



**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

JUNE 30, 2019

INTRODUCTORY SECTION

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CLOVIS MUNICIPAL SCHOOLS
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**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
OFFICIAL ROSTER
JUNE 30, 2019**

Board of Education

<u>Name</u>	<u>Title</u>
Cindy Osburn	President
Kyle Snider	Vice - President
Paul Cordova	Secretary
Shawn Hamilton	Member
Terry Martin	Member

School Officials

Renee Russ	Interim Superintendent
Joe Strickland	Deputy Superintendent of Instruction
Carrie Bunce	Deputy Superintendent of Operations
Dr. Kerry Parker	Assistant Superintendent of Human Resources
Shawna Russell	Assistant Superintendent of Finance

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

The Board of Education
Clovis Municipal Schools
Clovis, New Mexico and
Mr. Brian Colón Esq.
New Mexico State Auditor
Santa Fe, New Mexico

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information and the budgetary comparisons for the general fund and the major special revenue funds of the Clovis Municipal Schools (District), as of and for the year ended June 30, 2019, 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 responsibility includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

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

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

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

The Board of Education
Clovis Municipal Schools and
Mr. Brian Colón Esq.
New Mexico State Auditor

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2019, and the respective changes in financial position and the respective budgetary comparisons for the general fund and major special revenue funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 4 - 13 and the Schedule of the District's Proportionate Share of Net Pension Liability, Schedule of the District's ERB Pension Contributions, Schedule of the District's Proportionate Share of Net OPEB Liability, and the Schedule of the District's OPEB Plan Contributions on pages 62 - 65 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during the audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual nonmajor fund financial statements, the Schedule of Expenditures of Federal Awards as required by Title 2 *U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the Schedule of the District's Proportionate Share of Net Pension Liability, Schedule of the District's ERB Pension Contributions, Schedule of the District's Proportionate Share of Net OPEB Liability, and the Schedule of the District's OPEB Plan Contributions, each required by 2.2.2 NMAC, and other information, such as the Introductory Section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

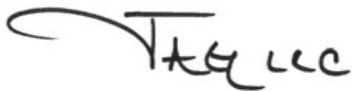
The combining and individual nonmajor fund financial statements, the Schedule of Expenditures of Federal Awards, and the Schedule of the District's Proportionate Share of Net Pension Liability, the Schedule of the District's ERB Pension Contributions, the Schedule of the District's Proportionate Share of Net OPEB Liability, and

The Board of Education
Clovis Municipal Schools and
Mr. Brian Colón Esq.
New Mexico State Auditor

the Schedule of the District's OPEB Plan Contributions, each required by NMAC 2.2.2, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the 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, the combining and individual nonmajor fund financial statements, the Schedule of Expenditures of Federal Awards, and the Schedule of the District's Proportionate Share of Net Pension Liability, Schedule of the District's ERB Pension Contributions, Schedule of the District's Proportionate Share of Net OPEB Liability, and the Schedule of the District's OPEB Plan Contributions, each required by NMAC 2.2.2, are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 17, 2019 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Jaramillo Accounting Group LLC (JAG)
Albuquerque, New Mexico
October 17, 2019

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2019**

Introduction

This discussion and analysis of Clovis Municipal School District's (District) financial performance provides an overall review of the financial activities for the fiscal year ended June 30, 2019. The intent of this discussion and analysis is to look at the financial performance of the District as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

Financial Highlights

- The liabilities of the District exceeded its assets at the end of the fiscal year by \$76,598,799. Liabilities are greater than Assets because of the effects of GASB 68 – Unfunded Pension Liability and GASB 75 – Other Post Employment Benefit (OPEB) Liability. More information on the Implementation of GASB 68 and 75 can be found later in this discussion. Had we not been required to report these liabilities, the assets of the District would exceed its liabilities by \$143,762,336. Of this amount \$110,684,051 is invested in capital assets, \$20,601,510 is restricted for capital projects, debt service purposes, and special revenue funds and \$(173,602,911) is unrestricted.
- The District's total net position decreased by \$27,257,005 due primarily to the effects of GASB 68 and 75. Had they not been recorded, the net position would have shown an increase of \$51,558,831.
- The District's liabilities increased by \$21,933,038 in fiscal year 2019 primarily because of an increase in the net pension and OPEB liabilities of \$18,316,509.
- At June 30, 2019, the fund balance for the general fund was \$11,845,640, which reflects an increase of \$1,389,997.
- The District's General Obligation Bond debt balance is \$47,315,000, which reflects an overall \$3,915,000 increase due to the issuance of new bonds with the majority of principal payments occurring in later years. Voters authorized new bonds for \$20,000,000 in an election on February 8, 2017, which allows the District to issue this new debt over a four-year period beginning with the fiscal year ending 2018. The final debt issue will be sold in the fall of 2020. During the same time, the District will begin working on a new bond sale to be voted on in a Special Election in February 2021.

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2019**

The District's Condensed Statement of Net Position at June 30 is as follows:

	<u>2019</u>	<u>2018</u>
Current Assets	\$ 34,984,460	\$ 33,302,678
Non-Current Assets	<u>157,999,051</u>	<u>159,019,483</u>
Total assets	<u>192,983,511</u>	<u>192,322,161</u>
Deferred Outflow of Resources	<u>49,002,770</u>	<u>53,377,081</u>
Current Liabilities	4,981,175	5,289,646
Long-Term Liabilities Other than Pension	44,240,000	40,315,000
Net Pension Liability	177,792,046	159,028,173
Net OPEB Liability	<u>42,569,089</u>	<u>43,016,453</u>
Total liabilities	<u>269,582,310</u>	<u>247,649,272</u>
Deferred Inflow of Resources	<u>14,721,321</u>	<u>13,110,315</u>
Net Investment in Capital Assets	110,684,051	115,619,483
Restricted	20,601,510	19,959,242
Unrestricted (deficit)	<u>(173,602,911)</u>	<u>(150,639,070)</u>
Total net position (deficit)	<u>\$ (42,317,350)</u>	<u>\$ (15,060,345)</u>

At June 30, 2019 and 2018, ending net position was \$(42,317,350) and \$(15,060,345), respectively, for a decrease of \$27,257,005.

The decrease in net position was a result of the decrease in Total Assets and Deferred Outflow of Resources Offset by an increase in Total Liabilities and an increase in Deferred Inflow of Resources, a requirement of GASB 68 and 75. Further review of the effects of GASB 68 and 75 can be found later in this discussion. For further information, please see the GASB breakdown in Notes 10 and 11 of the Notes to Financial Statements.

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2019**

The District's Condensed Statement of Activities for the years ended June 30 is as follows:

	<u>2019</u>	<u>2018</u>
REVENUES		
Charges for services	\$ 403,538	\$ 349,847
Operating grants/contributions	15,738,678	13,770,654
Capital grants/contributions	2,507,248	8,387,964
Local property taxes	6,203,473	5,892,482
State aid	58,467,120	58,348,866
Interest income	161,079	125,904
Other	<u>(4,838,296)</u>	<u>(4,386,330)</u>
Total revenues	<u>78,642,840</u>	<u>82,489,387</u>
EXPENDITURES		
Direct instruction	72,115,913	65,302,764
Support services	17,155,399	15,766,986
Central services	2,290,646	2,239,104
Operation & maintenance of plant	7,015,342	7,749,000
Student transportation	2,163,388	2,081,459
Operation of non-support services	4,856,623	5,082,418
Interest on long-term debt	<u>1,127,891</u>	<u>1,024,178</u>
Total expenditures	<u>106,725,202</u>	<u>99,245,909</u>
Changes in net position	<u>(28,082,362)</u>	<u>(16,756,522)</u>
Net position, beginning of year	(15,060,345)	52,792,874
Prior period restatement	<u>825,357</u>	<u>(51,096,697)</u>
Net position, beginning of year, as restated	<u>(14,234,988)</u>	<u>1,696,177</u>
Net position (deficit), end of year	<u>\$ (42,317,350)</u>	<u>\$ (15,060,345)</u>

Overview of Financial Statements

The District's basic financial statements comprise of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to that of a private sector business.

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2019**

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

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

Both *the statement of net position* and the *statement of activities* distinguish functions of the District that are primarily supported by property taxes and state revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through fees and charges. The governmental activities of the District include education, pupil transportation, food service, instructional materials allocations, and community service. The District does not have any business-type activities.

Fund Financial Statements

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

Governmental Funds

Government Funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of expendable resources, as well as on balances of expendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

The District maintains nine individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the government funds statement of revenues, expenditures, and changes in fund balance for the following funds:

General Operational Fund
Transportation Fund

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2019**

Instructional Materials Fund
Food Service Fund
Title I
IDEA-B Entitlement
Bond Building Fund
Capital Improvements – SB9 (Local) Fund
Debt Service Fund
Other Governmental Funds
Removed IDEA entitlement from the list

The first eight funds are considered major funds. Individual fund data for each of the funds included in the Other Governmental Funds, which are considered to be nonmajor funds, is provided in the form of combining statements following the notes to the financial statements. The District adopts an annual appropriated budget for each of its funds. Budgetary comparative statements have been provided for the major funds to demonstrate compliance with the budgets.

Fiduciary Funds

Fiduciary Funds are used to account for resources held in trust for the benefit of parties outside the District. Fiduciary fund financial statements consist of a statement of fiduciary net position and a statement of changes in fiduciary net assets. These funds are not reported in the government-wide financial statements.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Overview of Clovis Municipal School's Financial Position and Operations

As noted earlier, over time, net position may serve as a useful indicator of a government's financial position. A portion, \$157,999,051, of the District's net position is invested in capital assets (e.g., land, land improvements, buildings and building improvements, and furniture, fixtures, and equipment), less any related debt used to acquire those assets that is still outstanding. The Net Investment in Capital Assets decreased by \$1,684,325, primarily because of the cost of completed building and building projects and adjusted by depreciation expense and changes in debt associated with buildings. The District uses these capital assets to provide educational services; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

On July 1, 2014, the District implemented GASB 68. GASB 68 required the District to record the net unfunded pension liability of the District's entire participant group (current and former employees) in the State's educational retirement system on the District's financial statements (Statement of Net Position). The table below presents the effect of the pension liability in the Statement of Net Position at June 30:

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2019**

	<u>2019</u>	<u>2018</u>
Pension liability	\$ (177,792,046)	\$ (159,028,173)
Deferred inflows related to pension liability	(3,722,252)	(3,319,872)
Deferred outflows related to the pension liability	<u>46,787,797</u>	<u>52,541,031</u>
Total net position (deficit) related to pension liability	<u>\$ (134,726,501)</u>	<u>\$ (109,807,014)</u>

On July 1, 2017, the District implemented GASB 75. GASB 75 required the District to record the net unfunded other post-employment benefit (OPEB) liability of the District's entire participant group (current and former employees) in the State's educational retiree health system on the District's financial statements (Statement of Net Position). The table below presents the effect of the OPEB liability in the Statement of Net Position at June 30:

	<u>2019</u>	<u>2018</u>
OPEB liability	\$ (42,569,089)	\$ (43,016,453)
Deferred inflows related to OPEB liability	(10,999,069)	(9,790,443)
Deferred outflows related to the OPEB liability	<u>850,216</u>	<u>836,050</u>
Total net position (deficit) related to OPEB liability	<u>\$ (52,717,942)</u>	<u>\$ (51,970,846)</u>

Neither GASB 68 nor GASB 75 allow for the components of the unrestricted net position to be presented separately in the financial statements; however, for the purposes of management's discussion and analysis, we present the following information for the readers of these financial statements:

	<u>2019</u>	<u>2018</u>
Unrestricted (deficit) net position - pension and OPEB obligations	\$ (187,444,443)	\$ (161,777,860)
Unrestricted net position - other	<u>13,841,532</u>	<u>11,138,790</u>
Total unrestricted (deficit) net position	<u>\$ (173,602,911)</u>	<u>\$ (150,639,070)</u>

Changes in the pension and OPEB liabilities during the year ended June 30, 2019 resulted in an additional pension and OPEB expense of \$25,537,148 in the Statement of Net Position.

Additionally, for comparative analysis, if the effects of GASB 68 or GASB 75 were not recorded in the District's financial statements, the District's unrestricted net position would have increased from \$11,138,790 at June 30, 2018 to \$12,476,775 at June 30, 2019.

All other portions of net position are restricted for the stated purpose. Current and other assets increased by \$1,681,782. This increase was primarily due to an increase in Cash and Cash equivalents and Investments.

The District continues to utilize local Bond Funds and State Appropriations to construct new schools and make improvements to existing facilities. As a result, long-term liabilities increased \$3,925,000.

The following are major elements of the District's governmental activities leading to the decrease in the changes in net position.

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2019**

As noted in the preceding schedule, the District is heavily dependent on federal and state aid, which comprises 97.5% of total revenues. Correspondingly, it spends almost 84% of total expenditures on direct instruction and support services – student/instruction/school administration; the two primary functions that indicate direct school spending. Revenues from local sources experienced a slight increase. The District experienced an increase of \$310,991 in property tax revenues. Federal and State Aid, Operating Grants and contribution sources experienced a decrease of \$3,794,438 compared to 2018. This decrease is primarily due to the decrease in the Capital and Operating Grants and Contributions of 5,880,716. Due to the economic factors of the communities we serve, the District qualifies for substantial Federal assistance.

The remaining major funds also had a stable outlook when comparing 2018 to 2019. The Debt Service Fund has decreased as a result of the changes in long-term debt due to the accelerated bond re-payment plan the District has chosen. The Capital Improvements Fund showed an increase in FY 2019 revenues. The Bond Building Fund decreased due to the issuance of debt offset by the completion of several large capital projects including the completion of a new elementary school, parking lots, and roof replacements.

The fund balance of the District's general fund increased by \$1,389,997 during the current fiscal year. The District reviewed staffing and departmental budgets and made adjustments to help increase the fund balance. The District made frugal decisions on spending and was able to maintain the District's high bond rating. The current fiscal year budget reflects a stable cash balance. The District continues to be cautious in its spending, mindful that there are unfunded State of New Mexico mandates, which allow teachers to move levels based on their evaluation instead of completing a dossier. Each level move per teacher costs the District approximately \$14,000 per year.

The District's Debt Service fund balance was \$4,256,261 and is restricted for the payment of debt service. This is a net decrease in fund balance of \$101,426. The decrease was due to an increase in the principal payment on bonds.

There was a decrease of \$287,102 in the fund balance of the Bond Building Fund resulting in a fund balance of \$3,999,328. The decrease was the result of the completion and payment of several large projects including the completion of Highland Elementary School, roof replacement at Mesa Elementary School, parking lot improvements and playground improvements at several schools.

General Fund Budgetary Highlights

The District's budget is prepared in compliance with New Mexico State Statutes and New Mexico Public Education Department regulations and is based on revenue and expenditure trends, current year projections for certain transactions including cash receipts, disbursements, and encumbrances and is driven by Individual Site 90-day plans. The primary focus of the District's budget development process is the General Fund due to funding challenges, legislative mandates for the educational programs and provision of student services, staffing, and other operating decisions. During the course of fiscal year 2019, the District amended its budget as needed. Differences between the original budgeted revenues and the final amended budgeted revenues resulted in a budget increase of \$445,158. This was a result of the funding formula increase of \$31.62 per unit per the Laws of 2018 CH 73 (HB2), the General Appropriation Act of 2018.

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2019**

The General Fund had significantly lower actual expenditures compared to final budget amounts in Instruction, Operations and Maintenance of Plant, and Other Support Services due to the strong budgeting controls the District has implemented.

Capital Asset and Debt Administration

At the end of fiscal year 2019, the District had \$204,919,447 invested in capitalized assets with associated accumulated depreciation of \$66,387,549. This investment in capital assets includes land, construction in progress, land improvements, buildings and building improvements, and furniture, fixtures and equipment. For all governmental activities, the amount of capital assets owned by the District was \$157,999,051 at historical cost, net of accumulated depreciation.

Major capital asset events during the current fiscal year included the following:

- CHS Tennis Courts
- Parking Lot Improvements at Sandia Elementary School, Clovis High School, and Clovis High School Freshman Academy
- Roof Renovations at Los Niños Elementary School

Construction in progress consisted of major construction projects currently underway in the District which include the New Highland Elementary School, Mesa Roof and HVAC Replacement, and other various projects throughout the District.

Long-Term Obligations

At the end of the current year, the District had \$47,618,635 in long-term debt related to governmental activities. Of this debt, \$47,315,000 was related to general obligation bonds outstanding at year-end. The debt position of the District is summarized below and is more fully analyzed in the financial statements.

	Balance <u>June 30, 2018</u>	Additions	Deletions	Balance <u>June 30, 2019</u>	Due Within <u>One Year</u>
Bonds payable	\$43,400,000	\$ 7,000,000	\$(3,085,000)	\$47,315,000	\$ 3,075,000
Compensated absences	<u>283,828</u>	<u>299,448</u>	<u>(279,641)</u>	<u>303,635</u>	<u>303,635</u>
Total	<u>\$43,683,828</u>	<u>\$ 7,299,448</u>	<u>\$(3,364,641)</u>	<u>\$47,618,635</u>	<u>\$ 3,378,635</u>

The District's total debt amount was \$47,618,635 at June 30, 2019. On August 1, 2018, the District reduced the debt principal by \$3,085,000 in accordance with scheduled bond payments. Overall, the District increased its debt balances by \$3,934,807, which was due to the issuance of new debt in October 2018.

The District maintained an Aa3/Underlying Aa3 bond rating from Moody's Investor Service, Inc. during FY 18-19 despite the downgrade in the New Mexico Bond Rating. Additionally, the District held a bond election on February 8, 2017 in which the voters passed by a margin of over 5 to 1. Clovis Municipal Schools intends to hold its next bond special election in February 2021.

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2019**

Relevant Current Economic Factors, Decisions, and Conditions

The economy of Curry County and the City of Clovis is based primarily upon agriculture, military, industrial manufacturing, and wholesale/retail distribution. With 4,732 active-duty members, 652 government civilians and 568 permanent party contractors, Cannon Air Force Base is vital to the economic stability of the area. Curry County is the largest agricultural center and has the largest concentration of cattle farms in New Mexico. Unemployment in Curry County has remained lower than the nation, at 4.3% in March 2018.

The population of Curry County has seen a slight decrease over the previous year and the student population has shown a moderate decrease. The peak enrollment was in the FY 10-11 school year, with 8,470 students. The final student enrollment count for FY 18-19 was 7,877, which included 861 military students from Cannon Air Force Base. Projected enrollment for FY 19-20 was 7,811, which reflects a moderate decrease in the student population. Since the District, like all other New Mexico school districts, is funded on a prior year funding formula, (i.e., the student population from this year will determine the amount of funding received in the following year), it must maintain tight budgetary controls in order to meet current year needs with last years' funding. The District's primary general source of revenues is derived from the state funding formula.

Even with a decline in student population, the need still exists to update and renovate some of the District's older schools. By rebuilding older schools such as Parkview Elementary and Highland Elementary, the District will eliminate the need for 11 portable buildings within the next two years. The District is in the process of replacing furniture in all K-12 classrooms. In addition, the District is working towards repairing and/or replacing parking lots, HVAC, Floors and Ceilings in need of improvement and Replacement of the Tennis Courts at Clovis High School.

In February 2017, the voters approved new bonds for \$20,000,000. This debt authorization will be sold over a four-year period beginning in September 2017 and will conclude in September 2020. The final bond from the May 2013 election sold in September 2016. As old debt is retired, new debt is issued, thereby maintaining a Debt Service tax rate of \$4.95 per \$1,000 of assessed value.

The District receives approximately 75% of its total annual operating budget from the State of New Mexico through the State Equalization Guarantee Funding. The objectives of the formula are (1) to equalize educational opportunity statewide (by manner) and (2) to retain local autonomy in actual use of funds by allowing funds to be used in local districts at the discretion of local policy making bodies. The basis for the formula is in the number of students enrolled. Weighting factors are assigned to students that receive special services (i.e., special education and bilingual education services), as well as other factors based on the training and experience of the teaching staff and the District's at-risk population.

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2019**

Request for Information

This financial report is designed to provide various interested parties with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have any questions about this report or require additional information, contact the District's Finance Department:

Shawna E. Russell, Assistant Superintendent of Finance
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Clovis, NM 88101
(575) 769-4327
shawna.russell@clovis-schools.org

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
STATEMENT OF NET POSITION
JUNE 30, 2019**

	Governmental Activities
ASSETS	
Current Assets	
Cash and cash equivalents	\$ 9,953,142
Restricted cash and cash equivalents	14,802,200
Receivables	4,369,604
Investments	5,386,213
Inventory	473,301
Total current assets	34,984,460
Non-current Assets	
Capital assets, net	157,999,051
Total assets	192,983,511
DEFERRED OUTFLOWS OF RESOURCES	
Related to pensions and OPEB	49,002,770
LIABILITIES	
Current Liabilities	
Accounts payable	315,480
Accrued payroll liabilities	771,536
Accrued interest	515,524
Compensated absences	303,635
Due within one year - debt	3,075,000
Total current liabilities	4,981,175
Long-Term Liabilities	
Due in more than one year - debt	44,240,000
Net pension liability	177,792,046
Net OPEB liability	42,569,089
Total long-term liabilities	264,601,135
Total liabilities	269,582,310
DEFERRED INFLOWS OF RESOURCES	
Related to pensions and OPEB	14,721,321
NET POSITION	
Net investment in capital assets	110,684,051
Restricted for	
Debt service	3,740,737
Capital projects	10,562,092
Other	6,298,681
Unrestricted (deficit)	(173,602,911)
Total net position (deficit)	\$ (42,317,350)

See Accompanying Notes.

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019**

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government					
Governmental activities					
Instruction	\$ 72,115,913	\$ 225,602	\$ 6,282,732	\$ -	\$ (65,607,579)
Support services					
Students	9,557,205	-	3,342,114	-	(6,215,091)
Instruction	2,454,332	-	(33,142)	-	(2,487,474)
General administration	1,335,332	-	-	-	(1,335,332)
School administration	3,808,530	-	-	-	(3,808,530)
Other support service	-	-	-	-	-
Central services	2,290,646	-	45,790	-	(2,244,856)
Operation & maintenance of plant	7,015,342	-	-	2,507,248	(4,508,094)
Student transportation	2,163,388	-	2,093,655	-	(69,733)
Food services operation	4,843,924	177,936	4,007,529	-	(658,459)
Community services	12,699	-	-	-	(12,699)
Interest on long-term obligations	<u>1,127,891</u>	-	-	-	<u>(1,127,891)</u>
Total Primary Government	<u>\$ 106,725,202</u>	<u>\$ 403,538</u>	<u>\$ 15,738,678</u>	<u>\$ 2,507,248</u>	<u>(88,075,738)</u>
General revenues					
Property taxes					
Levied for general purpose					404,610
Levied for debt services					4,128,026
Levied for capital projects					1,670,837
State equalization guarantee					58,467,120
Unrestricted investment earnings					161,079
Loss on disposal of capital assets					(5,078,161)
Miscellaneous					<u>239,865</u>
Total general revenues					<u>59,993,376</u>
Change in net position					
					<u>(28,082,362)</u>
Net position (deficit), beginning of year					(15,060,345)
Adoption of new accounting standard (Note 17)					<u>825,357</u>
Net position, beginning of year, as restated					<u>(14,234,988)</u>
Net position (deficit) - end of year					<u>\$ (42,317,350)</u>

See Accompanying Notes.

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2019**

	Operational Funds			
	<i>Fund 11000</i>	<i>Fund 13000</i>	<i>Fund 14000</i>	<i>Fund 21000</i>
	General Operational	Transportation	Instructional Materials	Food Service
ASSETS				
Cash and cash equivalents	\$ 3,448,696	\$ 157	\$ 472,365	\$ 2,862,251
Restricted cash and cash equivalents	-	-	-	-
Accounts receivable				
Property taxes	29,256	-	-	-
Due from other governments	-	-	-	311,093
Other receivables	-	-	-	-
Interfund receivables	3,607,594	-	-	-
Investments	5,386,213	-	-	-
Inventory	202,534	-	-	270,767
Total assets	<u>\$ 12,674,293</u>	<u>\$ 157</u>	<u>\$ 472,365</u>	<u>\$ 3,444,111</u>
LIABILITIES				
Accounts payable	\$ 44,612	\$ -	\$ -	\$ 42,826
Accrued payroll liabilities	771,536	-	-	-
Interfund payables	-	-	-	-
Unearned revenues	-	-	-	-
Total liabilities	<u>816,148</u>	<u>-</u>	<u>-</u>	<u>42,826</u>
DEFERRED INFLOWS OF RESOURCES				
Delinquent property taxes	12,505	-	-	-
Total liabilities and deferred inflows of resources	<u>828,653</u>	<u>-</u>	<u>-</u>	<u>42,826</u>
FUND BALANCES				
Nonspendable	202,534	-	-	270,767
Restricted for				
General fund	-	157	472,365	-
Special revenue	-	-	-	3,130,518
Capital projects	-	-	-	-
Debt service	-	-	-	-
Assigned	-	-	-	-
Unassigned	11,643,106	-	-	-
Total fund balances	<u>11,845,640</u>	<u>157</u>	<u>472,365</u>	<u>3,401,285</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 12,674,293</u>	<u>\$ 157</u>	<u>\$ 472,365</u>	<u>\$ 3,444,111</u>

See Accompanying Notes.

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2019**

	<i>Fund 24101</i>	<i>Fund 31100</i>	<i>Fund 31701</i>	<i>Fund 41000</i>
	Title I	Bond Building	Capital Improvements SB-9 Local	Debt Service
ASSETS				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Restricted cash and cash equivalents	-	4,224,800	6,348,741	4,084,090
Accounts receivable				
Property taxes	-	-	121,077	299,524
Due from other governments	1,724,264	-	-	-
Other receivables	-	-	-	-
Interfund receivables	-	-	-	-
Investments	-	-	-	-
Inventory	-	-	-	-
Total assets	<u>\$ 1,724,264</u>	<u>\$ 4,224,800</u>	<u>\$ 6,469,818</u>	<u>\$ 4,383,614</u>
LIABILITIES				
Accounts payable	\$ -	\$ 225,472	\$ -	\$ -
Accrued payroll liabilities	-	-	-	-
Interfund payables	1,724,264	-	-	-
Unearned revenues	-	-	-	-
Total liabilities	<u>1,724,264</u>	<u>225,472</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES				
Delinquent property taxes	-	-	51,623	127,353
Total liabilities and deferred inflows of resources	<u>1,724,264</u>	<u>225,472</u>	<u>51,623</u>	<u>127,353</u>
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted for				
General fund	-	-	-	-
Special revenue	-	-	-	-
Capital projects	-	3,999,328	6,418,195	-
Debt service	-	-	-	4,256,261
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	<u>-</u>	<u>3,999,328</u>	<u>6,418,195</u>	<u>4,256,261</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 1,724,264</u>	<u>\$ 4,224,800</u>	<u>\$ 6,469,818</u>	<u>\$ 4,383,614</u>

See Accompanying Notes.

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2019**

	Other Governmental	Total
ASSETS		
Cash and cash equivalents	\$ 3,169,673	\$ 9,953,142
Restricted cash and cash equivalents	144,569	14,802,200
Accounts receivable		
Property taxes	-	449,857
Due from other governments	1,884,390	3,919,747
Other receivables	-	-
Interfund receivables	-	3,607,594
Investments	-	5,386,213
Inventory	-	473,301
Total assets	<u>\$ 5,198,632</u>	<u>\$ 38,592,054</u>
LIABILITIES		
Accounts payable	\$ 2,570	\$ 315,480
Accrued payroll liabilities	-	771,536
Interfund payables	1,883,330	3,607,594
Unearned revenues	-	-
Total liabilities	<u>1,885,900</u>	<u>4,694,610</u>
DEFERRED INFLOWS OF RESOURCES		
Delinquent property taxes	-	191,481
Total liabilities and deferred inflows of resources	<u>1,885,900</u>	<u>4,886,091</u>
FUND BALANCES		
Nonspendable	-	473,301
Restricted for		
General fund	-	472,522
Special revenue	3,168,163	6,298,681
Capital projects	144,569	10,562,092
Debt service	-	4,256,261
Assigned	-	-
Unassigned	-	11,643,106
Total fund balances	<u>3,312,732</u>	<u>33,705,963</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 5,198,632</u>	<u>\$ 38,592,054</u>

See Accompanying Notes.

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2019**

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

Fund balances - total governmental funds	\$	33,705,963
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds:

Capital assets		224,386,600
Accumulated depreciation		(66,387,549)

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

Delinquent property taxes		191,481
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Deferred inflow of resources are not financial resources and are not reported in the funds and include:

Related to pensions		(3,722,252)
Related to OPEB		(10,999,069)

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

Bond payable		(47,315,000)
Accrued interest payable		(515,524)
Compensated absences		(303,635)
Net pension liability		(177,792,046)
Net OPEB liability		(42,569,089)

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

Related to pensions		46,787,797
Related to OPEB		2,214,973

Total net position (deficit) - governmental funds	\$	<u>(42,317,350)</u>
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**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019**

	Operational Funds			
	<i>Fund 11000</i>	<i>Fund 13000</i>	<i>Fund 14000</i>	<i>Fund 21000</i>
	General Operational	Transportation	Instructional Materials	Food Service
REVENUES				
Property taxes	\$ 406,002	\$ -	\$ -	\$ -
State grants	58,473,226	2,093,655	271,494	-
Federal grants	529,022	-	-	3,924,101
Miscellaneous	275,001	-	-	-
Charges for services	6,008	-	-	177,935
Interest	122,609	-	-	-
Total revenues	<u>59,811,868</u>	<u>2,093,655</u>	<u>271,494</u>	<u>4,102,036</u>
EXPENDITURES				
Current				
Instruction	36,634,920	-	299,823	-
Support services				
Students	6,175,223	-	-	-
Instruction	2,242,355	-	-	-
General administration	908,269	-	-	-
School administration	3,526,824	-	-	-
Central services	2,141,392	-	-	-
Operation & maintenance of plant	6,792,888	-	-	-
Student transportation	-	2,093,498	-	-
Other support services	-	-	-	-
Food services operations	-	-	-	4,057,040
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>58,421,871</u>	<u>2,093,498</u>	<u>299,823</u>	<u>4,057,040</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,389,997</u>	<u>157</u>	<u>(28,329)</u>	<u>44,996</u>
Other financing sources				
Operating transfers	-	-	-	-
Proceeds from bond issuance	-	-	-	-
Proceeds from refunding debt issuance	-	-	-	-
Bond underwriter discount	-	-	-	-
Bond underwriter premium	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	<u>1,389,997</u>	<u>157</u>	<u>(28,329)</u>	<u>44,996</u>
Fund balances, beginning of year	10,455,643	-	500,694	3,356,289
Prior Period Restatement	-	-	-	-
Fund balance, beginning of year, restated	<u>10,455,643</u>	<u>-</u>	<u>500,694</u>	<u>3,356,289</u>
Fund balances, end of year	<u>\$ 11,845,640</u>	<u>\$ 157</u>	<u>\$ 472,365</u>	<u>\$ 3,401,285</u>

See Accompanying Notes.

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2019**

	<i>Fund 24101</i>	<i>Fund 31100</i>	<i>Fund 31701</i> Capital Improvements SB-9 Local	<i>Fund 41000</i> Debt Service
	Title I	Bond Building		
REVENUES				
Property taxes	\$ -	\$ -	\$ 1,676,988	\$ 4,144,040
State grants	-	1,660	-	-
Federal grants	2,877,208	-	-	-
Miscellaneous	-	-	-	-
Charges for services	-	-	-	-
Interest	-	23,775	11,295	2,649
Total revenues	<u>2,877,208</u>	<u>25,435</u>	<u>1,688,283</u>	<u>4,146,689</u>
EXPENDITURES				
Current				
Instruction	1,354,361	-	-	-
Support services				
Students	1,016,182	-	-	-
Instruction	183,068	-	-	-
General administration	286,930	-	16,555	40,910
School administration	20,083	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	6,109	-	-	-
Other support services	-	-	-	-
Food services operations	-	-	-	-
Community services	10,475	-	-	-
Capital outlay	-	7,312,537	1,469,252	-
Debt service				
Principal	-	-	-	3,085,000
Interest	-	-	-	1,127,891
Total expenditures	<u>2,877,208</u>	<u>7,312,537</u>	<u>1,485,807</u>	<u>4,253,801</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(7,287,102)</u>	<u>202,476</u>	<u>(107,112)</u>
Other financing sources				
Operating transfers	-	-	-	-
Proceeds from bond issuance	-	7,000,000	-	-
Proceeds from refunding debt issuance	-	-	-	-
Bond underwriter discount	-	-	-	-
Bond underwriter premium	-	-	-	5,686
Total other financing sources	<u>-</u>	<u>7,000,000</u>	<u>-</u>	<u>5,686</u>
Net changes in fund balances	<u>-</u>	<u>(287,102)</u>	<u>202,476</u>	<u>(101,426)</u>
Fund balances, beginning of year	-	4,286,430	6,215,719	4,357,687
Prior Period Restatement	-	-	-	-
Fund balance, beginning of year, restated	<u>-</u>	<u>4,286,430</u>	<u>6,215,719</u>	<u>4,357,687</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ 3,999,328</u>	<u>\$ 6,418,195</u>	<u>\$ 4,256,261</u>

See Accompanying Notes.

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2019**

	Other Governmental	Total
REVENUES		
Property taxes	\$ -	\$ 6,227,030
State grants	4,187,342	65,027,377
Federal grants	4,002,538	11,332,869
Miscellaneous	317,907	592,908
Charges for services	219,345	403,288
Interest	751	161,079
Total revenues	<u>8,727,883</u>	<u>83,744,551</u>
EXPENDITURES		
Current		
Instruction	2,956,210	41,245,314
Support services		
Students	2,331,116	9,522,521
Instruction	684	2,426,107
General administration	79,368	1,332,032
School administration	248,697	3,795,604
Central services	149,254	2,290,646
Operation & maintenance of plant	2,013	6,794,901
Student transportation	63,781	2,163,388
Other support services	-	-
Food services operations	83,428	4,140,468
Community services	2,224	12,699
Capital outlay	2,773,820	11,555,609
Debt service		
Principal	-	3,085,000
Interest	-	1,127,891
Total expenditures	<u>8,690,595</u>	<u>89,492,180</u>
Excess (deficiency) of revenues over (under) expenditures	<u>37,288</u>	<u>(5,747,629)</u>
Other financing sources		
Operating transfers	-	-
Proceeds from bond issuance	-	7,000,000
Proceeds from refunding debt issuance	-	-
Bond underwriter discount	-	-
Bond underwriter premium	-	5,686
Total other financing sources	<u>-</u>	<u>7,005,686</u>
Net changes in fund balances	<u>37,288</u>	<u>1,258,057</u>
Fund balances, beginning of year	2,450,087	31,622,549
Prior Period Restatement	825,357	825,357
Fund balance, beginning of year, restated	<u>3,275,444</u>	<u>32,447,906</u>
Fund balances, end of year	<u>\$ 3,312,732</u>	<u>\$ 33,705,963</u>

See Accompanying Notes.

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019**

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

Net changes in fund balances - total governmental funds	\$ 1,258,057
<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 capital outlays exceeds depreciation in the period.</p>	
Depreciation expense	(4,755,363)
Capital outlays	8,813,092
<p>Revenue in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds</p>	
Change in deferred inflow related to the property taxes receivable	(23,550)
<p>The issuance of long-term debt (e.g., bonds, notes, leases) provides current financial resources to governmental funds, while the repayments of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position:</p>	
Bond proceeds	(7,000,000)
Principal payments on bonds	3,085,000
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and are not reported as expenditures in the governmental funds:</p>	
Increase in accrued interest payable	(59,798)
Decrease in accrued compensated absences	(19,807)
Loss on disposal of capital assets	(5,078,161)
Contributions to pension plan subsequent to measurement date	5,911,884
Contributions to OPEB plan subsequent to measurement date	850,216
Pension expense	(30,831,371)
OPEB expense	(232,561)
Change in net position of governmental activities	\$ (28,082,362)

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL OPERATIONAL FUND (11000)
YEAR ENDED JUNE 30, 2019**

	Original Budget	Final Budget	Actual Amount	Variance Favorable (Unfavorable)
REVENUES				
Property taxes	\$ 388,807	\$ 388,807	\$ 400,758	\$ 11,951
State grants	58,105,866	58,551,994	58,473,227	(78,767)
Federal grants	320,927	324,166	529,022	204,856
Miscellaneous	96,500	121,500	257,589	136,089
Charges for services	7,000	7,000	6,008	(992)
Interest	85,000	85,000	122,609	37,609
Total revenues	<u>59,004,100</u>	<u>59,478,467</u>	<u>\$ 59,789,213</u>	<u>\$ 310,746</u>
EXPENDITURES				
Current				
Instruction	43,206,217	43,361,375	\$ 36,561,668	\$ 6,799,707
Support services				
Students	6,774,242	6,730,212	6,175,221	554,991
Instruction	1,392,188	2,691,688	2,242,355	449,333
General administration	785,883	1,014,883	924,348	90,535
School administration	3,546,034	3,668,034	3,526,824	141,210
Central services	2,168,382	2,312,121	2,141,392	170,729
Operation & maintenance of plant	9,338,980	7,835,876	6,838,808	997,068
Student transportation	-	-	-	-
Other support services	74,073	24,073	-	24,073
Operation of non-instructional services				
Food services operations	-	-	-	-
Community services	-	-	-	-
Capital outlay	1,112,971	1,112,971	-	1,112,971
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance costs	-	-	-	-
Total expenditures	<u>68,398,970</u>	<u>68,751,233</u>	<u>\$ 58,410,616</u>	<u>\$ 10,340,617</u>
Budgeted Cash Basis	<u>\$ (9,394,870)</u>	<u>\$ (9,272,766)</u>		

Reconciliation of budgetary basis to modified accrual statements

REVENUES	
Budgetary basis	\$ 59,789,213
Change in receivables	22,655
Modified accrual basis	<u>\$ 59,811,868</u>
EXPENDITURES	
Budgetary basis	\$ 58,410,616
Change in payables	11,255
Modified accrual basis	<u>\$ 58,421,871</u>

See Accompanying Notes.

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
TRANSPORTATION FUND (13000)
YEAR ENDED JUNE 30, 2019**

	Original Budget	Final Budget	Actual Amount	Variance Favorable (Unfavorable)
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	2,093,655	2,093,655	2,093,655	-
Federal grants	-	-	-	-
Miscellaneous	-	-	-	-
Charges for services	-	-	-	-
Interest	-	-	-	-
Total revenues	2,093,655	2,093,655	\$ 2,093,655	\$ -
EXPENDITURES				
Current				
Instruction	-	-	\$ -	\$ -
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	2,093,655	2,093,655	2,093,498	157
Other support services	-	-	-	-
Operation of non-instructional services				
Food services operations	-	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance costs	-	-	-	-
Total expenditures	2,093,655	2,093,655	\$ 2,093,498	\$ 157
Budgeted Cash Basis	\$ -	\$ -		

Reconciliation of budgetary basis to modified accrual statements

REVENUES	
Budgetary basis	\$ 2,093,655
Change in receivables	-
Modified accrual basis	\$ 2,093,655
EXPENDITURES	
Budgetary basis	\$ 2,093,498
Change in payables	-
Modified accrual basis	\$ 2,093,498

See Accompanying Notes.

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
INSTRUCTIONAL MATERIALS FUND (14000)
YEAR ENDED JUNE 30, 2019**

	Original Budget	Final Budget	Actual Amount	Variance Favorable (Unfavorable)
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	270,711	284,693	271,494	(13,199)
Federal grants	-	-	-	-
Miscellaneous	-	-	-	-
Charges for services	-	-	-	-
Interest	-	-	-	-
Total revenues	<u>270,711</u>	<u>284,693</u>	<u>\$ 271,494</u>	<u>\$ (13,199)</u>
EXPENDITURES				
Current				
Instruction	270,711	785,386	\$ 299,823	\$ 485,563
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Operation of non-instructional services				
Food services operations	-	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance costs	-	-	-	-
Total expenditures	<u>270,711</u>	<u>785,386</u>	<u>\$ 299,823</u>	<u>\$ 485,563</u>
Budgeted Cash Basis	<u>\$ -</u>	<u>\$ (500,693)</u>		

Reconciliation of budgetary basis to modified accrual statements

REVENUES	
Budgetary basis	\$ 271,494
Change in receivables	-
Modified accrual basis	<u>\$ 271,494</u>
EXPENDITURES	
Budgetary basis	\$ 299,823
Change in payables	-
Modified accrual basis	<u>\$ 299,823</u>

See Accompanying Notes.

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOOD SERVICE SPECIAL REVENUE FUND (21000)
YEAR ENDED JUNE 30, 2019**

	Original Budget	Final Budget	Actual Amount	Variance Favorable (Unfavorable)
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	-	-	-	-
Federal grants	3,500,000	3,500,000	3,293,474	(206,526)
Miscellaneous	-	-	-	-
Charges for services	165,500	165,500	177,936	12,436
Interest	-	-	-	-
Total revenues	<u>3,665,500</u>	<u>3,665,500</u>	<u>\$ 3,471,410</u>	<u>\$ (194,090)</u>
EXPENDITURES				
Current				
Instruction	-	-	\$ -	\$ -
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Operation of non-instructional services				
Food services operations	6,654,891	6,836,664	3,780,323	3,056,341
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance costs	-	-	-	-
Total expenditures	<u>6,654,891</u>	<u>6,836,664</u>	<u>\$ 3,780,323</u>	<u>\$ 3,056,341</u>
Budgeted Cash Basis	<u>\$ (2,989,391)</u>	<u>\$ (3,171,164)</u>		

Reconciliation of budgetary basis to modified accrual statements

REVENUES	
Budgetary basis	\$ 3,471,410
Change in receivables	<u>630,626</u>
Modified accrual basis	<u>\$ 4,102,036</u>
EXPENDITURES	
Budgetary basis	\$ 3,780,323
Change in payables	<u>276,717</u>
Modified accrual basis	<u>\$ 4,057,040</u>

See Accompanying Notes.

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
TITLE I SPECIAL REVENUE FUND (24101)
YEAR ENDED JUNE 30, 2019**

	Original Budget	Final Budget	Actual Amount	Variance Favorable (Unfavorable)
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	-	-	-	-
Federal grants	2,720,769	3,434,126	1,582,147	(1,851,979)
Miscellaneous	-	-	-	-
Charges for services	-	-	-	-
Interest	-	-	-	-
Total revenues	<u>2,720,769</u>	<u>3,434,126</u>	<u>\$ 1,582,147</u>	<u>\$ (1,851,979)</u>
EXPENDITURES				
Current				
Instruction	1,352,726	1,779,305	\$ 1,354,361	\$ 424,944
Support services				
Students	971,895	1,068,803	1,016,182	52,621
Instruction	-	204,207	183,068	21,139
General administration	297,222	305,786	286,930	18,856
School administration	36,839	44,188	20,083	24,105
Central services	2,318	2,318	-	2,318
Operation & maintenance of plant	3,000	-	-	-
Student transportation	9,386	6,386	6,109	277
Other support services	-	-	-	-
Operation of non-instructional services				
Food services operations	-	-	-	-
Community services	47,383	23,133	10,475	12,658
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance costs	-	-	-	-
Total expenditures	<u>2,720,769</u>	<u>3,434,126</u>	<u>\$ 2,877,208</u>	<u>\$ 556,918</u>
Budgeted Cash Basis	<u>\$ -</u>	<u>\$ -</u>		

Reconciliation of budgetary basis to modified accrual statements

REVENUES	
Budgetary basis	\$ 1,582,147
Change in receivables	<u>1,295,061</u>
Modified accrual basis	<u>\$ 2,877,208</u>
EXPENDITURES	
Budgetary basis	\$ 2,877,208
Change in payables	<u>-</u>
Modified accrual basis	<u>\$ 2,877,208</u>

See Accompanying Notes.

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
STATEMENT OF FIDUCIARY
ASSETS AND LIABILITIES - AGENCY FUNDS
JUNE 30, 2019**

ASSETS

Cash, cash equivalents, and investments	\$ <u>401,599</u>
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LIABILITIES

Deposits held in trust for others	\$ <u>401,599</u>
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**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Clovis Municipal School District's (District) operation is in the primary and secondary education of school-age children within its state designated boundaries. The District operates under a school board form of government and provides services traditionally provided by public schools through the 12th grade.

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 the notes are the representation of the District's management who is responsible for their integrity and objectivity.

The accounting and reporting policies of the District reflected in the accompanying financial statements conform to accounting principles generally acceptable in the United States of America applicable to state and local governments. Accounting principles generally accepted in the United States of America for local governments are those promulgated by the Governmental Accounting Standards Board (GASB) in Governmental Accounting and Financial Reporting Standards.

A. Reporting entity

GASB Statement No. 14 established criteria for determining the government reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the District is considered a primary government, since it is a special-purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. As used in GASB Statement No. 14, fiscally independent means that the District may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt.

The *Governmental Accounting Standards Board's (GASB) 39, Determining Whether Certain Organizations are Component Units* and GASB Statement No. 61, *Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34*, provides additional guidance to determine whether certain organizations, for which the primary government is not financially accountable, should be reported as component units, based on the nature and significance of their relationship with the primary government. Under both GASB 39 and GASB 61 criteria, the Clovis Municipal Schools Foundation (Foundation) meets the criteria for discrete component unit presentation. However, the Foundation does not meet the definition of a material component unit under either generally accepted auditing standards or the NMAC 2.2.2 and, therefore, is not included in these financial statements. The Foundation acts primarily as a fund-raising organization to supplement the resources that are available to the District in support of its programs. There are no other component units.

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 non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-wide and fund financial statements (Continued)

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

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

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

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

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.

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.

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.

STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

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

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

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

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

Presentation of major funds. Under the requirements of GASB No. 34, the District is required to present certain of its governmental funds as major funds based upon certain criteria. The major funds presented in the fund financial statements include the following (in addition to the General Operational Fund (Fund 11000)), which include funds that were not required to be presented as major but were at the discretion of management:

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Other Operational Funds:

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

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

The *Food Service Fund (Fund 21000)* is used to account for federal and local sources of income relating to the food services programs. The Food Service Fund is segregated into two categories: the federal funds category and the non-federal funds category. Federal funds consist of the National School Breakfast and Lunch Programs which are 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. The non-federal funds consist of income derived from the snack-bar facilities located throughout the District. Authority for creation of this fund is NMSA 22-13-13.

The *Title I Special Revenue Fund (Fund 24101)* is used to provide supplemental educational opportunity for academically disadvantaged children in the area of residing. Schools 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 identifies a campus; educational need determines the students to be served. Federal revenues accounted for in this fund are allocated to the District through the State of New Mexico Public Education Department. Authority for creation of this fund is Part A of Chapter I of Title I of Elementary and Secondary Education Act (ESEA) of 1965, as amended, Public Law 103-383.

The *Bond Building Capital Projects Fund (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.

Capital Improvements SB-9 Capital Projects Fund (Fund 31701) is used to account for erecting, remodeling, making additions to and furnishing of school buildings, or purchasing or improving school grounds or any combination thereof as identified by the local school board. Financing is provided by the State of New Mexico's State Equalization Matching and a special tax levy as authorized by the Public School District Capital Improvements Act (22-25-1 to 22-25-10 NMSA 1978).

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

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

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

The District reports all direct expenses by function in the statement of activities. Direct expenses are those that are clearly identifiable with a function.

The District employs indirect cost allocation systems for certain federal programs. Depreciation expense is specifically identified by function and is included in the direct expense of each function, except for that portion of depreciation that is identified as unallocated on the statement of activities. Interest on long-term debt is considered an indirect expense and is reported separately on the statement of activities.

D. Assets, liabilities and net position or equity

Cash and Temporary Investments. The District's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the District to invest in Money Market Funds, Certificates of Deposit, obligations of the U.S. Government, and the State Treasurer's Investment Pool. At June 30, 2019, the District's investments included Money Market Funds and Certificates of Deposit. They are reported at cost.

Funds deposited in the debt service funds are restricted to pay future principal and interest payments. Proceeds deposited into capital projects funds are legally restricted for capital projects.

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

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

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, liabilities and net position or equity (Continued)

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

The District receives monthly income from a tax levy in Curry County. The funds are collected by the County Treasurer and are remitted to the school district the following month. Under the modified accrual method of accounting, the amounts remitted by the Curry County Treasurer in July and August 2018 is considered 'measurable and available' and, accordingly, is recorded as revenue during the year ended June 30, 2019.

Certain Special Revenue Funds are administered on a reimbursement method of funding; the District does not currently have funds which are operated on a cash advance method of funding. The funds incurred the cost and submitted the necessary request for reimbursement or advance, respectively. The District also receives federal Medicaid funds that are on a fee for service basis as a contractor.

Instructional Materials. The State of New Mexico Public Education Department 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, 50% is restricted to the requisition of material listed in the State Board of Education 'State Adopted Instructional Material' list, while the other 50% of each allocation is available for purchases directly from vendors, for which the school district receives cash draw-downs, or transfer to the 70% account for requisition of material from the adopted list.

Inventory. Inventory is valued at lower of cost (first-in, first-out) or market. Inventory in the General Fund consists of expendable supplies held for consumption. Inventory in the Special Revenue Funds consists of U.S.D.A. commodities and other purchased food and non-food supplies. The cost of purchased food is recorded as an expenditure at the time individual inventory items are consumed. The U.S.D.A. commodities are recorded at year-end by audit adjusting entries. Commodities consumed during the year are reported as revenues and expenditures; unused commodities are reported as inventories and deferred revenue. Non-commodity inventories are equally offset by a fund balance reserve, which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets.

Capital Assets. Capital assets, which include property, plant, and equipment, are reported in the applicable governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 per Section 12-6-10 NMSA 1978 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Pursuant to the implementation of GASB Statement No. 34, the historical cost of infrastructure assets (retroactive to 1979) are to be included as part of the governmental capital assets reported in the government-wide financial statements. The District did not own any infrastructure assets as of June 30, 2019. Information technology equipment, including software, is being capitalized and included in furniture and equipment as the District did not maintain internally developed software. Donated capital assets are recorded at estimated fair market value at the date of donation.

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, liabilities and net position or equity (Continued)

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.

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, 2019. Capital expenditures made on the District's building construction projects by the New Mexico Public School Facilities Authority have been recorded as a revenue and expenditure in the fund financial statements and have been included as capital assets in the District's government-wide financial statements.

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

Buildings/building improvements	50 years
Vehicles, telecommunications & computer equipment	5-20 years
Office equipment	5-20 years
Other school equipment	10-15 years

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.

Compensated Absences. The District permits 12-month employees to accumulate a limited amount of earned, but unused, vacation to be paid if not used upon termination from the District. All 12-month personnel accumulate vacation and will receive up to 20 days of vacation payout upon their resignation or termination. This is not limited to administrative personnel. The Superintendent, based on his contract, will receive up to 30 days of vacation payout upon his or her resignation. In the government-wide financial statements, the total amount of earned and unused vacation is recorded as a liability. Vacation pay that is expected to be liquidated within the next twelve months is reported as a current liability on the government-wide financial statements and in the governmental fund which will pay it. In the governmental funds, the cost of compensated absences is recognized when payments are made to employees. No liability is reported in the financial statements for unpaid accumulated sick leave as no payment is required upon employee termination.

Long-Term Obligations. In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method.

For fund financial reporting, bond premiums and discounts, as well as issuance costs, are recognized in the period the bonds are issued. Bond proceeds are reported as another financing source net of the applicable premium or discount. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, liabilities and net position or equity (Continued)

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.

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

Net Position. Governmental funds report fund balance classifications that are comprised of a hierarchy, based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

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

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

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

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

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. Non-recurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, liabilities and net position or equity (Continued)

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

E. Revenues

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

A school district’s program costs are determined through the use of various formulas using ‘program units’ which take into consideration 1) early childhood education; 2) basic education; 3) special education; 4) bilingual-multicultural education; and 5) size, etc. Payment is made from the public school fund under the authority of the Director of Public School Finance.

Tax Revenues. The District receives mill levy and ad-valorem tax revenues primarily for debt service and capital outlay purposes. Tax revenues are recognized when they are in the hands of the collecting agency.

The District records only the portion of the taxes considered to be ‘measurable’ and ‘available’. Descriptions of the individual debt service and capital outlay funds contained in these financial statements include information regarding the authority for the collection and use of these taxes. Property taxes attach an enforceable lien on property as of January 1. Tax notices are sent to property owners by November 1st of each year to be paid in whole or in two installments by November 10th and April 10th of each year. Curry County collects County, City and School taxes and distributes them to each fund once per month, except in June when the taxes are distributed twice to close out the fiscal year.

Federal Impact Aid. The District also receives Federal Impact Aid in lieu of property taxes for the presumed loss of property taxes that results from the federally owned lands of the Cannon Air Force Base that lie within the District’s boundaries but are not subject to property taxes.

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 12th attending public school within the District.

Instructional Materials. The State of 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, 50% is restricted to the requisition of materials listed in the State Board of Education “State Adopted Instructional Material” list, while the other 50% of each allocation is available for purchases directly from vendors.

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Revenues (Continued)

Public School Capital Outlay. Under the provisions of Chapter 22, Article 24, a public school capital outlay fund was created. The money in the fund may be used only for capital expenditures deemed by the Public School Capital Outlay Council (Council) necessary for an adequate educational program, and the capital outlay expenditures are limited to the purchase, or construction of temporary or permanent classrooms.

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

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

The Council shall consider all applications for assistance from the fund and after public hearing shall either approve or deny the application. Applications for grant assistance shall only be accepted by the council after a district has complied with the provisions of this section. The Council shall list all applications in order of priority and all allocations shall be made on a priority basis.

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.

SB-9 State Match. The Director shall distribute to any school district that has imposed a tax under the Public School Capital Outlay Improvements Act (22-25-1 to 22-25-10 NMSA 1978) an amount from the public school capital improvements fund that is equal to the amount by which the revenue estimated to be received from the imposed tax as specified in Subsection B of Section 22-25-3 NMSA 1978, assuming a 100% collection rate, is less than an amount calculated by multiplying the product obtained by the rate imposed in the District under the Public School Capital Improvements Act. The distribution shall be made by December 1 of each year that the tax is imposed in accordance with Section 22-25-3 NMSA 1978. Provided, however, in the event that sufficient funds are not available in the public school capital improvement funds to make the state distribution provided for in this section, the dollar per program unit figure shall be reduced as necessary.

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

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Revenues (Continued)

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.

These budgets are prepared on the Non-GAAP cash basis, excluding encumbrances, and secure appropriation of funds for only one year. Carryover funds must be re-appropriated in the budget of the subsequent fiscal year.

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

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

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

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

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

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019**

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

budget system. The District shall make corrections, revisions and amendments to the estimated budgets fixed by the local school board to recognize actual cash balances and carryover funds, if any. These adjustments shall be reviewed and approved by the DBPU.

4. The superintendent is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the school board and the PED. 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.

Appropriations lapse at fiscal year-end. Funds unused during the fiscal year may be carried over into the next fiscal year by budgeting those in the subsequent fiscal year's budget. The budget of the District has been amended during the current fiscal year in accordance with these procedures. The budget schedules included in the accompanying financial statements reflect the approved budget and amendments thereto.

5. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Funds.
6. Budgets for the General, Special Revenue, Capital Projects, and Debt Service Funds are adopted on a basis not consistent with generally accepted accounting principles (GAAP). Encumbrances are treated the same way for GAAP purposes and for budget purposes. The Board of Education may approve amendments to the appropriated budget, which are required when a change is made affecting budgeted ending fund balance. New Mexico state law prohibits a Governmental Agency from exceeding an individual line item.

Legal budget control for expenditures is by major function as follows: Instruction, Support Services, Operation of Non-Instructional Services, Capital Outlay, and Debt Service.

NOTE 3. CASH AND CASH EQUIVALENTS AND RESTRICTED CASH AND CASH EQUIVALENTS

State statutes authorize the investment of District funds in a wide variety of instruments including certificates of deposit and other similar obligations, state investment pool, money market accounts, and United States Government obligations. The District's investment policy does not further its investment choices. All invested funds of the District properly followed State investment requirements as of June 30, 2019.

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

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

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019**

NOTE 3. CASH AND CASH EQUIVALENTS AND RESTRICTED CASH AND CASH EQUIVALENTS (CONTINUED)

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

The collateral pledged is presented as other supplementary information in this report. The types of collateral allowed are limited to direct obligations of the United States Government and all bonds issued by any agency, district or political subdivision of the State of New Mexico.

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

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 Schools for a least one half of the amount on deposit with the institution.

The detail of the District's bank accounts and the insured portion of the deposits is as follows:

	Bank of Clovis	NM Bank & Trust	Western Bank of Clovis	Citizen's Bank	Total
Deposits					
Checking	\$ 12,812,254	\$ 2,020,836	\$ 5,822,715	\$ 8,574,438	\$ 29,230,243
Certificates of Deposit	6,032,558	-	-	-	6,032,558
FDIC coverage	<u>(500,000)</u>	<u>(250,000)</u>	<u>(250,000)</u>	<u>(250,000)</u>	<u>(1,250,000)</u>
Total uninsured public funds	<u>18,344,812</u>	<u>1,770,836</u>	<u>5,572,715</u>	<u>8,324,438</u>	<u>34,012,801</u>
Collateral requirement (50% of uninsured public funds)	9,172,406	885,418	2,786,357	4,162,219	17,006,401
Pledged collateral held by pledging bank's trust department or agent but not in agency's name	<u>25,505,871</u>	<u>4,890,191</u>	<u>5,981,909</u>	<u>14,373,648</u>	<u>50,751,620</u>
Total over collateralized	<u><u>\$ 16,333,465</u></u>	<u><u>\$ 4,004,773</u></u>	<u><u>\$ 3,195,552</u></u>	<u><u>\$ 10,211,429</u></u>	<u><u>\$ 33,745,220</u></u>

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019**

NOTE 3. CASH AND CASH EQUIVALENTS AND RESTRICTED CASH AND CASH EQUIVALENTS (CONTINUED)

Custodial Credit Risk – Deposits: Custodial credit risk is the risk that in the event of a bank failure, the government’s deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk, other than following state statutes as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978). At June 30, 2019, \$34,012,801 of the District’s bank balance of \$35,262,801 was exposed to custodial credit risk as it was uninsured and the collateral was held by the pledging bank’s trust department, not in the District’s name. The total uninsured and uncollateralized balance was \$0. At June 30, 2019, the carrying amount of these deposits was \$30,543,154.

The following table provides a reconciliation from the financial statements to the bank balance:

Government Funds - Balance Sheet	
Cash and cash equivalents	\$ 9,953,142
Restricted cash and cash equivalents	14,802,200
Investments	5,386,213
Statement of Fiduciary Assets and Liabilities - Agency Funds	
Cash, cash equivalents, and investments	<u>401,599</u>
	30,543,154
Outstanding checks and other reconciling items	4,719,787
Petty cash	<u>(140)</u>
Bank balance of deposits	<u>\$ 35,262,801</u>

The District utilizes internal pooled accounts for certain programs and funds. Negative cash balances in individual funds that were part of the pooled accounts were reclassified as due to/from accounts in the balance sheets as of June 30, 2019.

NOTE 4. RECEIVABLES

Receivables (deemed 100% collectible) as of June 30, 2019, are as follows:

	Operational Fund	Food Service	Title I	Improvements (SB-9) Local	Debt Service	Other Governmental	Total
Property taxes	\$ 29,256	\$ -	\$ -	\$ 121,077	\$ 299,524	\$ -	\$ 449,857
Intergovernmental	-	311,093	1,724,264	-	-	1,884,390	3,919,747
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total receivables	<u>\$ 29,256</u>	<u>\$ 311,093</u>	<u>\$1,724,264</u>	<u>\$ 121,077</u>	<u>\$ 299,524</u>	<u>\$ 1,884,390</u>	<u>\$ 4,369,604</u>

NOTE 5. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

“Interfund balances” have primarily been recorded when funds overdraw their share of pooled cash when the District is waiting for grant reimbursements. The composition of interfund balances as of June 30, 2019 is as follows:

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019**

NOTE 5. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (CONTINUED)

	<u>Receivables</u>	<u>Payables</u>
Major Funds		
General Fund	\$ 3,607,594	\$ -
Title I	-	1,724,265
Nonmajor Funds		
Special Revenue Funds	-	1,441,515
Capital Project Funds	-	441,814
	<u>\$ 3,607,594</u>	<u>\$ 3,607,594</u>

NOTE 6. CAPITAL ASSETS

A summary of capital assets and changes occurring during the year ended June 30, 2019 is as follows. Land is not subject to depreciation.

	<u>Balance</u>				<u>Balance</u>
	<u>June 30, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>June 30, 2019</u>
Capital Assets not being depreciated					
Land	\$ 1,482,471	\$ 49,000	\$ (46,845)	\$ -	\$ 1,484,626
Construction in process	12,566,379	8,256,990	-	(2,840,842)	17,982,527
Total capital assets not being depreciated	<u>14,048,850</u>	<u>8,305,990</u>	<u>(46,845)</u>	<u>(2,840,842)</u>	<u>19,467,153</u>
Capital Assets being depreciated					
Land improvements	21,017,075	-	(284,634)	2,463,638	23,196,079
Buildings and building improvements	172,161,160	-	(2,751,070)	377,204	169,787,294
Furniture, fixtures, vehicles and equipment	16,818,915	507,102	(5,389,943)	-	11,936,074
Total capital assets being depreciated	<u>209,997,150</u>	<u>507,102</u>	<u>(8,425,647)</u>	<u>2,840,842</u>	<u>204,919,447</u>
Less accumulated depreciation					
Land improvements	7,064,191	581,698	(248,967)	-	7,396,922
Buildings and building improvements	45,270,011	3,280,379	(1,260,721)	-	47,289,669
Furniture, fixtures, vehicles, and equipment	12,692,315	893,286	(1,884,643)	-	11,700,958
Total accumulated depreciation	<u>65,026,517</u>	<u>4,755,363</u>	<u>(3,394,331)</u>	<u>-</u>	<u>66,387,549</u>
Net capital assets being depreciated	<u>144,970,633</u>	<u>(4,248,261)</u>	<u>(5,031,316)</u>	<u>2,840,842</u>	<u>138,531,898</u>
Government activities capital assets, net	<u>\$ 159,019,483</u>	<u>\$ 4,057,729</u>	<u>\$ (5,078,161)</u>	<u>\$ -</u>	<u>\$ 157,999,051</u>

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019**

NOTE 6. CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to governmental activities for the year ended June 30, 2019 as follows:

Depreciation expenses	
Instruction	\$ 3,752,331
Support services - Students	34,684
Support services - Instruction	28,225
Support services - General Administration	3,300
Support services - School Administration	12,926
Fiscal services	-
Operation & maintenance of plant	220,441
Food services	703,456
	<u>\$ 4,755,363</u>

NOTE 7. LONG-TERM DEBT

During the year ended June 30, 2019, the following changes occurred in the liabilities reported in the government-wide Statement of Net Position:

	Balance <u>June 30, 2018</u>	Additions	Deletions	Balance <u>June 30, 2019</u>	Due Within <u>One Year</u>
Bonds payable	\$43,400,000	\$ 7,000,000	\$(3,085,000)	\$47,315,000	\$ 3,075,000
Compensated absences	<u>283,828</u>	<u>299,448</u>	<u>(279,641)</u>	<u>303,635</u>	<u>303,635</u>
Total	<u>\$43,683,828</u>	<u>\$ 7,299,448</u>	<u>\$(3,364,641)</u>	<u>\$47,618,635</u>	<u>\$ 3,378,635</u>

The District's general obligation bonds were issued for the purposes of creating, remodeling, making additions to and furnishing school buildings, and purchasing and improving school grounds and are payable solely from general property taxes that are levied against all taxable property in the District. The bonds are payable out of the Debt Service Fund (Fund 41000). Interest payments are due semi-annually on August 1 and February 1. Interest rates on the bonds range from 2% to 4%. Principal payments in varying amounts are due annually on August 1 through 2035.

The annual requirements to amortize the General Obligation Bonds as of June 30, 2019, including interest payments, are as follows:

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019**

NOTE 7. LONG-TERM DEBT (CONTINUED)

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2020	\$ 3,075,000	\$ 1,196,889	\$ 4,271,889
2021	2,755,000	1,121,145	3,876,145
2022	2,840,000	1,049,480	3,889,480
2023	3,115,000	973,540	4,088,540
2024	3,350,000	893,603	4,243,603
2025-2029	20,750,000	3,002,574	23,752,574
2030-2034	10,280,000	764,481	11,044,481
2035	1,150,000	18,688	1,168,688
	<u>\$ 47,315,000</u>	<u>\$ 9,020,400</u>	<u>\$ 56,335,400</u>

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

Compensated Absences. Twelve-month employees of the District are able to accrue a limited amount of vacation and other compensatory time during the year. During fiscal year June 30, 2019, compensated absences increased \$19,807 from the prior year accrual. See Note 1 for more details.

NOTE 8. RISK MANAGEMENT

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

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

In case the NMPSIA's assets are not sufficient to meet its liability claims, the agreement provides that subscribers, including the District, cannot be assessed additional premiums to cover the shortfall. As of June 30, 2019, there have been no claims that have exceeded insurance coverage.

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019**

NOTE 9. OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES

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

A. Deficit fund balance of individual funds. The following funds reported a deficit fund balance at June 30, 2019:

None

B. Excess of expenditures over appropriations:

Major Funds

Capital Improvements SB-9 Local (31701)

Major budgeted expenditures function: Support Services \$412

NOTE 10. PENSION PLAN – EDUCATIONAL RETIREMENT BOARD

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

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

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

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

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

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019**

NOTE 10. PENSION PLAN – EDUCATIONAL RETIREMENT BOARD (CONTINUED)

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

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

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

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

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

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

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

Benefit Options. The Plan has three benefit options available:

- **Option A – Straight Life Benefit.** The single life annuity option has no reductions to the monthly benefit, and there is no continuing benefit due to a beneficiary or estate, except the balance, if any, of member contributions plus interest less benefits paid prior to the member's death.

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019**

NOTE 10. PENSION PLAN – EDUCATIONAL RETIREMENT BOARD (CONTINUED)

- **Option B – Joint 100% Survivor Benefit.** The single life annuity monthly benefit is reduced to provide for a 100% survivor's benefit. The reduced benefit is payable during the life of the member, with the provision that, upon death, the same benefit is paid to the beneficiary for his or her lifetime. If the beneficiary predeceases the member, the member's monthly benefit is increased to the amount the member would have received under Option A Straight Life benefit. The member's increased monthly benefit commences in the month following the beneficiary's death.
- **Option C – Joint 50% Survivor Benefit.** The single life annuity monthly benefit is reduced to provide for a 50% survivor's benefit. The reduced benefit is payable during the life of the member, with the provision that, upon death, the reduced 50% benefit is paid to the beneficiary for his or her lifetime. If the beneficiary predeceases the member, the member's monthly benefit is increased to the amount the member would have received under Option A Straight Life benefit. The member's increased monthly benefit commences in the month following the beneficiary's death.

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

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

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

As of July 1, 2013, for current and future retirees the COLA is immediately reduced until the Plan is 100% funded. The COLA reduction is based on the median retirement benefit of all retirees excluding disability retirements. Retirees with benefits at or below the median and with 25 or more years of service credit will have a 10% COLA reduction; their average COLA will be 1.5%. Once the funding is greater than 90%, the COLA reductions will decrease. The retirees with benefits at or below the median and with 25 or more years of service credit will have a 5% COLA reduction; their average COLA will be 1.7%.

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

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019**

NOTE 10. PENSION PLAN – EDUCATIONAL RETIREMENT BOARD (CONTINUED)

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

Contributions. For the fiscal years ended June 30, 2019 and 2018, 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
2019	7-1-18 to 6-30-19	Over \$20K	10.70%	13.90%	24.60%	0.00%
2019	7-1-18 to 6-30-19	\$20K or less	7.90%	13.90%	21.80%	0.00%
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%

The contribution requirements are established in statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the New Mexico Legislature. For the fiscal years ended June 30, 2019 and 2018, the District paid employee and employer contributions of \$10,338,188 and \$10,139,931, respectively, 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, 2019, the District reported a liability of \$177,792,046 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017. The total pension liability was rolled-forward from the valuation date to the plan year ending June 30, 2018 using generally accepted actuarial principles. The roll-forward incorporates the impact of the new assumptions adopted by the ERB Board on April 21, 2017. There were no other significant events of changes in benefit provisions that required an adjustment to the roll-forward liabilities as of June 30, 2018. Therefore, the District's portion was established as of the measurement date of June 30, 2018. 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, at June 30, 2018 actuarially determined. At June 30, 2018, the District's proportion was 1.49514%, which was an increase of 0.06419% from its proportion measured at June 30, 2017.

For the year ended June 30, 2019, the District recognized pension expense of \$24,919,487. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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CLOVIS MUNICIPAL SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019**

NOTE 10. PENSION PLAN – EDUCATIONAL RETIREMENT BOARD (CONTINUED)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 129,759	\$ 3,383,668
Changes of assumptions	36,642,100	-
Net difference between projected and actual earnings on pension plan investments	393,586	-
Changes in proportion and differences between contributions and proportionate share of contributions	3,710,468	338,584
District contributions subsequent to the measurement date	5,911,884	-
Total	\$ 46,787,797	\$ 3,722,252

\$5,911,884 reported as deferred outflows of resources related to pensions resulting from the District's contributions subsequent to the measurement date June 30, 2018 will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	
2020	\$ 21,983,293
2021	14,600,025
2022	565,163
2023	5,180
Total	\$ 37,153,661

Actuarial assumptions. The total pension liability in the June 30, 2018 actuarial valuation was determined using the following significant actuarial assumptions, applied to all periods included in the measurement:

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CLOVIS MUNICIPAL SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019**

NOTE 10. PENSION PLAN – EDUCATIONAL RETIREMENT BOARD (CONTINUED)

Inflation	2.50%												
Salary increases	3.25% composed of 2.50% inflation, plus a 0.75% productivity increase rate, plus a step-rate promotional increase for members with less than 10 years of service.												
Investment rate of return	7.25% compounded annually, net of expenses. This is made up of a 2.50% inflation rate and a 4.75 real rate of return.												
Average of expected remaining service lives	<table border="0" style="margin-left: 40px;"> <tr> <td style="text-align: right;">Fiscal year</td> <td style="text-align: center;"><u>2018</u></td> <td style="text-align: center;"><u>2017</u></td> <td style="text-align: center;"><u>2016</u></td> <td style="text-align: center;"><u>2015</u></td> <td style="text-align: center;"><u>2014</u></td> </tr> <tr> <td style="text-align: right;">Service life in years</td> <td style="text-align: center;">3.56</td> <td style="text-align: center;">3.65</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>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	Service life in years	3.56	3.65	3.77	3.92	3.88
Fiscal year	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>								
Service life in years	3.56	3.65	3.77	3.92	3.88								
Mortality	<p>Healthy males: Based on the RP-2000 Combined Healthy Mortality Table with White Collar adjustments, not set back. Generational mortality improvements with Scale BB from the table’s base year of 2000.</p> <p>Healthy females: Based on GRS Southwest Region Teacher Mortality Table, set back one year. Generational mortality improvements in accordance with Scale BB from the table’s base year of 2012.</p> <p>Disabled males: RP-2000 Disabled Mortality Table for males, set back three years, projected to 2016 with Scale BB.</p> <p>Disabled females: RP-2000 Disabled Mortality Table for females, no set back, projected to 2016 with Scale BB.</p> <p>Active members: RP-2000 Employee Mortality Tables, with males set back two years and scaled at 80%, and females set back five years and scaled at 70%. Static mortality improvement from the table’s base year of 2000 to the year 2016 in accordance with Scale BB. No future improvement was assumed for preretirement mortality.</p>												
Retirement age	Experience-based table rates based on age and service, adopted by the NMERB Board on April 21, 2017 in conjunction with the six-year experience study for the period ending June 30, 2016.												
Cost-of-living increases	1.90% per year, compounded annually; increases deferred until July 1 following the year a member retires, or the year in which a member attains the age of 65 (67 for Tier 3), whichever is later or, for disabled retirees, until July 1 of the third year following												
Payroll growth	3.00% per year (with no allowance for membership growth).												
Contribution accumulation	The accumulated member account balance with interest is estimated at the valuation date by assuming that member contributions increased 5.50% per year for all years prior to the valuation date. Contributions are credited with 4.00% interest, compounded annually, applicable to the account balances in the past as well as the future.												
Disability incidence	Approved rates are applied to eligible members with at least 10 years of service.												

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CLOVIS MUNICIPAL SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019**

NOTE 10. PENSION PLAN – EDUCATIONAL RETIREMENT BOARD (CONTINUED)

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

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

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

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

Discount rate. A single discount rate of 5.69% was used to measure the total pension liability as of June 30, 2018. This rate is .21% less than the 5.90% discount rate used for June 30, 2017.

The June 30, 2018 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 3.62%. Based on the stated assumptions and the projection of cash flows, the pension plan’s fiduciary net position and future contributions were sufficient to finance the benefit payments through the year 2050. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the 2050 fiscal year, and the municipal bond rate was applied to all benefit payments after that date.

The projections of cash flows used to determine the June 30, 2018 single discount rate assumed that plan member and employer contributions will be made at the current statutory levels.

STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

NOTE 10. PENSION PLAN – EDUCATIONAL RETIREMENT BOARD (CONTINUED)

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 5.69%, 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 (4.69%) or 1-percentage-point higher (6.69%) than the current rate.

	1 % Decrease 4.69%	Current Discount Rate 5.69%	1 % Increase 6.69%
District's proportionate share of the net pension liability	\$ 231,061,566	\$ 177,792,046	\$ 134,327,442

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

NOTE 11. POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN

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

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

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

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019**

NOTE 11. POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN (CONTINUED)

Employees covered by benefit terms. At June 30, 2018, the Fund’s measurement date, the following State of New Mexico employees were covered by the benefit terms:

Plan membership	
Current retirees and surviving spouses	51,205
Inactive and eligible for deferred benefit	11,471
Current active members	<u>93,349</u>
	<u><u>156,025</u></u>
Active membership	
State general	19,593
State police and corrections	1,886
Municipal general	17,004
Municipal police	3,820
Municipal FTRE	2,290
Educational Retirement Board	<u>48,756</u>
	<u><u>93,349</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 to the Fund from the District were \$850,216 for the year ended June 30, 2019.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. At June 30, 2019, the District reported a liability of \$42,569,089 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2018, 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, 2018. At June 30, 2018, the District’s proportion was 0.97897%.

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019**

NOTE 11. POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN (CONTINUED)

For the year ended June 30, 2019, the District recognized OPEB expense of \$232,561. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Differences between expected and actual experience	\$ -	\$ 2,520,363
Net Difference between actual and projected earnings on OPEB plan investments	-	531,246
Changes of assumptions	-	7,947,460
Change in proportion	1,364,757	-
Contributions made after the measurement date	<u>850,216</u>	<u>-</u>
Total	<u><u>\$ 2,214,973</u></u>	<u><u>\$ 10,999,069</u></u>

Deferred outflows of resources totaling \$850,216 represent District contributions to the Fund made subsequent to the measurement date and will be recognized as a reduction of net OPEB liability in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

<u>Year Ended June 30:</u>	
2020	\$ (2,505,483)
2021	(2,505,483)
2022	(2,505,483)
2023	(1,869,014)
2024	<u>(248,849)</u>
Total	<u><u>\$ (9,634,312)</u></u>

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019**

NOTE 11. POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN (CONTINUED)

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

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

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Rate of Return</u>
U.S. core fixed income	20%	2.1%
U.S. equity - large cap	20%	7.7%
Non U.S. - emerging markets	15%	10.2%
Non U.S. - developed equities	12%	7.8%
Private equity	10%	11.8%
Credit and structured finance	10%	5.3%
Real estate	5%	4.9%
Absolute return	5%	4.1%
U.S. equity - small/mid cap	3%	7.1%

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019**

NOTE 11. POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN (CONTINUED)

Discount Rate. The discount rate used to measure the Fund’s total OPEB liability is 4.08% as of June 30, 2018. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at rates proportional to the actuary determined contribution rates. For this purpose, employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries are not included. Based on those assumptions, the Fund's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members through the fiscal year ending June 30, 2029. 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, 4.08% 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 (3.08%) or 1-percentage-point higher (5.08%) than the **current discount rate**:

1% Decrease (3.08%)	Current Discount (4.08%)	1% Increase (5.08%)
\$ 51,518,622	\$ 42,569,089	\$ 35,514,863

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

1% Decrease	Current Trend Rates	1% Increase
\$ 35,985,805	\$ 42,569,089	\$ 47,730,532

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

NOTE 12. 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.

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019**

NOTE 13. BUDGETED ACTIVITY FUNDS

The Student Activity Funds are considered for reporting purposes as agency funds and the related activity has been reported as such in the Schedule of Changes in Fiduciary Assets and Liabilities – Agency Funds.

NOTE 14. COMMITMENTS

The District contracts with outside vendors for construction and renovation of various facilities. At June 30, 2019, the District's maintains a portion of contracts outstanding for capital projects.

NOTE 15. GOVERNMENTAL FUND BALANCE

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

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

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

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

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

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

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

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CLOVIS MUNICIPAL SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019**

NOTE 16. RELATED PARTY TRANSACTIONS

On June 25, 2018, the Board of Education approved a waiver for fiscal year 2019, in accordance with Section 13-1-194, NMSA 1978, to allow a company owned by a Board Member (Snider Electric) to bid or contract for the procurement of services with the District. Also, on June 25, 2018, the Board of Education approved a waiver for fiscal year 2018, in accordance with Section 13-1-194, NMSA 1978, to allow a company owned by a Board Member (Cielo LLC) to bid or contract for the procurement of services with the District. During the year ended June 30, 2019, the District incurred approximately \$246,565 and \$1,029 in expenditures with Snider Electric and Cielo LLC, respectively. No amounts were owed to or from the companies/District at June 30, 2019.

NOTE 17. RESTATEMENT OF FUND BALANCE AND NET POSITION - ADOPTION OF NEW ACCOUNTING STANDARD

The Governmental Accounting Standards Board (GASB) issued a new accounting pronouncement (Statement No. 84 – Fiduciary Activities) effective for reporting periods beginning after December 15, 2018, which the District has elected to implement early for the year ended June 30, 2019. The implementation of GASB 84 has created a restatement of the District’s beginning fund balance and beginning net position.

The 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. The District has evaluated these criteria and determined that some funds previously reported as fiduciary funds should now be classified as governmental funds. The District will continue to evaluate the Statement’s criteria.

With the adoption of the new accounting pronouncement, the District has increased its Fund Balance (Fund 23000) and Unrestricted Net Position for the beginning of the fiscal year in the amount of \$825,357 as shown on the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds, and the government-wide Statement of Activities. The District has decreased its Agency Fund Balances for the beginning of the fiscal year in the amount of \$825,357 as shown in the Schedule of Changes in Fiduciary Assets and Liabilities – Agency Funds.

NOTE 18. TAX ABATEMENTS

Abatements of Other Governments. The District is subject to tax abatements granted by the City of Clovis through the Industrial Revenue Bond Act. This program has the stated purposes of promoting industry and trade other than retail trade in the county and municipalities.

Industrial Revenue Bonds. Under the Industrial Revenue Bond Act [3-32 NMSA 1978], the City Council can vote to induce an industrial revenue bond in order to induce a manufacturing, industrial, or commercial enterprise to locate or expand in that region, by financing a specified project. The City may include in the agreement a stipulation of an amount or a percentage reduction of property taxes, which can be as much as 100%. This reduction or exemption is applicable for the life of the bond issue, not to exceed 30 years from the date the bonds were issued, and is a significant benefit for borrowers that would not otherwise qualify for a property tax exemption under other constitutional or statutory provisions. Information relevant to disclosure of those programs for the fiscal year ended June 30, 2019 follows:

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019**

NOTE 18. TAX ABATEMENTS (CONTINUED)

Agency number for Agency making the disclosure (Abating Agency)	#6038
Abating Agency Name	City of Clovis
Abating Agency Type	Municipality
Tax Abatement Agreement Name	Industrial Revenue Bond
Name of agency affected by abatement agreement (Affected Agency)	Clovis Municipal Schools
Agency number of Affected Agency	#7017
Agency type of Affected Agency	School District
Recipient(s) of tax abatement	Southwest Cheese
Tax abatement program (name and brief description)	Industrial Revenue Bond - 100% Tax Abatement with Payment In Lieu of Taxes to School
Specific Tax(es) Being Abated	Real and Personal Property Taxes
Authority under which abated tax would have been paid to Affected Agency	State of New Mexico Industrial Revenue Bond Act
Gross dollar amount, on an accrual basis, by which the Affected Agency's tax revenues were reduced during the reporting period as a result of the tax abatement agreement	\$831,421.33
For any Payments in Lieu of Taxes (PILOTS) or similar payments receivable by the Affected Agency in association with the foregone tax revenue, list the amount of payments received in the current fiscal year	\$100,000 to the Clovis School Foundation & \$108,686 to Clovis Municipal School District
If the Abating Agency is omitting any information required in this spreadsheet or by GASB 77, cite the legal basis for such omission	None Omitted

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
EDUCATIONAL RETIREMENT BOARD (ERB) PENSION PLAN
FOR THE YEARS ENDED JUNE 30, 2019 - 2015
LAST 10 FISCAL YEARS* (UNAUDITED)**

Fiscal Year Measurement Date	2019 2018	2018 2017	2017 2016	2016 2015	2015 2014
District's proportion of the net pension liability	1.49514%	1.43095%	1.44220%	1.44141%	1.46196%
District's proportionate share of the net pension liability	\$ 177,792,046	\$ 159,028,173	\$ 103,786,965	\$ 93,363,964	\$ 83,415,477
District's covered-employee payroll	\$ 41,799,011	\$ 41,802,516	\$ 40,114,874	\$ 39,355,110	\$ 40,970,214
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	425%	380%	259%	237%	204%
Plan fiduciary net position as a percentage of the total pension liability	52.17%	52.95%	61.58%	63.97%	66.54%

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

STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
EDUCATIONAL RETIREMENT BOARD (ERB) PENSION PLAN
FOR THE YEARS ENDED JUNE 30, 2019 - 2015
LAST 10 FISCAL YEARS* (UNAUDITED)

	June 30,				
	2019	2018	2017	2016	2015
Statutory required contributions	\$ 5,911,884	\$ 5,808,360	\$ 5,575,967	\$ 5,695,136	\$ 5,299,067
Contribution in relation to the statutorily required contributions	<u>\$ 5,911,884</u>	<u>\$ 5,808,360</u>	<u>\$ 5,575,967</u>	<u>\$ 5,695,136</u>	<u>\$ 5,299,067</u>
Annual contribution deficiency	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF
THE NET OPEB LIABILITY
RETIREE HEALTH CARE ACT (RHCA) OPEB PLAN
FOR THE YEARS ENDED JUNE 30, 2019 - 2018
LAST 10 FISCAL YEARS* (UNAUDITED)

	Fiscal Year Measurement Date	2019 2018	2018 2017
District's proportion of the net OPEB liability		0.97897%	0.94924%
District's proportionate share of the net OPEB liability		\$ 42,569,089	\$ 43,016,453
District's covered-employee payroll		\$ 42,003,851	\$ 39,541,991
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll		101.35%	108.79%
RHCA Plan fiduciary net position as a percentage of the total pension liability		13.14%	11.34%

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

STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
RETIREE HEALTH CARE ACT (RHCA) OPEB PLAN
FOR THE YEARS ENDED JUNE 30, 2019 - 2018
LAST 10 FISCAL YEARS* (UNAUDITED)

	June 30,	
	2019	2018
Contractually required contribution	\$ 1,529,805	\$ 3,014,283
Contributions in relation to the contractually required contribution	<u>\$ 1,511,126</u>	<u>\$ 1,512,834</u>
Contribution deficiency (excess)	<u>\$ 18,679</u>	<u>\$ 1,501,449</u>
Employer's covered-employee payroll	\$ 42,003,851	\$ 39,541,991
Contributions as a percentage of covered-employee payroll	3.60%	3.83%

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

STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
JUNE 30, 2019

ERB PLAN

Changes in benefit provisions. There were no modifications to the benefit provisions that were reflected in the actuarial valuation as of June 30, 2018.

Changes in assumptions and methods. There were no modifications to the actuarial assumptions and methods reflected in the actuarial valuation at June 30, 2018.

RHCA Plan

Changes in benefit provisions. There were no modifications to the benefit provisions that were reflected in the actuary valuation as of June 30, 2018.

Changes in assumptions and methods. The actuary removed 4,010 members that were deemed participants of non-participating employers. There were no other modifications to the assumptions and methods that were reflected in the actuarial valuation at June 30, 2018.

SUPPLEMENTARY INFORMATION

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2019**

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 3,169,673	\$ -	\$ 3,169,673
Restricted cash and cash equivalents	-	144,569	144,569
Accounts receivable, collectible			
Taxes	-	-	-
Due from other governments	1,442,576	441,814	1,884,390
Other receivables	-	-	-
Interfund receivables	-	-	-
Inventory	-	-	-
Total assets	<u>\$ 4,612,249</u>	<u>\$ 586,383</u>	<u>\$ 5,198,632</u>
LIABILITIES			
Accounts payable	\$ 2,570	\$ -	\$ 2,570
Accrued payroll liabilities	-	-	-
Interfund payables	1,441,516	441,814	1,883,330
Unearned revenues	-	-	-
Total liabilities	<u>1,444,086</u>	<u>441,814</u>	<u>1,885,900</u>
DEFERRED INFLOWS OF RESOURCES			
Delinquent property taxes	-	-	-
Total liabilities and deferred inflows of resources	<u>1,444,086</u>	<u>441,814</u>	<u>1,885,900</u>
FUND BALANCES			
Nonspendable	-	-	-
Restricted for			
General fund	-	-	-
Special revenue	3,168,163	-	3,168,163
Capital projects	-	144,569	144,569
Debt service	-	-	-
Assigned	-	-	-
Unassigned	-	-	-
Total fund balances	<u>3,168,163</u>	<u>144,569</u>	<u>3,312,732</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 4,612,249</u>	<u>\$ 586,383</u>	<u>\$ 5,198,632</u>

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2019**

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total</u>
REVENUES			
Property taxes	\$ -	\$ -	\$ -
State grants	1,927,753	2,259,589	4,187,342
Federal grants	4,002,538	-	4,002,538
Miscellaneous	317,907	-	317,907
Charges for services	219,345	-	219,345
Interest	751	-	751
Total revenues	<u>6,468,294</u>	<u>2,259,589</u>	<u>8,727,883</u>
EXPENDITURES			
Current			
Instruction	2,956,210	-	2,956,210
Support services			
Students	2,331,116	-	2,331,116
Instruction	684	-	684
General administration	79,368	-	79,368
School administration	248,697	-	248,697
Central services	149,254	-	149,254
Operation & maintenance of plant	2,013	-	2,013
Student transportation	63,781	-	63,781
Other support services	-	-	-
Food services operations	83,428	-	83,428
Community services	2,224	-	2,224
Capital outlay	246,000	2,527,820	2,773,820
Debt service			
Principal	-	-	-
Interest	-	-	-
Total expenditures	<u>6,162,775</u>	<u>2,527,820</u>	<u>8,690,595</u>
Excess of revenues over expenditures	<u>305,519</u>	<u>(268,231)</u>	<u>37,288</u>
Other financing sources			
Operating transfers	-	-	-
Proceeds from bond issuances	-	-	-
Bond underwriter discount	-	-	-
Bond underwriter premium	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	<u>305,519</u>	<u>(268,231)</u>	<u>37,288</u>
Fund balances, beginning of year	2,037,287	412,800	2,450,087
Prior Period Restatement	825,357	-	825,357
Fund balance, beginning of year, restated	<u>2,862,644</u>	<u>412,800</u>	<u>3,275,444</u>
Fund balances, end of year	<u>\$ 3,168,163</u>	<u>\$ 144,569</u>	<u>\$ 3,312,732</u>

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
NONMAJOR SPECIAL REVENUE FUNDS – FUND DESCRIPTIONS
JUNE 30, 2019**

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

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

Non-Instructional Support (Fund 23000). To account for budgeted revenues and expenditures which relate to student activities other than athletics.

Migrant Children Education (Fund 24103). The purpose of this program is to assist the District in providing a summer school program for migrant students. Federal revenues accounted for in this fund are administered by the New Mexico Public Education Department. Authority for creation of this fund is Chapter I of Title I of the Elementary and Secondary Education Act (ESEA) of 1965 as amended, Public Law 103-382.

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

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

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

IDEA-B Results Plan (Fund 24132). Funding for support activities included the Education Plan for Student Success for Elementary Schools.

English Language Acquisition (Fund 24153). To provide funds to improve the educational performance of limited English proficient students by assisting the children to learn English and meet State academic content standards.

Teacher/Principal Training & Recruiting (Fund 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.

Rural and Low-Income Schools (Fund 24160). To account for a grant with the purpose of providing financial assistance to rural districts to carry out activities to help improve the quality of teaching and learning in their schools. Authorized by Elementary and Secondary Education Act of 1965 (ESEA), Title VI, Part B, as amended.

Carl D. Perkins (Funds 24174 and 24176). The objective of this grant is to provide secondary educational institutions the opportunity to develop, implement, and operate programs using different models of curricula that integrate vocational and academic learning. Funds are acquired from federal sources through the New

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
NONMAJOR SPECIAL REVENUE FUNDS – FUND DESCRIPTIONS
JUNE 30, 2019**

Mexico Department of Education. Authority for creation of this fund is Carl D. Perkins Vocational and Applied Technology Education Act of 1990, as amended, Public Law 105-332.

Migrant Regional Recruiting (Fund 24187). This fund accounts for the identification and recruitment of migrant students.

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

Title XIX Medicaid (Fund 25153). To account for a program providing school-based screening, diagnostic services and other related health services and administrative activities in conformance with the approved Medicaid State Plan in order to improve health and developmental outcomes for children.

ROTC (Fund 25200). To account for federal funds received for the implementation of the ROTC program. The authority for creation of this fund is in the State of New Mexico PED Policies and Procedures Manual.

ENLACE UNM (Fund 26103). The Engaging Latino Communities for Education initiative is to provide a path of education to pursue a higher education by collaborating with parents and families, communities, school districts, colleges and universities, professional and community organizations; to identify and nurture leaders and teachers to keep kids in school and prepare them for college.

Walton Family Foundation (Fund 26148). This fund initiative is focused on education, workforce development, economic opportunity, environmental sustainability, and health and wellness. The authority for creation of this fund is in the State of New Mexico PED Policies and Procedures Manual.

Clovis Municipal Schools Foundation (Fund 26184). Fund to account for the monies provided to the District to provide additional educational opportunities in and out of the classroom. Funding is provided by foundation donation and the authority is provided by the Clovis Municipal School Board.

Dual Credit Instructional Materials (Fund 27103). To purchase college textbooks for students who dual enroll in college credited courses while still attending high school.

Excellence in Teaching Awards (Fund 27125). To account for state special appropriation funding to be used solely for Excellence in Teacher salary supplements. These salary supplements are \$5,000 or \$10,000 per teacher and may only be awarded to teachers who have met the award criteria.

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

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
NONMAJOR SPECIAL REVENUE FUNDS – FUND DESCRIPTIONS
JUNE 30, 2019**

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

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

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

Kindergarten Three Plus (Fund 27166). The K-3 Plus program provides funding for additional educational time for students in Kindergarten through third grade with at least 25 instructional days, beginning up to two months earlier than the regular school year.

K3+4&5 PILOT Program (Fund 27198). Provides funding for additional educational time for students in the kindergarten through fifth grade with at least 25 instructional days, beginning up to two months earlier than the regular school year.

New Mexico Highway Department (Road) (Fund 28120). To account for monies received from the NM Department of Transportation to assist with surface needs such as paving school parking areas and bus areas.

Private Direct Grants (Fund 29102). To account for local grants awarded to provide additional funding for specific projects.

Industrial Revenue Bonds Payments in Lieu of Taxes (Fund 29135). Funds received from a manufacturing Facility located in the District. Funds are for textbook and construction services. The authority for creation of this fund is the New Mexico Public Education Department.

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
COMBINING BALANCE SHEET -
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2019**

	<i>Fund 22000</i>	<i>Fund 23000</i>	<i>Fund 24103</i>	<i>Fund 24106</i>
	Athletics	Non-instructional Support	Migrant Children Education	IDEA-B Entitlement
ASSETS				
Cash and cash equivalents	\$ 128,478	834,674	\$ -	\$ -
Restricted cash and cash equivalents	-	-	-	-
Accounts receivable, collectible				
Taxes	-	-	-	-
Due from other governments	-	-	52,329	395,761
Other receivables	-	-	-	-
Interfund receivables	-	-	-	-
Inventory	-	-	-	-
Total assets	<u>\$ 128,478</u>	<u>\$ 834,674</u>	<u>\$ 52,329</u>	<u>\$ 395,761</u>
LIABILITIES				
Accounts payable	\$ 382	\$ 1,128	\$ -	\$ 1,060
Accrued payroll liabilities	-	-	-	-
Interfund payables	-	-	52,329	394,701
Unearned revenues	-	-	-	-
Total liabilities	<u>382</u>	<u>1,128</u>	<u>52,329</u>	<u>395,761</u>
DEFERRED INFLOWS OF RESOURCES				
Delinquent property taxes	-	-	-	-
Total liabilities and deferred inflows of resources	<u>382</u>	<u>1,128</u>	<u>52,329</u>	<u>395,761</u>
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted for				
General fund	-	-	-	-
Special revenue	128,096	833,546	-	-
Capital projects	-	-	-	-
Debt service	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	<u>128,096</u>	<u>833,546</u>	<u>-</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 128,478</u>	<u>\$ 834,674</u>	<u>\$ 52,329</u>	<u>\$ 395,761</u>

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
COMBINING BALANCE SHEET -
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
JUNE 30, 2019**

	<i>Fund 24108</i>	<i>Fund 24109</i>	<i>Fund 24132</i>	<i>Fund 24153</i>
	IDEA-B Competitive	IDEA-B Preschool	IDEA-B Results Plan	English Language Acquisition
ASSETS				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Restricted cash and cash equivalents	-	-	-	-
Accounts receivable, collectible				
Taxes	-	-	-	-
Due from other governments	3,887	11,456	36,286	31,316
Other receivables	-	-	-	-
Interfund receivables	-	-	-	-
Inventory	-	-	-	-
Total assets	<u>\$ 3,887</u>	<u>\$ 11,456</u>	<u>\$ 36,286</u>	<u>\$ 31,316</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued payroll liabilities	-	-	-	-
Interfund payables	3,887	11,456	36,286	31,316
Unearned revenues	-	-	-	-
Total liabilities	<u>3,887</u>	<u>11,456</u>	<u>36,286</u>	<u>31,316</u>
DEFERRED INFLOWS OF RESOURCES				
Delinquent property taxes	-	-	-	-
Total liabilities and deferred inflows of resources	<u>3,887</u>	<u>11,456</u>	<u>36,286</u>	<u>31,316</u>
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted for				
General fund	-	-	-	-
Special revenue	-	-	-	-
Capital projects	-	-	-	-
Debt service	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 3,887</u>	<u>\$ 11,456</u>	<u>\$ 36,286</u>	<u>\$ 31,316</u>

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
COMBINING BALANCE SHEET -
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
JUNE 30, 2019**

	<i>Fund 24154</i> Teacher/Principal Training & Recruiting	<i>Fund 24160</i> Rural and Low Income Schools	<i>Fund 24174</i> Carl D Perkins Secondary Current	<i>Fund 24176</i> Carl D Perkins Secondary Redistribution
ASSETS				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Restricted cash and cash equivalents	-	-	-	-
Accounts receivable, collectible				
Taxes	-	-	-	-
Due from other governments	142,549	184,187	18,503	-
Other receivables	-	-	-	-
Interfund receivables	-	-	-	-
Inventory	-	-	-	-
Total assets	<u>\$ 142,549</u>	<u>\$ 184,187</u>	<u>\$ 18,503</u>	<u>\$ -</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued payroll liabilities	-	-	-	-
Interfund payables	142,549	184,187	18,503	-
Unearned revenues	-	-	-	-
Total liabilities	<u>142,549</u>	<u>184,187</u>	<u>18,503</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES				
Delinquent property taxes	-	-	-	-
Total liabilities and deferred inflows of resources	<u>142,549</u>	<u>184,187</u>	<u>18,503</u>	<u>-</u>
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted for				
General fund	-	-	-	-
Special revenue	-	-	-	-
Capital projects	-	-	-	-
Debt service	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 142,549</u>	<u>\$ 184,187</u>	<u>\$ 18,503</u>	<u>\$ -</u>

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
COMBINING BALANCE SHEET -
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
JUNE 30, 2019**

	<i>Fund 24187</i> Migrant Regional Recruiting	<i>Fund 25145</i> Impact Aid Special Education	<i>Fund 25153</i> Title XIX Medicaid	<i>Fund 25200</i> ROTC
ASSETS				
Cash and cash equivalents	\$ -	\$ 144,191	\$ 1,885,752	\$ -
Restricted cash and cash equivalents	-	-	-	-
Accounts receivable, collectible				
Taxes	-	-	-	-
Due from other governments	3,953	-	-	-
Other receivables	-	-	-	-
Interfund receivables	-	-	-	-
Inventory	-	-	-	-
Total assets	<u>\$ 3,953</u>	<u>\$ 144,191</u>	<u>\$ 1,885,752</u>	<u>\$ -</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued payroll liabilities	-	-	-	-
Interfund payables	3,953	-	-	-
Unearned revenues	-	-	-	-
Total liabilities	<u>3,953</u>	<u>-</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES				
Delinquent property taxes	-	-	-	-
Total liabilities and deferred inflows of resources	<u>3,953</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted for				
General fund	-	-	-	-
Special revenue	-	144,191	1,885,752	-
Capital projects	-	-	-	-
Debt service	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	<u>-</u>	<u>144,191</u>	<u>1,885,752</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 3,953</u>	<u>\$ 144,191</u>	<u>\$ 1,885,752</u>	<u>\$ -</u>

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
COMBINING BALANCE SHEET -
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
JUNE 30, 2019**

	<i>Fund 26103</i>	<i>Fund 26148</i>	<i>Fund 26184</i> Clovis Municipal Schools Foundation	<i>Fund 27103</i> Dual Credit Instructional Materials
	ENLACE UNM	Walton Family Foundation		
ASSETS				
Cash and cash equivalents	\$ -	\$ 1,700	\$ 2,789	\$ -
Restricted cash and cash equivalents	-	-	-	-
Accounts receivable, collectible				
Taxes	-	-	-	-
Due from other governments	46,875	-	-	6,739
Other receivables	-	-	-	-
Interfund receivables	-	-	-	-
Inventory	-	-	-	-
Total assets	<u>\$ 46,875</u>	<u>\$ 1,700</u>	<u>\$ 2,789</u>	<u>\$ 6,739</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued payroll liabilities	-	-	-	-
Interfund payables	46,875	-	-	6,739
Unearned revenues	-	-	-	-
Total liabilities	<u>46,875</u>	<u>-</u>	<u>-</u>	<u>6,739</u>
DEFERRED INFLOWS OF RESOURCES				
Delinquent property taxes	-	-	-	-
Total liabilities and deferred inflows of resources	<u>46,875</u>	<u>-</u>	<u>-</u>	<u>6,739</u>
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted for				
General fund	-	-	-	-
Special revenue	-	1,700	2,789	-
Capital projects	-	-	-	-
Debt service	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	<u>-</u>	<u>1,700</u>	<u>2,789</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 46,875</u>	<u>\$ 1,700</u>	<u>\$ 2,789</u>	<u>\$ 6,739</u>

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
COMBINING BALANCE SHEET -
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
JUNE 30, 2019**

	<i>Fund 27125</i> Excellence in Teaching Awards	<i>Fund 27138</i> Incentives for School Improvement	<i>Fund 27141</i> Truancy Initiative PED	<i>Fund 27149</i> Pre-K Initiative
ASSETS				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Restricted cash and cash equivalents	-	-	-	-
Accounts receivable, collectible				
Taxes	-	-	-	-
Due from other governments	-	45,790	64,330	398,615
Other receivables	-	-	-	-
Interfund receivables	-	-	-	-
Inventory	-	-	-	-
Total assets	<u>\$ -</u>	<u>\$ 45,790</u>	<u>\$ 64,330</u>	<u>\$ 398,615</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued payroll liabilities	-	-	-	-
Interfund payables	-	45,790	64,330	398,615
Unearned revenues	-	-	-	-
Total liabilities	<u>-</u>	<u>45,790</u>	<u>64,330</u>	<u>398,615</u>
DEFERRED INFLOWS OF RESOURCES				
Delinquent property taxes	-	-	-	-
Total liabilities and deferred inflows of resources	<u>-</u>	<u>45,790</u>	<u>64,330</u>	<u>398,615</u>
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted for				
General fund	-	-	-	-
Special revenue	-	-	-	-
Capital projects	-	-	-	-
Debt service	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ -</u>	<u>\$ 45,790</u>	<u>\$ 64,330</u>	<u>\$ 398,615</u>

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
COMBINING BALANCE SHEET -
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
JUNE 30, 2019**

	<i>Fund 27155</i> Breakfast for Elementary Students	<i>Fund 27166</i> Kindergarten Three Plus	<i>Fund 27198</i> K3+4&5 PILOT Program	<i>Fund 28120</i> NM Highway Dept. (Road)
ASSETS				
Cash and cash equivalents	\$ -	\$ -	\$ 3	\$ -
Restricted cash and cash equivalents	-	-	-	-
Accounts receivable, collectible				
Taxes	-	-	-	-
Due from other governments	-	-	-	-
Other receivables	-	-	-	-
Interfund receivables	-	-	-	-
Inventory	-	-	-	-
Total assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3</u>	<u>\$ -</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued payroll liabilities	-	-	-	-
Interfund payables	-	-	-	-
Unearned revenues	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES				
Delinquent property taxes	-	-	-	-
Total liabilities and deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted for				
General fund	-	-	-	-
Special revenue	-	-	3	-
Capital projects	-	-	-	-
Debt service	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	<u>-</u>	<u>-</u>	<u>3</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3</u>	<u>\$ -</u>

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
COMBINING BALANCE SHEET -
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
JUNE 30, 2019**

	<i>Fund 29102</i> Private Direct Grants	<i>Fund 29135</i> Industrial Revenue Bonds PILOT	Total
ASSETS			
Cash and cash equivalents	\$ -	\$ 172,086	\$ 3,169,673
Restricted cash and cash equivalents	-	-	-
Accounts receivable, collectible			
Taxes	-	-	-
Due from other governments	-	-	1,442,576
Other receivables	-	-	-
Interfund receivables	-	-	-
Inventory	-	-	-
Total assets	<u>\$ -</u>	<u>\$ 172,086</u>	<u>\$ 4,612,249</u>
LIABILITIES			
Accounts payable	\$ -	\$ -	\$ 2,570
Accrued payroll liabilities	-	-	-
Interfund payables	-	-	1,441,516
Unearned revenues	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>1,444,086</u>
DEFERRED INFLOWS OF RESOURCES			
Delinquent property taxes	-	-	-
Total liabilities and deferred inflows of resources	<u>-</u>	<u>-</u>	<u>1,444,086</u>
FUND BALANCES			
Nonspendable	-	-	-
Restricted for			
General fund	-	-	-
Special revenue	-	172,086	3,168,163
Capital projects	-	-	-
Debt service	-	-	-
Assigned	-	-	-
Unassigned	-	-	-
Total fund balances	<u>-</u>	<u>172,086</u>	<u>3,168,163</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ -</u>	<u>\$ 172,086</u>	<u>\$ 4,612,249</u>

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2019**

	<i>Fund 22000</i>	<i>Fund 23000</i>	<i>Fund 24103</i>	<i>Fund 24106</i>
	Athletics	Non-instructional Support	Migrant Children Education	IDEA-B Entitlement
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	-	-	-	-
Federal grants	-	-	62,547	1,590,600
Miscellaneous	10,250	140	-	1,060
Charges for services	192,113	27,232	-	-
Interest	-	751	-	-
Total revenues	<u>202,363</u>	<u>28,123</u>	<u>62,547</u>	<u>1,591,660</u>
EXPENDITURES				
Current				
Instruction	136,662	19,934	51,817	409,082
Support services				
Students	-	-	10,408	774,663
Instruction	-	-	-	-
General administration	-	-	322	42,151
School administration	-	-	-	212,807
Central services	-	-	-	111,735
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	41,222
Other support services	-	-	-	-
Food services operations	-	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>136,662</u>	<u>19,934</u>	<u>62,547</u>	<u>1,591,660</u>
Excess (deficiency) of revenues over (under) expenditures	<u>65,701</u>	<u>8,189</u>	<u>-</u>	<u>-</u>
Other financing sources				
Operating transfers	-	-	-	-
Proceeds from bond issuances	-	-	-	-
Bond underwriter discount	-	-	-	-
Bond underwriter premium	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	<u>65,701</u>	<u>8,189</u>	<u>-</u>	<u>-</u>
Fund balances, beginning of year	62,395	-	-	-
Prior Period Restatement	-	825,357	-	-
Fund balance, beginning of year, restated	<u>62,395</u>	<u>825,357</u>	<u>-</u>	<u>-</u>
Fund balances, end of year	<u>\$ 128,096</u>	<u>\$ 833,546</u>	<u>\$ -</u>	<u>\$ -</u>

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2019**

	<i>Fund 24108</i>	<i>Fund 24109</i>	<i>Fund 24132</i>	<i>Fund 24153</i>
	IDEA-B Competitive	IDEA-B Preschool	IDEA-B Results Plan	English Language Acquisition
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	-	-	-	-
Federal grants	3,887	93,748	78,999	78,379
Miscellaneous	-	-	-	-
Charges for services	-	-	-	-
Interest	-	-	-	-
Total revenues	<u>3,887</u>	<u>93,748</u>	<u>78,999</u>	<u>78,379</u>
EXPENDITURES				
Current				
Instruction	1,067	9,259	78,265	76,842
Support services				
Students	1,304	81,529	-	-
Instruction	-	-	-	-
General administration	1,516	2,960	-	1,537
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food services operations	-	-	-	-
Community services	-	-	734	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>3,887</u>	<u>93,748</u>	<u>78,999</u>	<u>78,379</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources				
Operating transfers	-	-	-	-
Proceeds from bond issuances	-	-	-	-
Bond underwriter discount	-	-	-	-
Bond underwriter premium	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, beginning of year	-	-	-	-
Prior Period Restatement	-	-	-	-
Fund balance, beginning of year, restated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2019**

	<i>Fund 24154</i> Teacher/Principal Training & Recruiting	<i>Fund 24160</i> Rural and Low Income Schools	<i>Fund 24174</i> Carl D Perkins Secondary Current	<i>Fund 24176</i> Carl D Perkins Secondary Redistribution
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	-	-	-	-
Federal grants	405,710	257,498	90,134	13,945
Miscellaneous	-	-	-	-
Charges for services	-	-	-	-
Interest	-	-	-	-
Total revenues	<u>405,710</u>	<u>257,498</u>	<u>90,134</u>	<u>13,945</u>
EXPENDITURES				
Current				
Instruction	386,870	249,369	84,914	13,494
Support services				
Students	3,242	-	493	-
Instruction	684	-	-	-
General administration	12,809	8,129	2,714	451
School administration	2,105	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	2,013	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food services operations	-	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>405,710</u>	<u>257,498</u>	<u>90,134</u>	<u>13,945</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources				
Operating transfers	-	-	-	-
Proceeds from bond issuances	-	-	-	-
Bond underwriter discount	-	-	-	-
Bond underwriter premium	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, beginning of year	-	-	-	-
Prior Period Restatement	-	-	-	-
Fund balance, beginning of year, restated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2019**

	<i>Fund 24187</i>	<i>Fund 25145</i>	<i>Fund 25153</i>	<i>Fund 25200</i>
	Migrant Regional Recruiting	Impact Aid Special Education	Title XIX Medicaid	ROTC
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	-	-	-	-
Federal grants	44,889	115,447	1,166,266	489
Miscellaneous	-	-	-	-
Charges for services	-	-	-	-
Interest	-	-	-	-
Total revenues	<u>44,889</u>	<u>115,447</u>	<u>1,166,266</u>	<u>489</u>
EXPENDITURES				
Current				
Instruction	549	1,418	-	489
Support services				
Students	42,225	30,520	1,126,654	-
Instruction	-	-	-	-
General administration	1,417	742	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	698	-	-	-
Other support services	-	-	-	-
Food services operations	-	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>44,889</u>	<u>32,680</u>	<u>1,126,654</u>	<u>489</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>82,767</u>	<u>39,612</u>	<u>-</u>
Other financing sources				
Operating transfers	-	-	-	-
Proceeds from bond issuances	-	-	-	-
Bond underwriter discount	-	-	-	-
Bond underwriter premium	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	<u>-</u>	<u>82,767</u>	<u>39,612</u>	<u>-</u>
Fund balances, beginning of year	-	61,424	1,846,140	-
Prior Period Restatement	-	-	-	-
Fund balance, beginning of year, restated	<u>-</u>	<u>61,424</u>	<u>1,846,140</u>	<u>-</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ 144,191</u>	<u>\$ 1,885,752</u>	<u>\$ -</u>

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2019**

	<i>Fund 26103</i>	<i>Fund 26148</i>	<i>Fund 26184</i> Clovis Municipal Schools Foundation	<i>Fund 27103</i> Dual Credit Instructional Materials
	ENLACE UNM	Walton Family Foundation		
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	-	-	-	32,728
Federal grants	-	-	-	-
Miscellaneous	149,146	1,700	36,795	-
Charges for services	-	-	-	-
Interest	-	-	-	-
Total revenues	<u>149,146</u>	<u>1,700</u>	<u>36,795</u>	<u>32,728</u>
EXPENDITURES				
Current				
Instruction	75,324	-	37,934	32,728
Support services				
Students	69,712	-	-	-
Instruction	-	-	-	-
General administration	2,620	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food services operations	-	-	-	-
Community services	1,490	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>149,146</u>	<u>-</u>	<u>37,934</u>	<u>32,728</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>1,700</u>	<u>(1,139)</u>	<u>-</u>
Other financing sources				
Operating transfers	-	-	-	-
Proceeds from bond issuances	-	-	-	-
Bond underwriter discount	-	-	-	-
Bond underwriter premium	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	<u>-</u>	<u>1,700</u>	<u>(1,139)</u>	<u>-</u>
Fund balances, beginning of year	-	-	3,928	-
Prior Period Restatement	-	-	-	-
Fund balance, beginning of year, restated	<u>-</u>	<u>-</u>	<u>3,928</u>	<u>-</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ 1,700</u>	<u>\$ 2,789</u>	<u>\$ -</u>

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2019**

	<i>Fund 27125</i> Excellence in Teaching Awards	<i>Fund 27138</i> Incentives for School Improvement	<i>Fund 27141</i> Truancy Initiative PED	<i>Fund 27149</i> Pre-K Initiative
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	145,095	45,790	178,131	961,860
Federal grants	-	-	-	-
Miscellaneous	-	-	-	-
Charges for services	-	-	-	-
Interest	-	-	-	-
Total revenues	<u>145,095</u>	<u>45,790</u>	<u>178,131</u>	<u>961,860</u>
EXPENDITURES				
Current				
Instruction	145,095	-	650	959,860
Support services				
Students	-	-	177,481	-
Instruction	-	-	-	-
General administration	-	-	-	2,000
School administration	-	8,271	-	-
Central services	-	37,519	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food services operations	-	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>145,095</u>	<u>45,790</u>	<u>178,131</u>	<u>961,860</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources				
Operating transfers	-	-	-	-
Proceeds from bond issuances	-	-	-	-
Bond underwriter discount	-	-	-	-
Bond underwriter premium	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, beginning of year	-	-	-	-
Prior Period Restatement	-	-	-	-
Fund balance, beginning of year, restated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2019**

	<i>Fund 27155</i> Breakfast for Elementary Students	<i>Fund 27166</i> Kindergarten Three Plus	<i>Fund 27198</i> K3+4&5 PILOT Program	<i>Fund 28120</i> NM Highway Dept. (Road)
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	83,428	163,999	70,722	246,000
Federal grants	-	-	-	-
Miscellaneous	-	-	-	-
Charges for services	-	-	-	-
Interest	-	-	-	-
Total revenues	<u>83,428</u>	<u>163,999</u>	<u>70,722</u>	<u>246,000</u>
EXPENDITURES				
Current				
Instruction	-	127,604	46,854	-
Support services				
Students	-	12,885	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	16,952	8,562	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	6,558	15,303	-
Other support services	-	-	-	-
Food services operations	83,428	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	246,000
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>83,428</u>	<u>163,999</u>	<u>70,719</u>	<u>246,000</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>3</u>	<u>-</u>
Other financing sources				
Operating transfers	-	-	-	-
Proceeds from bond issuances	-	-	-	-
Bond underwriter discount	-	-	-	-
Bond underwriter premium	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	<u>-</u>	<u>-</u>	<u>3</u>	<u>-</u>
Fund balances, beginning of year	-	-	-	-
Prior Period Restatement	-	-	-	-
Fund balance, beginning of year, restated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3</u>	<u>\$ -</u>

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2019**

	<i>Fund 29102</i>	<i>Fund 29135</i>	
	Private	Industrial	
	Direct	Revenue	
	Grants	Bonds PILOT	Total
REVENUES			
Property taxes	\$ -	\$ -	\$ -
State grants	-	-	1,927,753
Federal grants	-	-	4,002,538
Miscellaneous	10,130	108,686	317,907
Charges for services	-	-	219,345
Interest	-	-	751
Total revenues	<u>10,130</u>	<u>108,686</u>	<u>6,468,294</u>
EXPENDITURES			
Current			
Instruction	10,130	-	2,956,210
Support services			
Students	-	-	2,331,116
Instruction	-	-	684
General administration	-	-	79,368
School administration	-	-	248,697
Central services	-	-	149,254
Operation & maintenance of plant	-	-	2,013
Student transportation	-	-	63,781
Other support services	-	-	-
Food services operations	-	-	83,428
Community services	-	-	2,224
Capital outlay	-	-	246,000
Debt service			
Principal	-	-	-
Interest	-	-	-
Total expenditures	<u>10,130</u>	<u>-</u>	<u>6,162,775</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>108,686</u>	<u>305,519</u>
Other financing sources			
Operating transfers	-	-	-
Proceeds from bond issuances	-	-	-
Bond underwriter discount	-	-	-
Bond underwriter premium	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	<u>-</u>	<u>108,686</u>	<u>305,519</u>
Fund balances, beginning of year	-	63,400	2,037,287
Prior Period Restatement	-	-	825,357
Fund balance, beginning of year, restated	<u>-</u>	<u>63,400</u>	<u>2,862,644</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ 172,086</u>	<u>\$ 3,168,163</u>

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
NONMAJOR CAPITAL PROJECTS FUNDS – FUND DESCRIPTIONS
JUNE 30, 2019**

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

Public School Capital Outlay – State (Fund 31200). To account for Critical Capital Outlay funds and other special capital outlay funds received from the State of New Mexico. The funds are restricted for the purposes outlined in the applicable legislation under which the funds were approved. This generally includes construction of new schools or improvements to existing schools.

Public School Capital Outlay - Local (Fund 31300). This fund is used to account revenues that are derived from local sources such as the sale of a building.

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

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
COMBINING BALANCE SHEET -
NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2019**

	<i>Fund 31200</i> Public School Capital Outlay State	<i>Fund 31300</i> Public School Capital Outlay Local	<i>Fund 31700</i> Capital Improvements SB-9 State Match	Total
ASSETS				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Restricted cash and cash equivalents	-	144,569	-	144,569
Accounts receivable, collectible				
Taxes	-	-	-	-
Due from other governments	-	-	441,814	441,814
Other receivables	-	-	-	-
Interfund receivables	-	-	-	-
Inventory	-	-	-	-
Total assets	<u>\$ -</u>	<u>\$ 144,569</u>	<u>\$ 441,814</u>	<u>\$ 586,383</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued payroll liabilities	-	-	-	-
Interfund payables	-	-	441,814	441,814
Unearned revenues	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>441,814</u>	<u>441,814</u>
DEFERRED INFLOWS OF RESOURCES				
Delinquent property taxes	-	-	-	-
Total liabilities and deferred inflows of resources	<u>-</u>	<u>-</u>	<u>441,814</u>	<u>441,814</u>
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted for				
General fund	-	-	-	-
Special revenue	-	-	-	-
Capital projects	-	144,569	-	144,569
Debt service	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	<u>-</u>	<u>144,569</u>	<u>-</u>	<u>144,569</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ -</u>	<u>\$ 144,569</u>	<u>\$ 441,814</u>	<u>\$ 586,383</u>

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED JUNE 30, 2019**

	<i>Fund 31200</i> Public School Capital Outlay State	<i>Fund 31300</i> Public School Capital Outlay Local	<i>Fund 31700</i> Capital Improvements SB-9 State Match	Total
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	1,078,609	-	1,180,980	2,259,589
Federal grants	-	-	-	-
Miscellaneous	-	-	-	-
Charges for services	-	-	-	-
Interest	-	-	-	-
Total revenues	<u>1,078,609</u>	<u>-</u>	<u>1,180,980</u>	<u>2,259,589</u>
EXPENDITURES				
Current				
Instruction	-	-	-	-
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food services operations	-	-	-	-
Community services	-	-	-	-
Capital outlay	1,078,609	268,231	1,180,980	2,527,820
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>1,078,609</u>	<u>268,231</u>	<u>1,180,980</u>	<u>2,527,820</u>
Excess of revenues over expenditures	<u>-</u>	<u>(268,231)</u>	<u>-</u>	<u>(268,231)</u>
Other financing sources				
Operating transfers	-	-	-	-
Proceeds from bond issues	-	-	-	-
Bond underwriter discount	-	-	-	-
Bond underwriter premium	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	-	(268,231)	-	(268,231)
Fund balances, beginning of year	-	412,800	-	412,800
Fund balances, end of year	<u>\$ -</u>	<u>\$ 144,569</u>	<u>\$ -</u>	<u>\$ 144,569</u>

OTHER SUPPLEMENTARY INFORMATION

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES -
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019**

	Balance June 30, 2018	Restatement (Note 17)	Balance June 30, 2018, Restated	Additions	Deletions	Balance June 30, 2019
Barry Elementary	\$ 33,509	\$ (25,570)	\$ 7,939	\$ 14,206	\$ 20,011	\$ 2,134
Bella Vista Elementary	11,437	(11,063)	373	7,629	5,681	2,321
Cameo Elementary	14,233	(8,515)	5,718	10,744	13,085	3,377
Central Office	147,640	(104,427)	43,213	53,032	71,090	25,155
Clovis High School	364,709	(325,076)	39,633	910,135	806,100	143,668
Freshman Academy	55,575	(35,663)	19,913	56,531	67,444	9,000
Gattis Middle School	42,439	(43,378)	(939)	65,083	54,837	9,308
Highland Elementary	19,275	(18,902)	373	1,621	1,562	433
James Bickley Elementary	15,251	(13,307)	1,944	7,527	9,291	180
La Casita Elementary	9,975	(7,333)	2,642	12,274	13,578	1,338
Lincoln Jackson Family Center	33,196	(33,196)	-	-	-	-
Lockwood Elementary	13,813	(6,488)	7,325	19,041	25,332	1,034
Los Niño's Early Intervention	70,491	(21,792)	48,699	15,146	59,753	4,093
Marshall Middle School	41,574	(34,188)	7,386	62,932	62,982	7,336
Mesa Elementary	31,636	(21,894)	9,742	51,502	58,268	2,976
Parkview Elementary	12,776	(21,029)	(8,253)	31,434	21,058	2,122
Ranchvale Elementary	-	-	-	-	-	-
Sandia Elementary	23,850	(19,686)	4,164	38,377	37,419	5,123
Scholarship	160,481	-	160,481	8,498	9,548	159,432
Student Support Center	1,922	(1,991)	(69)	443	284	90
Yucca Middle School	34,010	(32,842)	1,168	56,410	49,667	7,911
Zia Elementary	49,873	(39,017)	10,855	67,548	72,057	6,346
Total All Schools	<u>\$ 1,187,665</u>	<u>\$ (825,357)</u>	<u>\$ 362,308</u>	<u>\$ 1,490,114</u>	<u>\$ 1,459,046</u>	<u>393,377</u>
					Payroll Clearing	<u>8,222</u>
					Total Assets	<u>\$ 401,599</u>

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
COMBINING STATEMENT OF REVENUES AND EXPENDITURES -
FUND 23000 NON-INSTRUCTIONAL FUNDS, ACTIVITY FUNDS ONLY
FOR THE YEAR ENDED JUNE 30, 2019**

	Balance June 30, 2018	Restatement (Note 17)	Balance June 30, 2018, Restated	Revenues	Expenditures	Balance June 30, 2019
Barry Elementary	\$ -	\$ 25,570	\$ 25,570	\$ -	\$ 646	\$ 24,924
Bella Vista Elementary	-	11,063	11,063	-	-	11,063
Cameo Elementary	-	8,515	8,515	-	-	8,515
Central Office	-	104,427	104,427	892	180	105,139
Clovis High School	-	325,076	325,076	21,092	11,561	334,607
Freshman Academy	-	35,663	35,663	280	180	35,763
Gattis Middle School	-	43,378	43,378	1,491	23	44,846
Highland Elementary	-	18,902	18,902	-	-	18,902
James Bickley Elementary	-	13,307	13,307	-	8	13,299
La Casita Elementary	-	7,333	7,333	-	-	7,333
Lockwood Elementary	-	6,488	6,488	-	-	6,488
Los Niño's Early Intervention	-	54,988	54,988	-	428	54,560
Marshall Middle School	-	34,188	34,188	4,281	2,775	35,694
Mesa Elementary	-	21,894	21,894	-	4,050	17,844
Parkview Elementary	-	21,029	21,029	-	-	21,029
Sandia Elementary	-	19,686	19,686	-	20	19,666
Student Support Center	-	1,991	1,991	-	-	1,991
Yucca Middle School	-	32,842	32,842	108	5	32,945
Zia Elementary	-	39,017	39,017	-	79	38,938
Total All Schools	<u>\$ -</u>	<u>\$ 825,357</u>	<u>\$ 825,357</u>	<u>\$ 28,144</u>	<u>\$ 19,955</u>	<u>\$ 833,546</u>

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
SCHEDULE OF COLLATERAL PLEDGED BY
DEPOSITORY FOR PUBLIC FUNDS
AS OF JUNE 30, 2019**

Name of Depository	Description of Pledged Collateral	Fair Market Value June 30, 2019	Name and Location of Safe Keeper
Citizen's Bank of Clovis	GNMA II Pool #MA0213 CUSIP 36179MGW4 3.00% Due 07/20/2042	\$ 999,411	Texas Independent Bank Dallas, Texas
Citizen's Bank of Clovis	GNMA II Pool #MA0775 CUSIP 36179M2G4 3.00% Due 02/20/2043	1,184,760	Texas Independent Bank Dallas, Texas
Citizen's Bank of Clovis	GNMA MA3610 CUSIP 36179SAK3 3.00% Due 04/20/2046	1,256,200	Texas Independent Bank Dallas, Texas
Citizen's Bank of Clovis	GNMA MA3688 CUSIP 36179SCZ8 2.00% Due 05/20/2046	1,275,789	Texas Independent Bank Dallas, Texas
Citizen's Bank of Clovis	GNMA GNR 2012-17 CD CUSIP 38378DBL8 4.00% Due 09/20/2040	589,180	Texas Independent Bank Dallas, Texas
Citizen's Bank of Clovis	GNMA GNR 2013-41 KE CUSIP 38378JR79 3.00% Due 10/20/2042	541,598	Texas Independent Bank Dallas, Texas
Citizen's Bank of Clovis	GNMA II Pool #MA0527 CUSIP 36179MSQ4 3.00 % Due 11/20/2042	745,575	Texas Independent Bank Dallas, Texas
Citizen's Bank of Clovis	GNR 2016-44 JC CUSIP 38379V7K4 3.00 Due 3/20/2046	1,474,239	Texas Independent Bank Dallas, Texas
Citizen's Bank of Clovis	GNR 2017-67 DB CUSIP 38376UJ91 2.50% Due 5/20/2047	1,813,359	Texas Independent Bank Dallas, Texas

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
SCHEDULE OF COLLATERAL PLEDGED BY
DEPOSITORY FOR PUBLIC FUNDS (CONTINUED)
AS OF JUNE 30, 2019**

Name of Depository	Description of Pledged Collateral	Fair Market Value June 30, 2019	Name and Location of Safe Keeper
Citizen's Bank of Clovis	GNR 2013-52 A CUSIP 38378KGG8 1.15% Due 6/16/2038	\$ 2,260,914	Texas Independent Bank Dallas, Texas
Citizen's Bank of Clovis	GNR 2013-61 A CUSIP 38378KFZ7 1.45% Due 1/16/2043	<u>2,232,622</u>	Texas Independent Bank Dallas, Texas
Subtotal Citizen's Bank of Clovis		<u>14,373,647</u>	
New Mexico Bank & Trust	US SBA POOL 510423 CUSIP 83164MSL4 6.58% Due 07/25/2029	2,050,186	SunTrust Bank Atlanta, Georgia
New Mexico Bank & Trust	US SBA POOL 522327 CUSIP 83165AYY4 6.69% Due 05/25/2029	<u>2,840,005</u>	SunTrust Bank Atlanta, Georgia
Subtotal New Mexico Bank & Trust		<u>4,890,191</u>	
Western Bank of Clovis	FHLMC GOLD G08737, 3128MJZB9 CUSIP 1393000065 3.00% Due 12/01/2046	843,183	Federal Home Loan Bank Dallas, Texas
Western Bank of Clovis	FHLMC GOLD G08741, 3128MJZF0 CUSIP 1393000063 3.00% Due 01/01/2047	838,193	Federal Home Loan Bank Dallas, Texas
Western Bank of Clovis	FNMA AR2626, 3138NY4L6 CUSIP 1393000061 2.50% Due 02/01/2043	704,113	Federal Home Loan Bank Dallas, Texas
Western Bank of Clovis	FNMA MA0614, 31417YVG9 CUSIP 1393000034 4.00% Due 01/01/2041	104,030	Federal Home Loan Bank Dallas, Texas
Western Bank of Clovis	FNMA 2496, 31418BX27 CUSIP 1393000059 3.00% Due 01/01/2036	1,192,196	Federal Home Loan Bank Dallas, Texas

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
SCHEDULE OF COLLATERAL PLEDGED BY
DEPOSITORY FOR PUBLIC FUNDS (CONTINUED)
AS OF JUNE 30, 2019**

Name of Depository	Description of Pledged Collateral	Fair Market Value June 30, 2019	Name and Location of Safe Keeper
Western Bank of Clovis	GNMA II MA4116, 36179SSDO CUSIP 7016001769 3.00% Due 12/20/2046	\$ 760,489	Federal Home Loan Bank Dallas, Texas
Western Bank of Clovis	GNMA II ARM #008062, 36202J5X2 CUSIP 3890013566 Variable Int Due 10/20/2022	7,329	Federal Home Loan Bank Dallas, Texas
Western Bank of Clovis	GNMA II ARM #008096, 36202J7H5 CUSIP 3890014163 Variable Int Due 12/20/2022	10,563	Federal Home Loan Bank Dallas, Texas
Western Bank of Clovis	GNMA II ARM #008889, 36202K2W4 CUSIP 4321014354 Variable Int Due 12/20/2021	8,346	Federal Home Loan Bank Dallas, Texas
Western Bank of Clovis	GNMA II 080781, 36225C2P0 CUSIP 3890015244 Variable Int Due 12/20/2033	10,425	Federal Home Loan Bank Dallas, Texas
Western Bank of Clovis	GNMA II ARM 080156, 36225CE69 CUSIP 812000061 Variable Int Due 01/20/2028	9,541	Federal Home Loan Bank Dallas, Texas
Western Bank of Clovis	GNMA II ARM 080204, 36225CGN0 CUSIP 4321014313 Variable Int Due 06/20/2028	12,044	Federal Home Loan Bank Dallas, Texas
Western Bank of Clovis	GNMA II ARM 080230, 36225CHG4 CUSIP 3890009556 Variable Int Due 10/20/2028	25,823	Federal Home Loan Bank Dallas, Texas
Western Bank of Clovis	GNMA II ARM 080272, 36225CJS6 CUSIP 4321014314 11105.580% Due 04/20/2029	9,118	Federal Home Loan Bank Dallas, Texas
Western Bank of Clovis	GNMA FN MA3312, 31418VCE1 CUSIP 31418VCE1 3.00% Due 03/01/2033	444,354	Federal Home Loan Bank Dallas, Texas

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
SCHEDULE OF COLLATERAL PLEDGED BY
DEPOSITORY FOR PUBLIC FUNDS (CONTINUED)
AS OF JUNE 30, 2019**

Name of Depository	Description of Pledged Collateral	Fair Market Value June 30, 2019	Name and Location of Safe Keeper
Western Bank of Clovis	US SBAP 2009-20F 1, 83162CSP9 CUSIP 1393000022 Variable Int Due 06/01/2029	\$ 115,980	Federal Home Loan Bank Dallas, Texas
Western Bank of Clovis	US SBAP 2010-20D 1, 83162CTE3 CUSIP 190006492 Variable Int Due 04/01/2030	280,746	Federal Home Loan Bank Dallas, Texas
Western Bank of Clovis	GNMA FG G18681, 3128MMXK4 CUSIP 1393000070 3.00% Due 03/01/2033	439,158	Federal Home Loan Bank Dallas, Texas
Western Bank of Clovis	US SBAP 2012-20B 1, 83162CUP6 CUSIP 1393000037 Variable Int Due 02/01/2032	166,278	Federal Home Loan Bank Dallas, Texas
Subtotal Western Bank of Clovis		<u>5,981,909</u>	
Bank of Clovis	FNMA FNR 2012-117 DC CUSIP 3136A8M56 3.00% Due 01/25/2038	760,372	Plains Capital Bank Lubbock, Texas
Bank of Clovis	West Las Vegas SD #1 NM 19 CUSIP 953769JX5 2.75% Due 08/15/2019	250,260	Plains Capital Bank Lubbock, Texas
Bank of Clovis	Santa Rosa SD 8 NM 20 CUSIP 802751DS3 2.00% Due 05/15/2020	376,586	Plains Capital Bank Lubbock, Texas
Bank of Clovis	Taos Gross Receipts NM 23 CUSIP 87601RAL4 4.10% Due 06/01/2023	546,161	Plains Capital Bank Lubbock, Texas
Bank of Clovis	Alamogordo Muni SD #1 NM 2 CUSIP 011464HN7 2.50% Due 08/01/2025	607,842	Plains Capital Bank Lubbock, Texas

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
SCHEDULE OF COLLATERAL PLEDGED BY
DEPOSITORY FOR PUBLIC FUNDS (CONTINUED)
AS OF JUNE 30, 2019**

Name of Depository	Description of Pledged Collateral	Fair Market Value June 30, 2019	Name and Location of Safe Keeper
Bank of Clovis	Clovis Gross Receipts NM 26 CUSIP 189387DH3 2.40% Due 06/01/2026	\$ 446,266	Plains Capital Bank Lubbock, Texas
Bank of Clovis	FHLMC 15 YR CUSIP 3128MD3J0 3.50% Due 10/01/2028	318,044	Plains Capital Bank Lubbock, Texas
Bank of Clovis	FHLMC Conv 15 High LTV bigger CUSIP 3132LKAY6 3.50% Due 08/01/2030	670,063	Plains Capital Bank Lubbock, Texas
Bank of Clovis	FHLMC High LTV > 125% CUSIP 3132G5B57 3.50% Due 01/01/2031	681,529	Plains Capital Bank Lubbock, Texas
Bank of Clovis	FHLMC 20 YR CUSIP 3128P7RE5 4.00% Due 08/01/2031	430,928	Plains Capital Bank Lubbock, Texas
Bank of Clovis	FHLMC FHR 4240 A CUSIP 3137B3TW8 3.00% Due 08/15/2031	475,874	Plains Capital Bank Lubbock, Texas
Bank of Clovis	FNMA 20 YR CUSIP 31417Y6Q5 4.00% Due 10/01/2031	537,327	Plains Capital Bank Lubbock, Texas
Bank of Clovis	FNMA 20 YR CUSIP 31418AAJ7 4.00% Due 11/01/2031	486,476	Plains Capital Bank Lubbock, Texas
Bank of Clovis	FNMA 20 YR CUSIP 3138ETBH8 4.00% Due 02/01/2032	969,241	Plains Capital Bank Lubbock, Texas
Bank of Clovis	FNMA 20 YR CUSIP 3138ENTQ2 4.00% Due 03/01/2032	399,739	Plains Capital Bank Lubbock, Texas

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
SCHEDULE OF COLLATERAL PLEDGED BY
DEPOSITORY FOR PUBLIC FUNDS (CONTINUED)
AS OF JUNE 30, 2019**

Name of Depository	Description of Pledged Collateral	Fair Market Value June 30, 2019	Name and Location of Safe Keeper
Bank of Clovis	FHLMC FHR 2881 AE CUSIP 31395J5C6 5.00% Due 08/15/2034	\$ 40,052	Plains Capital Bank Lubbock, Texas
Bank of Clovis	FNMA Conv <30 Mtg CUSIP 3138EPNB6 4.00% Due 01/01/2035	582,034	Plains Capital Bank Lubbock, Texas
Bank of Clovis	GNMA II 5x1 CUSIP 36225DQM9 3.63% Due 05/20/2035	137,485	Plains Capital Bank Lubbock, Texas
Bank of Clovis	FNMA FNR 2009-82 QA CUSIP 31398FPM7 4.00% Due 08/25/2035	73,429	Plains Capital Bank Lubbock, Texas
Bank of Clovis	FHLMC FHR 3910 JG CUSIP 3137AELV5 2.75% Due 12/15/2037	270,191	Plains Capital Bank Lubbock, Texas
Bank of Clovis	FNMA FNR 2013-127 LA CUSIP 3136AHAZ3 2.50% Due 05/25/2039	288,963	Plains Capital Bank Lubbock, Texas
Bank of Clovis	FHLMC FHR 4012 KE CUSIP 3137AMP50 3.00% Due 07/15/2039	315,334	Plains Capital Bank Lubbock, Texas
Bank of Clovis	GNMA GNR 2016-58 TA CUSIP 38379WXJ6 2.00% Due 12/20/2039	593,300	Plains Capital Bank Lubbock, Texas
Bank of Clovis	FHLMC FHR 3984 MA CUSIP 3137AKF30 2.00% Due 01/15/2040	267,293	Plains Capital Bank Lubbock, Texas
Bank of Clovis	FHLMC FHR 3819 GA CUSIP 3137A8LT3 2.00% Due 06/15/2040	346,917	Plains Capital Bank Lubbock, Texas

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
SCHEDULE OF COLLATERAL PLEDGED BY
DEPOSITORY FOR PUBLIC FUNDS (CONTINUED)
AS OF JUNE 30, 2019**

Name of Depository	Description of Pledged Collateral	Fair Market Value June 30, 2019	Name and Location of Safe Keeper
Bank of Clovis	FNMA FNR 2012-113 PB CUSIP 3136A8V64 2.00% Due 10/25/2040	\$ 424,023	Plains Capital Bank Lubbock, Texas
Bank of Clovis	FNMA FNR 2011-73 PA CUSIP 3136A0US4 3.50% Due 05/25/2041	414,535	Plains Capital Bank Lubbock, Texas
Bank of Clovis	FHLMC FHR 4016 CA CUSIP 3137AN5X9 2.00% Due 07/15/2041	438,845	Plains Capital Bank Lubbock, Texas
Bank of Clovis	FHLMC FHR 4027 TA CUSIP 3137ANTK1 3.50% Due 07/15/2041	520,471	Plains Capital Bank Lubbock, Texas
Bank of Clovis	GNMA GNR 2011-156 MA CUSIP 38378A3G4 2.00% Due 09/16/2041	284,479	Plains Capital Bank Lubbock, Texas
Bank of Clovis	FNMA FNR 2012-73 JB CUSIP 3136A65G5 3.50% Due 01/25/2042	525,222	Plains Capital Bank Lubbock, Texas
Bank of Clovis	FNMA FNR 2014-40 EP CUSIP 3136AKMJ9 3.50% Due 10/25/2042	628,354	Plains Capital Bank Lubbock, Texas
Bank of Clovis	FHLMC FHR 4579 BA CUSIP 3137BPP29 3.00% Due 01/15/2043	633,444	Plains Capital Bank Lubbock, Texas
Bank of Clovis	FNMA FNR 2014-38 QD CUSIP 3136AKNR0 2.00% Due 12/25/2043	390,502	Plains Capital Bank Lubbock, Texas
Bank of Clovis	TEXICO SD #2 NM 19 CUSIP 883005CF5 3.85% Due 8/01/2019	250,480	Plains Capital Bank Lubbock, Texas

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
SCHEDULE OF COLLATERAL PLEDGED BY
DEPOSITORY FOR PUBLIC FUNDS (CONTINUED)
AS OF JUNE 30, 2019**

Name of Depository	Description of Pledged Collateral	Fair Market Value June 30, 2019	Name and Location of Safe Keeper
Bank of Clovis	TEXICO SD #2 NM 20 CUSIP 883005CG3 4.00% Due 08/01/2020	\$ 340,697	Plains Capital Bank Lubbock, Texas
Bank of Clovis	ESTANCIA MUNI SD #7 NM 22 CUSIP 297326FH8 2.00% Due 06/15/2022	253,175	Plains Capital Bank Lubbock, Texas
Bank of Clovis	ESPANOLA SD#55 NM 22 CUSIP 29662RAX6 2.00% Due 09/01/2022	540,335	Plains Capital Bank Lubbock, Texas
Bank of Clovis	HOBBS SD #16 NM 23 CUSIP 433866EX4 2.50% Due 07/15/2023	907,767	Plains Capital Bank Lubbock, Texas
Bank of Clovis	BELEN SD #2-BLDG NM 23 CUSIP 077581PR1 2.25% Due 8/01/2023	1,434,804	Plains Capital Bank Lubbock, Texas
Bank of Clovis	ROSWELL ISO NM 23 CUSIP 778550HS5 3.00% Due 8/01/2023	206,236	Plains Capital Bank Lubbock, Texas
Bank of Clovis	LEA CO SD#28 NM 23 CUSIP 521570AU5 2.00% Due 10/01/2023	653,244	Plains Capital Bank Lubbock, Texas
Bank of Clovis	UNIV OF NEW MEXICO NM 23 CUSIP 914684DW2 2.00% Due 10/15/2023	1,001,210	Plains Capital Bank Lubbock, Texas
Bank of Clovis	ESTANCIA MUNI SD #7 NM 24 CUSIP 297326FK1 2.00% Due 6/15/2024	251,910	Plains Capital Bank Lubbock, Texas
Bank of Clovis	ALAMOGORDO MUNI SD#1 NM 2 CUSIP 011464HM9 2.50% Due 8/01/2024	609,468	Plains Capital Bank Lubbock, Texas

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
SCHEDULE OF COLLATERAL PLEDGED BY
DEPOSITORY FOR PUBLIC FUNDS (CONTINUED)
AS OF JUNE 30, 2019**

Name of Depository	Description of Pledged Collateral	Fair Market Value June 30, 2019	Name and Location of Safe Keeper
Bank of Clovis	ESTANCIA MUNI SD #7 NM 25 CUSIP 297326FL9 2.00% Due 6/15/2025	\$ 251,018	Plains Capital Bank Lubbock, Texas
Bank of Clovis	HOBBS MUNI SD #16-REF NM 27 CUSIP 43385QBD8 2.25% Due 9/15/2027	1,259,604	Plains Capital Bank Lubbock, Texas
Bank of Clovis	FNMA 15YR AS7828 CUSIP 3138WHVW9 2.50% Due 8/01/2031	894,250	Plains Capital Bank Lubbock, Texas
Bank of Clovis	FNR 2014-81 HC CUSIP 3136ALZZ7 3.00% Due 6/25/2037	872,989	Plains Capital Bank Lubbock, Texas
Bank of Clovis	FHR4238 DG CUSIP 3137B4CBO 3.00 % Due 2/15/2042	<u>647,105</u>	Plains Capital Bank Lubbock, Texas
Subtotal Bank of Clovis		<u>25,505,873</u>	
Total All Banks		<u>\$ 50,751,620</u>	

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
SCHEDULE OF CASH AND TEMPORARY INVESTMENT ACCOUNTS
AS OF JUNE 30, 2019**

Bank Account Type	Bank of Clovis	NM Bank & Trust	Western Bank of Clovis	Citizen's Bank of Clovis	Total
Checking - General Account	\$ 4,696,778	\$ -	\$ -	\$ -	\$ 4,696,778
Money Market - Activity	28,192	-	-	-	28,192
Money Market - Bond Building	4,009,677	-	-	-	4,009,677
Money Market - Operational	4,077,608	-	-	-	4,077,608
Certificate of Deposit - Activity	646,346	-	-	-	646,346
Certificate of Deposit - Operational	5,386,213	-	-	-	5,386,213
Checking - General Building	-	1,837,562	-	-	1,837,562
Checking - Accounts Payable	-	183,274	-	-	183,274
Money Market - SB-9	-	-	4,524,293	-	4,524,293
Money Market - Debt Service	-	-	1,298,421	-	1,298,421
Checking - Payroll Account	-	-	-	4,923,679	4,923,679
Checking - Food Services	-	-	-	2,957,319	2,957,319
Checking - Activity	-	-	-	693,440	693,440
Total on Deposit	18,844,814	2,020,836	5,822,714	8,574,438	35,262,802
Reconciling Items	(190,838)	(278,511)	-	(4,250,439)	(4,719,788)
Reconciled Balance, June 30, 2019	<u>\$ 18,653,976</u>	<u>\$ 1,742,325</u>	<u>\$ 5,822,714</u>	<u>\$ 4,323,999</u>	30,543,014
Plus: Petty Cash					<u>140</u>
Cash (includes restricted) per Government-wide Financial Statements and Agency Funds					<u>\$ 30,543,154</u>

Checking accounts with the Bank of Clovis, NM Bank & Trust, and Citizen's Bank of Clovis are non-interest bearing

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
SCHEDULE OF CASH RECONCILIATION
FOR THE YEAR ENDED JUNE 30, 2019**

	<i>Fund 11000</i>	<i>Fund 13000</i>	<i>Fund 14000</i>	<i>Fund 21000</i>
	<u>Operational</u>	<u>Transportation Account</u>	<u>Instructional Materials</u>	<u>Food Services</u>
Cash balance,* June 30, 2018	\$ 9,198,693	\$ -	\$ 500,693	\$ 3,171,164
Additions to cash				
2018-19 revenue	59,806,626	2,093,655	271,495	3,471,410
Receipt of prior year loans	1,851,927	-	-	-
Transfer from other funds	-	-	-	-
Loans from other funds	-	-	-	-
Total additions to cash	<u>70,857,246</u>	<u>2,093,655</u>	<u>772,188</u>	<u>6,642,574</u>
Deductions to cash				
2018-19 expenditures	58,410,615	2,093,498	299,823	3,780,323
Repayment of loans	-	-	-	-
Transfer to other funds	-	-	-	-
Loans to other funds	3,607,595	-	-	-
Total deductions to cash	<u>62,018,210</u>	<u>2,093,498</u>	<u>299,823</u>	<u>3,780,323</u>
Adjustments:				
Adoption of new accounting standard (Note 17)	-	-	-	-
Other receivables	-	-	-	-
Prepaid	-	-	-	-
Change due to held checks	(4,127)	-	-	-
Total adjustments to cash	<u>(4,127)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash balance,* June 30, 2019	<u>\$ 8,834,909</u>	<u>\$ 157</u>	<u>\$ 472,365</u>	<u>\$ 2,862,251</u>

*Cash balances include cash, restricted cash, and investments.

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
SCHEDULE OF CASH RECONCILIATION (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2019**

	<i>Fund 22000</i>	<i>Fund 23000</i>	<i>Fund 24000</i>	<i>Fund 25000</i>
	Athletics Account	Non-Instructional Support	Federal Flow-through	Federal Direct
Cash balance,* June 30, 2018	\$ 62,395	\$ -	\$ -	\$ 1,827,559
Additions to cash				
2018-19 revenue	202,363	28,123	4,341,238	1,362,964
Receipt of prior year loans	-	-	-	-
Transfer from other funds	-	-	-	-
Loans from other funds	-	-	2,603,431	-
Total additions to cash	<u>264,758</u>	<u>28,123</u>	<u>6,944,669</u>	<u>3,190,523</u>
Deductions to cash				
2018-19 expenditures	136,279	18,806	5,597,545	1,159,823
Repayment of loans	-	-	1,350,324	757
Transfer to other funds	-	-	-	-
Loans to other funds	-	-	-	-
Total deductions to cash	<u>136,279</u>	<u>18,806</u>	<u>6,947,869</u>	<u>1,160,580</u>
Adjustments:				
Adoption of new accounting standard (Note 17)	-	825,357	-	-
Other receivables	-	-	-	-
Prepaid	-	-	3,200	-
Change due to held checks	-	-	-	-
Total adjustments to cash	<u>-</u>	<u>825,357</u>	<u>3,200</u>	<u>-</u>
Cash balance,* June 30, 2019	<u>\$ 128,479</u>	<u>\$ 834,674</u>	<u>\$ -</u>	<u>\$ 2,029,943</u>

*Cash balances include cash, restricted cash, and investments.

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
SCHEDULE OF CASH RECONCILIATION (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2019**

	<i>Fund 26000</i>	<i>Fund 27000</i>	<i>Fund 28000</i>	<i>Fund 29000</i>
	Local Grants	State Flow-through	State Direct	Local/ State
Cash balance,* June 30, 2018	\$ 3,929	\$ -	\$ -	\$ 63,400
Additions to cash				
2018-19 revenue	184,886	1,556,386	246,000	118,816
Receipt of prior year loans	-	-	-	-
Transfer from other funds	-	-	-	-
Loans from other funds	46,875	515,474	-	-
Total additions to cash	<u>235,690</u>	<u>2,071,860</u>	<u>246,000</u>	<u>182,216</u>
Deductions to cash				
2018-19 expenditures	187,080	1,681,750	246,000	10,130
Repayment of loans	-	390,107	-	-
Transfer to other funds	-	-	-	-
Loans to other funds	-	-	-	-
Total deductions to cash	<u>187,080</u>	<u>2,071,857</u>	<u>246,000</u>	<u>10,130</u>
Adjustments:				
Adoption of new accounting standard (Note 17)	-	-	-	-
Other receivables	(44,121)	-	-	-
Prepaid	-	-	-	-
Change due to held checks	-	-	-	-
Total adjustments to cash	<u>(44,121)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash balance,* June 30, 2019	<u>\$ 4,489</u>	<u>\$ 3</u>	<u>\$ -</u>	<u>\$ 172,086</u>

*Cash balances include cash, restricted cash, and investments.

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
SCHEDULE OF CASH RECONCILIATION (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2019**

	<i>Fund 31100</i>	<i>Fund 31200</i>	<i>Fund 31300</i>	<i>Fund 31700</i>
	Bond Building	Public School	Public School	Capital
	State	Capital Outlay	Capital Outlay	Improvements
	State	State	Local	SB-9 State
Cash balance,* June 30, 2018	\$ 4,803,984	\$ -	\$ 412,800	\$ -
Additions to cash				
2018-19 revenue	7,025,435	-	-	805,782
Receipt of prior year loans	-	-	-	-
Transfer from other funds	-	-	-	-
Loans from other funds	-	-	-	441,814
Total additions to cash	<u>11,829,419</u>	<u>-</u>	<u>412,800</u>	<u>1,247,596</u>
Deductions to cash				
2018-19 expenditures	7,604,620	-	268,231	1,180,979
Repayment of loans	-	-	-	66,617
Transfer to other funds	-	-	-	-
Loans to other funds	-	-	-	-
Total deductions to cash	<u>7,604,620</u>	<u>-</u>	<u>268,231</u>	<u>1,247,596</u>
Adjustments:				
Adoption of new accounting standard (Note 17)	-	-	-	-
Other receivables	-	-	-	-
Prepaid	-	-	-	-
Change due to held checks	-	-	-	-
Total adjustments to cash	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash balance,* June 30, 2019	<u>\$ 4,224,799</u>	<u>\$ -</u>	<u>\$ 144,569</u>	<u>\$ -</u>

*Cash balances include cash, restricted cash, and investments.

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
SCHEDULE OF CASH RECONCILIATION (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2019**

	<i>Fund 31701</i>	<i>Fund 41000</i>	
	Capital Improvements	Debt Service	Total
	<u>SB-9</u>	<u>Fund</u>	<u>Total</u>
Cash balance,* June 30, 2018	\$ 6,167,740	\$ 4,238,521	\$ 30,450,878
Additions to cash			
2018-19 revenue	1,666,809	4,099,370	87,281,358
Receipt of prior year loans	-	-	1,851,927
Transfer from other funds	-	-	-
Loans from other funds	-	-	3,607,594
Total additions to cash	<u>7,834,549</u>	<u>8,337,891</u>	<u>123,191,757</u>
Deductions to cash			
2018-19 expenditures	1,485,808	4,253,801	88,415,111
Repayment of loans	-	-	1,807,805
Transfer to other funds	-	-	-
Loans to other funds	-	-	3,607,595
Total deductions to cash	<u>1,485,808</u>	<u>4,253,801</u>	<u>93,830,511</u>
Adjustments:			
Adoption of new accounting standard (Note 17)	-	-	825,357
Other receivables	-	-	(44,121)
Prepaid	-	-	3,200
Change due to held checks	-	-	(4,127)
Total adjustments to cash	<u>-</u>	<u>-</u>	<u>780,309</u>
Cash balance,* June 30, 2019	<u>\$ 6,348,741</u>	<u>\$ 4,084,090</u>	30,141,555
		Fiduciary Fund Cash	<u>401,599</u>
			<u>\$ 30,543,154</u>

*Cash balances include cash, restricted cash, and investments.

COMPLIANCE SECTION



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

The Board of Education
Clovis Municipal Schools
Clovis, New Mexico and
Mr. Brian Colón Esq.
New Mexico State Auditor
Santa Fe, New Mexico

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons of the general fund and major special revenue funds of the Clovis Municipal Schools (the “District”), as of and for the year ended June 30, 2019, 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, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District’s internal control. Accordingly, we do not express an opinion on the effectiveness of the District’s internal control.

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

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

The Board of Education
Clovis Municipal Schools and
Mr. Brian Colón Esq.
New Mexico State Auditor

described in the accompanying Schedule of Findings and Questioned Costs that we consider to be significant deficiencies as item 2019-001.

Compliance and Other Matters

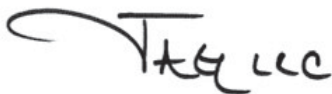
As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2019-001 and 2019-002.

The District's Responses to Findings

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

Purpose of this Report

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

A handwritten signature in black ink, appearing to read "JAG LLC". The signature is stylized with a large, sweeping initial letter.

Jaramillo Accounting Group LLC (JAG)
Albuquerque, New Mexico
October 17, 2019



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

The Board of Education
Clovis Municipal Schools
Clovis, New Mexico and
Mr. Brian Colón Esq.
New Mexico State Auditor
Santa Fe, New Mexico

Report on Compliance for the Major Federal Program

We have audited Clovis Municipal School’s (the “District”) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2019. The District's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management’s Responsibility

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

Auditor’s Responsibility

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

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

The Board of Education
Clovis Municipal Schools and
Mr. Brian Colón Esq.
New Mexico State Auditor

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Other Matters

The results of our auditing procedures disclosed an instance of non-compliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying Schedule of Findings and Questioned Costs as item 2019-003. Our opinion on each major federal program is not modified with respect to these matters.

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

Report on Internal Control over Compliance

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

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


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

The Board of Education
Clovis Municipal Schools and
Mr. Brian Colón Esq.
New Mexico State Auditor

compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as item 2019-003 that we considered to be a significant deficiency.

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

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

A handwritten signature in black ink, appearing to read "JAG LLC". The signature is stylized with a large, sweeping initial letter.

Jaramillo Accounting Group LLC (JAG)
Albuquerque, New Mexico
October 17, 2019

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019**

Federal Grantor or Pass-Through Grantor/Program Title	Federal CFDA	Pass-through Number	Passed-through to Subrecipients	Federal Expenditures
U.S. Department of Defense				
ROTC Language and Culture Training Grants	12.357		\$ -	\$ 489
U.S. Department of Education				
<i>Pass-through State of New Mexico Public Education Department</i>				
Title I Grants to Local Educational Agencies	84.010	24101	-	2,877,208
Migrant Education State Grant Program	84.011	24103	-	62,547
<i>Special Education Cluster (IDEA)</i>				
Special Education Grants to States	84.027	24106/24108/24132	-	1,673,486
Special Education Preschool Grants	84.173	24109	-	93,748
<i>Special Education Cluster (IDEA) Total</i>			-	1,767,234
English Language Acquisition State Grants	84.365	24153	-	78,379
Supporting Effective Instruction State Grants	84.367	24154	10,789	405,710
Career and Technical Education - Basic Grants to States	84.048	24174/24176	-	104,079
Rural Education	84.358	24160	-	257,498
<i>Subtotal - Pass-through State of New Mexico Public Education Department</i>			10,789	5,552,655
<i>Direct U.S. Department of Education</i>				
Impact Aid	84.041		-	412,321
<i>Subtotal - Direct U.S. Department of Education</i>			-	412,321
Total U.S. Department of Education			10,789	5,964,976
U.S. Department of Agriculture				
<i>Child Nutrition Cluster</i>				
<i>Pass-through State of New Mexico Public Education Department</i>				
<i>Cash Assistance</i>				
School Breakfast Program	10.553	21000		1,290,646
National School Lunch Program	10.555	21000	-	2,313,921
<i>Pass-through State of New Mexico Human Services Department</i>				
<i>Non-Cash Assistance</i>				
National School Lunch Program (Commodities)	10.555	21000	-	319,534
<i>Total Child Nutrition Cluster</i>			-	3,924,101
Total U.S. Department of Agriculture			-	3,924,101
Total Federal Financial Assistance			\$ 10,789	\$ 9,889,566

See Notes to Schedules of
Expenditures of Federal Awards.

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2019**

NOTE 1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of Clovis Municipal Schools (District) under programs of the federal government for the year ended June 30, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position or changes in financial position of the District.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting, which is the same basis as was used to prepare the fund financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3. SUBRECIPIENT

The District provided the following federal award to a subrecipient during the year:

CFDA 84.367, Supporting Effective Education State Grants
Clovis Christian School in the amount of \$10,789

NOTE 4. NON-CASH FEDERAL ASSISTANCE

The District receives USDA Commodities for use in sponsoring the National School Lunch and Breakfast program. Per USDA guidance (FPI-18-2), donated USDA commodities should be grouped with the National School Lunch Program and use the same CFDA number as the National School Lunch Program. The value of commodities received for the year ended June 30, 2019 was \$319,534. Commodities are recorded as revenues and expenditures in the Food Service fund.

NOTE 5. INDIRECT COST RATE

During the year ended June 30, 2019, the New Mexico Public Education Department reimbursed the District for indirect costs at 3.26%.

NOTE 6. RECONCILIATION OF FEDERAL REVENUE TO FEDERAL EXPENDITURES

Federal expenditures as reported on Schedule of Expenditure of Federal Awards	\$ 9,889,566
District as contractor relationship:	
Medicaid (Fund 25153)	1,166,266
Migrant Regional Recruiting (Fund 24187)	44,889
Indirect cost recovery (Fund 11000)	149,381
Advance reimbursement grant (Impact Aid - Fund 25145)	82,767
Federal revenue as reported in the financial statements	<u>\$ 11,332,869</u>

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2019**

2017-002

IT Access – Segregation of Duties
Significant Deficiency

Resolved

2017-004

Activity Funds
Significant Deficiency

Modified and Repeated

STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2019

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements:

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

Federal Awards:

- | | | | | | | | |
|--|-------------------------|------------------------|---------------|-------------------------|----------------|--|--|
| 1. Internal control over major programs: | | | | | | | |
| a. Material weakness identified? | No | | | | | | |
| b. Significant deficiencies identified not considered to be material weaknesses? | Yes | | | | | | |
| 2. Type of auditor’s report issued on compliance for major programs | Unmodified | | | | | | |
| 3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)? | Yes | | | | | | |
| 4. Identification of major programs: | | | | | | | |
| <table style="margin-left: auto; margin-right: auto; border: none;"> <tr> <td style="text-align: center;">CFDA</td> <td style="text-align: center;"><u>Federal Program</u></td> </tr> <tr> <td style="text-align: center;"><u>Number</u></td> <td style="text-align: center;">Child Nutrition Cluster</td> </tr> <tr> <td style="text-align: center;">10.553, 10.555</td> <td></td> </tr> </table> | CFDA | <u>Federal Program</u> | <u>Number</u> | Child Nutrition Cluster | 10.553, 10.555 | | |
| CFDA | <u>Federal Program</u> | | | | | | |
| <u>Number</u> | Child Nutrition Cluster | | | | | | |
| 10.553, 10.555 | | | | | | | |
| 5. Dollar threshold used to distinguish between type A and type B programs: | \$750,000 | | | | | | |
| 6. Auditee qualified as low-risk auditee? | Yes | | | | | | |

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2019**

SECTION II – FINANCIAL STATEMENT FINDINGS

2019-001 (PREVIOUSLY REPORTED AS 2017-004) ACTIVITY FUNDS

TYPE OF FINDING: Significant Deficiency and Other Non-Compliance

CONDITION

Control and tracking of tickets for activities has improved from the prior year. The District has also implemented procedures for the tracking of complimentary tickets to games. During our testing of the District’s activity funds and walkthrough of three campus’s controls, we noted the following:

- Yucca Middle School uses a deposit balancing report to track and control tickets, sales, and cash receipts that is not being used in accordance with management’s instructions. The deposit balancing report did not have the area for ticket numbers filled out because, according to the school’s finance secretary, they only stamp the hands of individuals rather than using tickets. This is not in accordance with District policy. Also, while the game was held on August 28, 2018, the deposit was not made until the 31st, which violates the 24-hour rule (as more fully described below).

CRITERIA

NM Public Education Department (PED) Manual of Procedures – PSAB Supplement 18 – Student Activity & Athletics - As governments increasingly respond to the demands for fiscal and operational accountability, best practice dictates the creation of strong controls surrounding activity funds, including assurance that all transactions are recorded and reported in district and charter school financial records. Additionally, at a minimum, proper lines of authority combined with strong control practices, such as segregation of duties, multiple checks and balances, requirements for annual audits, and regular financial reporting, are the elements to protect against error, waste, fraud or misuse.

6.20.2.14(B) NMAC - 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.

EFFECT

Without proper controls over activity funds, there is an increased chance fraud or errors could occur. This can be devastating to the staff, students, parents, and community members who have supported the District financially.

CAUSE

Although the District’s Central Office does train employees, there may not be proper implementation or oversight of the strong controls over activity funds necessary. In this instance, the School’s finance secretary was not in the position at the beginning of the year when the beginning of the year training occurred, however, the employee did attend subsequent, monthly meetings/trainings that addressed the subject of cash controls at school sites.

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2019**

SECTION II – FINANCIAL STATEMENT FINDINGS (CONTINUED)

2019-001 (PREVIOUSLY REPORTED AS 2017-004) ACTIVITY FUNDS (CONTINUED)

RECOMMENDATION

We recommend assessing risk over each cash receipts revenue stream at each school, frequently monitoring controls that are then implemented over activity funds and holding employees accountable for non-compliance with policies and procedures.

MANAGEMENT RESPONSE

Corrective Action: The District Finance office continues to upgrade our training practices to ensure all employees are properly trained. All new secretaries receive individual training by the Coordinator of Accounting Services, which was provided to the Yucca Finance Secretary. We will discuss offering a training certificate of completion or a sign in sheet indicating they have been trained and who to contact with questions or additional training. For FY 19-20, we have started having two meetings per month on the same topic to allow for both the Finance and School Secretaries to attend the trainings. We continue to hold the annual back to school training. Both the Finance and School Secretaries attended this training. Additionally, all employees who receipt money are removed from Skyward security on June 30 and must attend a receipt training session to have the security added back to be able to receipt money. We also added an Athletic Coordinator training at the beginning of the year. This group of individuals are responsible for the athletic events at the middle schools and Freshman Academy.

Last year, the district changed the process on the middle school and freshman academy athletic gate revenue. Based on the conversation with our auditors, we had the choice of hiring additional employee to allow for separation of duties between the ticket seller and ticket taker. This was not a cost effective measure as the proceeds from those gates would not be enough to pay for both employees. Our second option was to not sell tickets at all and use a stamp to allow entrance and exit during games. We chose this option. We did not, however, change the Deposit Balancing Report to have a separate report for the Athletic games at the High School and a separate Deposit Balance Report at the middle school and Freshman Academy. We have added yet another Deposit Balancing Report for Middle School, Freshman Academy, Junior Varsity, and "C" Team games.

In addition to the multiple trainings, the Finance office also conducts monthly audits of financial processes including audits on deposits, fundraisers, timecards, time off, time and effort, fixed assets, petty cash, tickets, and timeclocks. We know there are instances of non-compliance with the 24-hour deposit rule. In most cases, the secretaries are self-reporting. We counsel them and offer assistance if they have to leave their office unexpectedly. In cases where there are multiple occurrences, we provide additional training with the secretary and the Principal to look at changing a procedure at a school site.

Due Date of Completion: February 2020

Responsible Party: Assistant Superintendent of Finance

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2019**

SECTION II – FINANCIAL STATEMENT FINDINGS (CONTINUED)

2019-002 OVER-EXPENDITURE OF BUDGET

TYPE OF FINDING: Other Non-Compliance

CONDITION

The District has a major function line item where actual expenditures exceeded budgetary authority:

Fund 31701	Major Function 2000 – Support Services	\$412
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CRITERIA

NMAC 6.20.2.9(A) states: “every school district shall follow budget requirements stated in Sections 22-8-5 through 22-8-12.2 NMSA 1978, and procedures of the department in preparing, submitting, maintaining and reporting budgetary information. Budgetary control shall be at the function level. Over-expenditure of a function shall not be allowed”.

EFFECT

The District is out of compliance with New Mexico state statute and the control established using budgets has been compromised, which could result in deficit fund balances and unnecessary usage of operating funds to cover the over-expenditures.

CAUSE

The Finance Department did not prepare a budget adjustment request to prevent the overage, due to the timing of the receipt of tax collection, which was greater than was initially budgeted for by PED.

RECOMMENDATION

We recommend the District establish a policy of budgetary review by the governing council or finance committee at the end of each quarter and have the governing council approve the necessary budgetary adjustments to ensure funds are not over expended. We recommend expanding the OBMS to Infinite Visions reconciliation and budgetary review to the function level immediately. We recommend completing these reconciliations weekly and completing budget and actuals statements monthly.

MANAGEMENT RESPONSE

Corrective Action: The Public Education Department closes the creating of Budget Adjustment Requests at June 1, long before the final Property Tax Payment is mailed. For FY 18-19, we received the check on Thursday, June 27. The Deputy Superintendent of Finance had reviewed the collection of property tax receipts over the past couple of years and it did not appear that we would exceed those collects this year. Unfortunately, June receipts were higher than expected and it was too late to complete a Budget Adjustment Request to avoid the over-expenditure of the function. The Property Tax collects have an expense of 1% of the collect that is reported as an expenditure. This fee is what caused the district to have actual expenditures that exceeded budgetary authority. The Deputy Superintendent of Finance will continue to review the collection of property taxes and compare those collects to prior years to help avoid this finding in the future.

Due Date of Completion: February 2020

Responsible Party: Assistant Superintendent of Finance

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2019**

SECTION III – FEDERAL AWARD FINDINGS

2019-003 STUDENT NUTRITION – VERIFICATION

TYPE OF FINDING: Significant Deficiency /Non-Compliance

Federal Program Information:

Funding agency: U.S. Department of Agriculture
Title: National School Lunch Program
CFDA Number: 10.555

CONDITION

During our testing of 17 applications selected for verification, we noted calculations of gross income were done incorrectly on 4 applications, with 3 of those applications resulting in 6 students receiving free and reduced meals when they should not have. The verification letters sent to District families requested proof of one month of income, but only one bi-weekly stub was submitted in 3 cases. This does not allow for accurate regular pay to be determined or the determination of whether overtime is sporadic or regular.

Application 19-743. Verification was completed by accepting a notarized statement for the income reported on the application from the spouse of deployed military. This is not an acceptable method on the verification instructions the District sent to families. Differences due to added pay not being included is common for military verifications. Spouses should have log in information or access to base finance office to get requested information.

Application 19-478. Accepted one bi-monthly or bi-weekly stub for verification. Gross income for the father was not picked up, a smaller amount was used, and year-to-date pay is more than calculation completed for the year. Recalculated verification amount not in package. Three students allowed to remain on reduced price lunches when they should have been full price.

Application 19-183 and 19S-800. Two households that were selected for verification merged at some point in time. The mother had an application with SNAP for her one child. The father was allowed to add the additional child and spouse. The child was also on her separate application. Overtime and other pay items were not included in the calculation for his income. Although only one bi-weekly stub was submitted, year-to-date pay includes non-sporadic overtime and other gross pay. Adding expected regular pay will put the total income over the reduced limit even without adding expected overtime. The result was one student on the mother's application remaining free due to SNAP, when the verification should have moved the child off of free meals. Two students of the three on the father's application received reduced price meals when they should be full price. Support for verification showed SNAP benefits to end in November 2018, but the connection to the new household was not made, and free meals were provided all year.

Application 19-714. Only one bi-weekly pay stub was submitted for verification. This pay stub was \$300 less than the average regular and sick pay. The year to date gross pay had additional income of \$2,768. Even excluding \$2,527 of overtime, the result is a total amount greater than the verification amount calculated by the District for the year. After adding the lower bi-weekly pay for the remainder of the year, it puts the gross pay

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2019**

SECTION III – FEDERAL AWARD FINDINGS (CONTINUED)

2019-003 STUDENT NUTRITION – VERIFICATION (CONTINUED)

over the limit for reduced price meals. The result was one student moved from free to reduced price meals for the year when they should have been charged full price.

Application 19-919. Verification resulted in two students remaining in free status, but should have been changed to reduced. Regular pay to date, plus monthly salary to be paid for the remainder of the year puts the gross pay over the free limit.

CRITERIA

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

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

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

QUESTIONED COSTS

None

EFFECT

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

CAUSE

The District's differences in this area resulted from not following federal regulations over calculation of income for verifications and to verify questionable applications.

RECOMMENDATION

We recommend that the District develops procedures to make sure verification calculations are correct. The District needs to ensure it uses all information provided as part of the verification process. Regular pay should be calculated for the year, and then the District needs include overtime and bonuses to get to a gross amount. Families that do not qualify should not receive free and reduced meals. In situations where the amount calculated for income is less than what was on the application, follow up should occur to determine why. In addition, questionable applications or situations where changes in household members becomes known, they should be flagged for verification in addition to the required verification sample.

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2019**

SECTION III – FEDERAL AWARD FINDINGS (CONTINUED)

2019-003 STUDENT NUTRITION – VERIFICATION (CONTINUED)

MANAGEMENT RESPONSE

Corrective Action: The Deputy Superintendent of Finance, the Executive Director of Operations, the Director of Student Nutrition, the Administrative Assistant of Student Nutrition, and the Student Nutrition Bookkeeper met to review the Eligibility Manual for School Meals, a handbook provided by the USDA Food and Nutrition Services, 7 CFR, Part 210 on the National School Lunch Program, and CFR 245 6a (c) (7). The group discussed, at length, current processes and matched those processes to regulations and statute.

The Administrative Assistant to Student Nutrition reviewed the current procedures and is in the process of making changes to the verification of eligibility determination. Beginning October 1, 2019, all applications indicating no income will be reviewed as a “for cause” application per CFR 245 61 (c) (7). A checklist will be used to assess if the application is correct or if other income should have been reported.

During the Verification Process, the Student Nutrition department will ensure that they receive proof of a full months’ income. The paystubs will be verified with calculations on year-to-date income and review of any overtime, bonus, extra-time, etc. This information will be reviewed by the Verification Committee and a determination will be made. The results of that determination and how it was made will be indicated on the new Verification Checklist form. Additionally, during the verification process, documentation on federal assistance will be reviewed for expiration dates. If proper documentation is not received by the department, the family will be put on paid status until documentation is received.

Due Date of Completion: October 2019

Responsible Party: Director of Student Nutrition

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
EXIT CONFERENCE
JUNE 30, 2019**

The contents of this report were discussed on October 17, 2019. The following individuals were in attendance:

Clovis Municipal Schools

Shawn Hamilton - Audit Committee Member/Board Member
Cindy Osburn - Audit Committee Member/Board President
Ribble Holloman - Audit Committee Member
Renee Russ - Superintendent
Mitzi Estes - Deputy Superintendent of Academy Services & Leadership
Shawna Russell - Deputy Superintendent of Finance
Carlyn Hancock - Deputy Director of Special Education
John King - Deputy Director of Operations
Laura Adkins - Executive Director of Language, Culture, and At-risk
Barbara Hardin - Coordinator of Accounting Services
Heather Nieto - Chief Procurement Officer
Carlos Molina - Comptroller
Jelayne Curtis - Executive Administrative Assistant to the Superintendent
Sharon Garcia - Administrative Assistant of Student Nutrition
Sherry Dominguez - Fixed Asset and Internal Audit Clerk
Geri Schumpert - Benefits Clerk
Tammy Lethgo - Executive Assistant to Finance
Laura Laurent - Payroll Clerk
Shelby Ellis - Accounts Payable

Jaramillo Accounting Group LLC (JAG)

Scott Eliason, CPA, Partner
Audrey J. Jaramillo, CPA, CFE, Managing Partner (telephone)

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

OTHER INFORMATION

Clovis Municipal Schools

P.O. Box 19000
1009 Main Street
Clovis, New Mexico 88102-9000
575.769.4300 FAX 575.769.4333
www.clovis-schools.org



Renee Russ, Superintendent
Joe Strickland, Deputy Superintendent of Employee Services
Mitzi Estes, Deputy Superintendent of Academic Services & Leadership
Shawna Russell, Deputy Superintendent of Finance

Board
of
Education

Cindy Osburn, President
Kyle Snider, Vice President
Paul Cordova, Secretary
Shawn Hamilton, Member
Terry Martin, Member

CORRECTIVE ACTION PLAN

October 17, 2019

US Department of Education

Clovis Municipal Schools respectfully submits the following corrective action plan for the year ended June 30, 2019.

Name and address of independent public accounting firm:

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

Audit period:

June 30, 2019

The findings from the June 30, 2019 Schedule of Findings and Questioned Costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

FINDINGS - FINANCIAL STATEMENT AUDIT

SIGNIFICANT DEFICIENCY AND OTHER NON-COMPLIANCE

2019-001 (PREVIOUSLY REPORTED AS 2017-004) ACTIVITY FUNDS

RECOMMENDATION

We recommend assessing risk over each cash receipts revenue stream at each school, frequently monitoring controls that are then implemented over activity funds and holding employees accountable for non-compliance with policies and procedures.

MANAGEMENT RESPONSE

Corrective Action: The District Finance office continues to upgrade our training practices to ensure all employees are properly trained. All new secretaries receive individual training by the Coordinator of Accounting Services, which was provided to the Yucca Finance Secretary. We will discuss offering a training certificate of completion or a sign in sheet indicating they have been trained and who to contact with questions or additional training. For FY 19-20, we have started having two meetings per month on the same topic to allow for both the Finance and School Secretaries to attend the trainings. We continue to hold the annual back to school training. Both the Finance and School Secretaries attended this training. Additionally, all employees who receipt money are removed from Skyward security on June 30 and must attend a receipt training session to have the security added back to be able to receipt money. We also added an Athletic Coordinator training at the beginning of the year. This group of individuals are responsible for the athletic events at the middle schools and Freshman Academy.

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Due Date of Completion: February 2020

Responsible Party: Assistant Superintendent of Finance

OTHER NON-COMPLIANCE

2019-002 OVER-EXPENDITURE OF BUDGET

RECOMMENDATION

We recommend the District establish a policy of budgetary review by the governing council or finance committee at the end of each quarter and have the governing council approve the necessary budgetary adjustments to ensure funds are not over expended. We recommend expanding the OBMS to Infinite Visions reconciliation and budgetary review to the function level immediately. We recommend completing these reconciliations weekly and completing budget and actuals statements monthly.

MANAGEMENT RESPONSE

Corrective Action: The Public Education Department closes the creating of Budget Adjustment Requests at June 1, long before the final Property Tax Payment is mailed. For FY 18-19, we received the check on Thursday, June 27. The Deputy Superintendent of Finance had reviewed the collection of property tax receipts over the past couple of years and it did not appear that we would exceed those collects this year. Unfortunately, June receipts were higher than expected and it was too late to complete a Budget Adjustment Request to avoid the over-expenditure of the function. The Property Tax collects have an expense of 1% of the collect that is reported as an expenditure. This fee is what caused the district to have actual expenditures that exceeded budgetary authority. The Deputy Superintendent of Finance will continue to review the collection of property taxes and compare those collects to prior years to help avoid this finding in the future.

Due Date of Completion: February 2020

Responsible Party: Assistant Superintendent of Finance

FINDINGS - FEDERAL AWARD PROGRAMS AUDIT

SIGNIFICANT DEFICIENCY/NON-COMPLIANCE

2019-003 STUDENT NUTRITION – VERIFICATION

RECOMMENDATION

We recommend that the District develops procedures to make sure verification calculations are correct. The District needs to ensure it uses all information provided as part of the verification process. Regular pay should be calculated for the year, and then the District needs include overtime and bonuses to get to a gross amount. Families that do not qualify should not receive free and reduced meals. In situations where the amount calculated for income is less than what was on the application, follow up should occur to determine why. In addition, questionable applications or situations where changes in household members becomes known, they should be flagged for verification in addition to the required verification sample.

MANAGEMENT RESPONSE

Corrective Action: The Deputy Superintendent of Finance, the Executive Director of Operations, the Director of Student Nutrition, the Administrative Assistant of Student Nutrition, and the Student Nutrition Bookkeeper met to review the Eligibility Manual for School Meals, a handbook provided by the USDA Food and Nutrition Services, 7 CFR, Part 210 on the National School Lunch Program, and CFR 245 6a (c) (7). The group discussed, at length, current processes and matched those processes to regulations and statute.

The Administrative Assistant to Student Nutrition reviewed the current procedures and is in the process of making changes to the verification of eligibility determination. Beginning October 1, 2019, all applications indicating no income will be reviewed as a “for cause” application per CFR 245 61 (c) (7). A checklist will be used to assess if the application is correct or if other income should have been reported.

During the Verification Process, the Student Nutrition department will ensure that they receive proof of a full months’ income. The paystubs will be verified with calculations on year-to-date income and review of any overtime, bonus, extra-time, etc. This information will be reviewed by the Verification Committee and a determination will be made. The results of that determination and how it was made will be indicated on the new Verification Checklist form. Additionally, during the verification process, documentation on federal assistance will be reviewed for expiration dates. If proper documentation is not received by the department, the family will be put on paid status until documentation is received.

Due Date of Completion: October 2019

Responsible Party: Director of Student Nutrition

If the US Department of Education has questions regarding this plan, please call me at 575-769-4327.

Sincerely yours,



Shawna Russell
Assistant Superintendent of Finance