of fraud. Additionally, financial statements are not correct if items are entered late into the financial system.

***Auditors' Recommendations:*** We recommend that the Schools emphasize the importance of timely deposits of receipts. The District should cross-train employees so that more than one individual is able to make deposits to ensure timely deposits are possible. The School should continue to make the changes which it has since the first part of the year.

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Schedule X

**Section IV – Section 12-6-5 NMSA 1978 Findings – Moreno Valley High School (Continued)**

**MVHS NM 2018-002 – Improper Cash Receiving and Depositing (Other Non-Compliance)**

***Responsible Official's Plan:***

- Specific corrective action plan for finding:
  - **We are working on having coverage for front desk so either the Executive Assistant or Director can break away to make deposits within the 24-hour time frame. We would also like to submit a request to allot for more than 24 hours in which to make deposits as there are only two administrative people.**
  
- Timeline for completion of corrective action plan:
  - **The first part of our action plan has already taken place. The second part of our action plan we would like to have the letter of request submitted by no later than 10/23/2018**
  
- Employee position(s) responsible for meeting the timeline:
  - **Executive Assistant and Director**

**STATE OF NEW MEXICO**  
CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2018

Schedule VIII

**Section V – Prior Year Audit Findings**

**Financial Section Findings**

**Cimarron Municipal School District No. 3**

FS 2017-001 – Improper Recording of Journal Entries – Resolved  
FS 2017-002 – Failure to Follow Proper Internal Controls Related to Payroll – Resolved  
FS 2017-003 – Improper Recording and Maintenance of Fixed Assets – Resolved

**Moreno Valley High School**

2016-002 – Improperly Completed Form I-9 – Resolved  
MVHS FS 2017-001 – Improper Cash Control Measures – Resolved  
MVHS FS 2017-002 – Purchase Orders, Payment Authorization, Documentation and Receiving – Repeated and Revised  
MVHS FS 2017-003 – Improper Education Retirement Contributions – Resolved  
MVHS FS 2017-004 – Improper Recording of Journal Entries – Resolved

**Moreno Valley Education Foundation**

There were no findings required to be reported relating to financial section.

**Federal Award Findings**

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

**Section 12-6-5 NMSA 1978 Findings**

**Cimarron Municipal School District No. 3**

NM 2017-001 – Purchase Orders Payment Authorization and Receiving – Repeated and Revised  
NM 2017-002 – Background Checks – Repeated and Revised  
NM 2017-003 – Improper Retiree Health Care Contributions – Resolved  
NM 2017-004 – Improper Approval of Budget Adjustment – Resolved  
NM 2017-005 – Failure to Assign Statutory Preference and Bids and RFP's – Resolved  
NM 2017-006 – Improper Cash Receiving and Depositing – Repeated and Revised  
NM 2017-007 – Budgetary Controls and Cash Appropriations – Resolved

**Moreno Valley High School**

MVHS NM 2017-001 – Late Payment of Employer Contributions – Repeated and Revised  
MVHS NM 2017-002 – Improper Disposition of Fixed Assets – Resolved  
MVHS NM 2017-003 – Background Checks – Resolved  
MVHS NM 2017-004 – Budgetary Controls – Resolved  
MVHS NM 2017-005 – Annual Physical Inventory Certification by the Council - Resolved

**STATE OF NEW MEXICO**  
CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3  
OTHER DISCLOSURES  
FOR THE YEAR ENDED JUNE 30, 2018

Auditor Prepared Financials

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

Exit Conference

The contents of this report were discussed on October 17, 2018. The following individuals were in attendance.

**Cimarron Municipal School District No. 3**

Ronald L. Anderson, Board President  
Adán Estrada, Superintendent  
Nancy Hooker, Audit Committee Member  
Lawana Whitten, Business Manager

**Manning Accounting and Consulting Services, LLC**

Byron Manning, CPA, Managing Partner  
Chris Manning, Staff Accountant

**Moreno Valley High School**

Rogers Lanon, Council President  
Tammy DeVine, Council Vice-President  
Tammy Dunn, Director

**Moreno Valley Education Foundation**

Henry Garland, Board Treasurer  
Linda Wier, Board Member