

**State of New Mexico**  
**Deming Public Schools**  
**ANNUAL FINANCIAL REPORT**  
**For the Year Ended June 30, 2018**



**CRI** CARR  
RIGGS &  
INGRAM

CPAs and Advisors

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## **Introductory Section**

**Deming Public Schools**  
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**Deming Public Schools  
Official Roster  
June 30, 2018**

<u>Name</u>	<u>Board of Education</u>	<u>Title</u>
W. Bayne Anderson		President
Matt Robinson		Vice President
Sophia Cruz		Secretary
Patricia "Tris" McSherry		Member
William "Billy" Ruiz		Member
<u>School Officials</u>		
Dr. Arsenio Romero		Superintendent
Lesley Doyle		Executive Director of Finance
Joe Adcock		Controller

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## Report

## **INDEPENDENT AUDITORS' REPORT**

Wayne Johnson  
New Mexico State Auditor and  
The Board of Education  
Office of Management and Budget  
Deming Public Schools  
Deming, New Mexico

### **Report on Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, the discretely presented component unit, the aggregate remaining fund information, and the budgetary comparisons for the General Fund and major special revenue fund of Deming Public Schools (the "District"), as of and for the year ended June 30, 2018, and the related notes to the financial statements which collectively comprise the District's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditors' 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 District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also

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

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

### **Opinions**

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

### **Emphasis of Matter**

As discussed in Note 19 to the financial statements, the prior year financial statements have been restated in the amount of (\$35,737,652) related to the District's adoption of new accounting guidance, *GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis* on pages 14 through 20 and the GASB required pension and OPEB schedules, and the notes to the required supplementary information on pages 116 through 124 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, 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* Part 200, *Uniform Administrative Requirements, Cost*

*Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and Supporting Schedules* required by 2.2.2 NMAC as listed in the table of contents are presented for the 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 Supporting Schedules required by 2.2.2 NMAC as listed in the table of contents required by 2.2.2 NMAC are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, the Schedule of Expenditures of Federal Awards and Supporting Schedules required by 2.2.2 NMAC as listed in the table of contents are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2018, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of the District's 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.

*Carr, Riggs & Ingram, L.L.C.*

Carr, Riggs & Ingram, LLC  
Albuquerque, New Mexico  
November 15, 2018

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# Deming Public Schools Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2018

## INTRODUCTION

The discussion and analysis of Deming Public School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2018. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the School District's financial performance.

## FINANCIAL HIGHLIGHTS

Key financial highlights for fiscal year 2018 are as follows:

- + The net position of the governmental activities decreased for the fiscal year ended June 30, 2018, by \$27.0 million or 62.4%. This change is due primarily to the implementation of GASB 75 and the related post-employment benefit liability.
- + Total liabilities of governmental fund activities increased by \$65.4 million or 61.5% from the previous fiscal year. This is due mostly to increases in the Net Pension Liability and Net OPEB Liability for the district.
- + The district had \$73.2 million in expenses related to governmental activities; \$37.9 million of these expenses were offset by program specific charges for services and sales, grants, and contributions. General revenues (primarily consisting of state equalization guarantee, property taxes, and grants and entitlements) of \$44 million were adequate to provide for these programs.

## USING THE BASIC FINANCIAL STATEMENTS

This annual report consists of a series of financial statements and notes to these statements. These statements are organized so the reader can understand Deming Public School District as a financial whole, or as an entire operating entity.

The statement of net position and statement of activities provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other non-major funds presented in total in a single column. For Deming Public School District, the General Fund is the most significant fund.



## Deming Public Schools Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2018

### REPORTING THE SCHOOL DISTRICT AS A WHOLE

#### Statement of Net Position and Statements of Activities

While this report contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2018?" The statement of net position and the statement of activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting system used by most private sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash was received or paid.

These two statements report the School District's net position and changes in those assets. This change in net position is important because it identifies whether the financial position of the School District has improved or diminished for the School District as a whole. The cause of this change may be the result of many factors, some financial, some not. Non-financial factors include the School District's property tax base, facility conditions, required educational programs, and other factors.

In the statement of net position and the statement of activities, the School District is divided into two distinct kinds of activities:

**Governmental Activities** - Most of the School District's programs and services are reported here including instruction, support services, operation and maintenance of plant, pupil transportation, and extracurricular activities.

**Deming Public Schools  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2018**

The Statement of Net Position is presented in compressed form below:

	2018	2017	Variance
<b>Assets:</b>			
Current and other assets	\$ 25,413,701	\$ 34,423,799	\$ (9,010,098)
Capital assets, net of accumulated depreciation	133,870,741	105,087,688	28,783,053
<b>Total assets</b>	<b>159,284,442</b>	<b>139,511,487</b>	<b>19,772,955</b>
<b>Deferred outflows of resources:</b>			
Deferred outflows related to pension plan	37,888,124	11,375,272	26,512,852
<b>Total deferred outflows of resources</b>	<b>37,888,124</b>	<b>11,375,272</b>	<b>26,512,852</b>
<b>Total assets and deferred outflows of resources</b>	<b>\$ 197,172,566</b>	<b>\$ 150,886,759</b>	<b>\$ 46,285,807</b>
<b>Liabilities:</b>			
Current liabilities	\$ 5,342,253	\$ 5,837,020	\$ (494,767)
Net pension liability	111,223,590	72,515,582	38,708,008
Other long-term liabilities	55,232,918	27,975,792	27,257,126
<b>Total liabilities</b>	<b>171,798,761</b>	<b>106,328,394</b>	<b>65,470,367</b>
<b>Deferred inflows of resources:</b>			
Deferred inflows related to pension plan	9,050,342	1,189,154	7,861,188
<b>Net position:</b>			
Net Investment in Capital Assets	110,946,952	79,438,753	31,508,199
Restricted	20,014,412	29,527,865	(9,513,453)
Unrestricted	(114,637,901)	(65,597,407)	(49,040,494)
<b>Total net position</b>	<b>16,323,463</b>	<b>43,369,211</b>	<b>(27,045,748)</b>
<b>Total liabilities, net position and deferred inflows of resources</b>	<b>\$ 197,172,566</b>	<b>\$ 150,886,759</b>	<b>\$ 46,285,807</b>



**Deming Public Schools  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2018**

The Statement of Activities is presented in compressed form below:

	<b>2018</b>	<b>2017</b>	<b>Variance</b>
<b>Program revenues:</b>			
Charges for services	\$ 415,117	\$ 369,765	\$ 45,352
Operating grants and contributions	14,004,068	15,723,817	(1,719,749)
Capital grants and contributions	23,486,188	31,108,787	(7,622,599)
<b>General revenues:</b>			
Property taxes	4,966,975	5,547,848	(580,873)
State equalization guarantee	38,565,078	37,105,323	1,459,755
Interest and investment earnings	134,380	95,237	39,143
Miscellaneous revenue (expense)	306,218	880,010	(573,792)
Gain on disposal of capital asset	7,256	106,137	(98,881)
Reversion to PED	-	(175,925)	175,925
<b>Total revenues</b>	<b>81,885,280</b>	<b>90,760,999</b>	<b>(8,875,719)</b>
<b>Program expenses:</b>			
Instruction	38,927,301	32,683,664	6,243,637
Support services	14,246,223	11,852,281	2,393,942
Central services	1,888,238	1,531,323	356,915
Operation and maintenance of plant	10,315,016	7,165,333	3,149,683
Student transportation	2,551,244	2,806,914	(255,670)
Food services	4,759,403	4,172,091	587,312
Interest on long-term debt	505,951	697,849	(191,898)
<b>Total expenses</b>	<b>73,193,376</b>	<b>60,909,455</b>	<b>12,283,921</b>
<b>Increase (decrease) in net position</b>	<b>8,691,904</b>	<b>\$ 29,851,544</b>	<b>\$ (21,159,640)</b>
Net position - beginning	43,369,211		
Net position - restatement (note 19)	(35,737,652)		
Net position - as restated	7,631,559		
Net position - ending	\$ 16,323,463		



## **Deming Public Schools Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2018**

### **REPORTING THE SCHOOL DISTRICT'S MOST SIGNIFICANT FUNDS**

#### **Fund Financial Statements**

Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds.

#### **Governmental Funds**

Most of the School District's activities are reported in governmental funds, which focus on how monies flow into and out of those funds and the balances left at fiscal year-end for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent in the near future to finance educational programs. The relationship, or differences, between governmental activities reported in the statement of net position and the statement of activities and the governmental funds is reconciled in the financial statements.

#### **Governmental Activities**

The statement of activities reflects the cost of program services and the charges for services and sales, grants, and contributions offsetting those services. The Statement of Activities, for government activities, indicates the total cost of services and the net cost of services. It identifies the cost of these services supported by revenues from state entitlements.

The dependence upon revenues from the State of New Mexico for governmental activities is obvious. Sixty (60%) percent of the governmental activities are supported through general revenues.

#### **The School District's Funds**

The School District's governmental funds are accounted for using the modified accrual basis of accounting. Total governmental funds had revenues and other financing sources of \$81.9 million and expenditures and other financing uses of \$90.4 million. The net change in fund balance for the year was a decrease of \$8.6 million.

#### **General Fund Budgeting Highlights**

The School District's budget is prepared according to New Mexico law and Public Education Department Regulations and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund which is comprised of Operational, Transportation, and Instructional Materials funds.

**Deming Public Schools  
Management’s Discussion and Analysis  
For the Fiscal Year Ended June 30, 2018**

During the course of the 2018 fiscal year, the School District amended its General Fund budget as necessary. The School District utilizes a site-based budgeting technique. The budgeting systems are designed to tightly control site/department budgets, and to provide flexibility for site/departmental management.

For the General Fund, final budgeted revenues and other financing sources are equal to budgeted expenditures of \$42.72 million. Actual expenditures were \$40.48 million. The difference between budget and actual expenditures was primarily due to savings in salaries, and supply costs. Although, savings were experienced throughout the budget.

Actual revenues for the general fund were \$41.40 million with revenues from state sources constituting 98.4% of this total. Actual revenues exceeded actual expenditures by \$0.9 million.

**SIGNIFICANT VARIATIONS BETWEEN ORIGINAL AND FINAL BUDGETS**

<b>Significant Variations Between Original and Final Budgets</b>				
	<b>Original</b>	<b>Final</b>	<b>Change</b>	<b>% Change</b>
Revenue	\$ 40,531,665	\$ 41,182,393	(650,728)	1.6%
Expenditures	\$ 42,079,151	\$ 42,729,879	(650,728)	1.5%

The variations between the original and final budgets were not significant during fiscal year 2018. Budgeted revenue increased \$650,728 or 1.6% from the original to final budget. The expenditure budget increased or 1.5%. The District is required by state law to have a balanced budget.

**SIGNIFICANT CHANGES IN NET POSITION**

There is a significant decrease in the Unrestricted Net Position for the Governmental Funds. The decrease of \$49 million is predominantly attributable to the implementation of GASB 75 *Accounting and Financial reporting for Postemployment Benefits* which caused an increase in the District’s liabilities of \$27 million and the District’s increase in pension liability of \$38.7 million. These decreases are offset by an increase in capital assets of \$28.8 million.

No other funds experienced significant changes in fund balance.

# Deming Public Schools Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2018

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

During the 2018 fiscal year, the District had a net increase of \$28.8 million. The total additions consisted primarily of the continued construction of Deming High School and Deming Intermediate School. The District had a net decrease of \$.059 million in equipment and furniture. At the end of fiscal 2018, the District had \$163.5 million invested in depreciable assets with accumulated depreciation of \$55.4 million, \$2.4 million in land and \$23.4 million in Construction in Progress.

### Debt

At June 30, 2018, the District had outstanding bonds payable of \$26.9 million.

The District is bonded to 74% of the legal limit of \$35.6 million. In February 2018, the voters approved the issuance of \$10 million in bonds. The bonds are to be sold in equal amounts of \$2.5 million over a four-year period.

## FACTORS IMPACTING FUTURE PERIODS

Deming High School will be complete December 2018. The district will also begin renovations on two elementary schools and the sports stadium over the next two years.

The District is not aware of any additional facts, decisions, or conditions that are expected to have a significant effect on the financial position or results of operations during fiscal year 2019. The District will maintain close oversight of resources to ensure our ability to react to any unknown internal and external issues.

## CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances and to reflect the School District's accountability for the monies it receives. To learn more about the District's strategic plan, goals and program results, please visit our web site at [www.demingps.org](http://www.demingps.org). Questions about this report or additional financial information needs should be directed to:

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## **Financial Statements**

**Deming Public Schools**  
**Statement of Net Position**  
**June 30, 2018**

	Primary Government	Component Unit
	Governmental Activities	Cesar Chavez Charter High School
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 7,877,351	\$ 699,132
Investments	23	-
Receivables:		
Property taxes	997,551	-
Due from other governments	3,270,131	135,328
Inventory	70,605	-
<b>Total current assets</b>	<b>12,215,661</b>	<b>834,460</b>
Noncurrent assets		
Restricted assets:		
Cash and cash equivalents	7,870,180	-
Investments	5,327,860	-
Capital assets	189,333,446	665,949
Less: accumulated depreciation	(55,462,705)	(191,684)
<b>Total noncurrent assets</b>	<b>147,068,781</b>	<b>474,265</b>
<b>Total assets</b>	<b>159,284,442</b>	<b>1,308,725</b>
<b>Deferred outflows of resources</b>		
Changes in proportion	854,452	404,800
Changes of assumption	32,468,352	1,100,771
Differences between expected and actual experience	199,657	6,769
Employer contributions subsequent to the measurement date	4,365,663	145,791
<b>Total deferred outflows of resources</b>	<b>37,888,124</b>	<b>1,658,131</b>
<b>Total assets and deferred outflows of resources</b>	<b>\$ 197,172,566</b>	<b>\$ 2,966,856</b>

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

	Primary Government	Component Unit Cesar Chavez Charter High School
	Governmental Activities	
<b>Liabilities</b>		
Current liabilities		
Accounts payable	\$ 1,028,378	\$ 9,150
Accrued payroll	1,076,760	64,683
Accrued interest	321,571	-
Accrued compensated absences	340,544	-
Unspent grant funds	-	36,208
Current portion of bonds payable	2,575,000	-
<b>Total current liabilities</b>	<b>5,342,253</b>	<b>110,041</b>
Noncurrent liabilities		
Accrued compensated absences	234,421	-
Bonds payable	23,820,000	-
Net pension liability	111,223,590	3,770,800
Net OPEB liability	30,086,230	1,040,019
Bond premium, net of accumulated amortization of \$435,212	1,092,267	-
<b>Total noncurrent liabilities</b>	<b>166,456,508</b>	<b>4,810,819</b>
<b>Total liabilities</b>	<b>171,798,761</b>	<b>4,920,860</b>
<b>Deferred inflows of resources</b>		
Changes in proportion	474,025	96,691
Changes of assumption	5,260,194	181,834
Differences between expected and actual experience	2,868,054	98,003
Net difference between projected and actual investments earnings on pension plan investments	448,069	15,478
<b>Total deferred inflows of resources</b>	<b>9,050,342</b>	<b>392,006</b>
<b>Net position</b>		
Net investment in capital assets	110,946,952	474,265
Restricted for:		
Debt service	3,970,333	-
Capital projects	9,400,218	-
Special revenue	6,643,861	1,386
Unrestricted	(114,637,901)	(2,821,661)
<b>Total net position</b>	<b>16,323,463</b>	<b>(2,346,010)</b>
<b>Total liabilities, deferred inflows of resources, and net position</b>	<b>\$ 197,172,566</b>	<b>\$ 2,966,856</b>

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

**Deming Public Schools  
Statement of Activities  
For the Year Ended June 30, 2018**

<b>Functions/Programs</b>	<u>Program Revenues</u>	
	<b>Expenses</b>	<b>Charges for Services</b>
<b>Primary government:</b>		
<b>Governmental Activities:</b>		
Instruction	\$ 38,927,301	\$ 230,672
Support services - students	6,226,085	36,894
Support services - instruction	2,046,817	12,129
Support services - general administration	1,693,354	10,034
Support services - school administration	4,279,967	25,362
Central services	1,888,238	11,189
Operation and maintenance of plant	10,315,016	61,124
Student transportation	2,551,244	-
Food services operations	4,759,403	27,713
Interest and other charges	505,951	-
<b>Total governmental activities</b>	<b>\$ 73,193,376</b>	<b>\$ 415,117</b>
<b>Component Unit:</b>		
Cesar Chavez Charter High School	\$ 2,489,218	\$ -

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



Program Revenues		Net (Expense) Revenue and Changes in Net Position	
Operating Grants and Contributions	Capital Grants and Contributions	Government Activities	Component Unit
\$ 6,948,293	\$ 13,984,382	\$ (17,763,954)	\$ -
1,111,319	2,236,681	(2,841,191)	-
365,345	735,306	(934,037)	-
302,254	608,327	(772,739)	-
763,949	1,537,551	(1,953,105)	-
337,039	678,337	(861,673)	-
1,841,170	3,705,604	(4,707,118)	-
1,996,031	-	(555,213)	-
338,668	-	(4,393,022)	-
-	-	(505,951)	-
<u>\$ 14,004,068</u>	<u>\$ 23,486,188</u>	<u>(35,288,003)</u>	

<u>\$ 129,732</u>	<u>109,004</u>	<u>\$ (2,250,482)</u>
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#### General Revenues

Taxes:		
Property taxes, levied for operating programs	297,642	-
Property taxes, levied for debt services	3,477,166	-
Property taxes, levied for capital projects	1,192,167	-
State equalization guarantee	38,565,078	1,706,379
Investment income	134,380	41,984
Miscellaneous income	306,218	-
Gain on disposition of assets	7,256	-
<b>Total general revenues</b>	<b>43,979,907</b>	<b>1,748,363</b>
Change in net position	8,691,904	(502,119)
Net position - beginning, as originally stated	43,369,211	(608,516)
Net position - restatement (Note 19)	(35,737,652)	(1,235,375)
<b>Net position - as restated</b>	<b>7,631,559</b>	<b>(1,843,891)</b>
<b>Net position - ending</b>	<b>\$ 16,323,463</b>	<b>\$ (2,346,010)</b>

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

**Deming Public Schools**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2018**

	General Fund 11000, 13000, 14000	Food Services Special Revenue Fund 21000	Title I - IASA 24101
<b>Assets</b>			
Cash and cash equivalents	\$ 1,213,203	\$ 5,440,652	\$ -
Investments	23	-	-
Receivables:			
Property taxes	62,857	-	-
Due from other governments	1,429	40,928	1,432,869
Inventory	-	70,605	-
Due from other funds	3,025,524	-	-
<b>Total assets</b>	<b>\$ 4,303,036</b>	<b>\$ 5,552,185</b>	<b>\$ 1,432,869</b>
<b>Liabilities, deferred inflows of resources, and fund balances</b>			
<b>Liabilities</b>			
Accounts payable	\$ 179,898	\$ 15,885	\$ 76
Accrued payroll	837,954	61,133	95,449
Due to other funds	-	-	1,337,344
<b>Total liabilities</b>	<b>1,017,852</b>	<b>77,018</b>	<b>1,432,869</b>
<b>Deferred inflows of resources</b>			
Unavailable revenue - property taxes	52,647	-	-
<b>Total deferred inflows of resources</b>	<b>52,647</b>	<b>-</b>	<b>-</b>
<b>Fund balances</b>			
<b>Nonspendable:</b>			
Inventory	-	70,605	-
<b>Spendable</b>			
<b>Restricted for:</b>			
Food services	-	5,404,562	-
Extracurricular activities	-	-	-
Education	-	-	-
Capital acquisitions and improvements	-	-	-
Debt service	-	-	-
Unassigned	3,232,537	-	-
<b>Total fund balances</b>	<b>3,232,537</b>	<b>5,475,167</b>	<b>-</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 4,303,036</b>	<b>\$ 5,552,185</b>	<b>\$ 1,432,869</b>

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

	Capital Improvements SB-9 Capital Projects			Nonmajor Governmental		
Bond Building 31100	Fund - Local 31701	Debt Service 41000		Funds	Total	
\$ 345,836	\$ 4,111,104	\$ 3,096,719	\$ 1,540,017	\$ 15,747,531		
5,327,860	-	-	-	5,327,883		
-	252,514	682,180	-	997,551		
-	-	-	1,794,905	3,270,131		
-	-	-	-	70,605		
-	-	-	-	3,025,524		
<b>\$ 5,673,696</b>	<b>\$ 4,363,618</b>	<b>\$ 3,778,899</b>	<b>\$ 3,334,922</b>	<b>\$ 28,439,225</b>		
\$ 708,592	\$ -	\$ -	\$ 123,927	\$ 1,028,378		
-	-	-	82,224	1,076,760		
-	-	-	1,688,180	3,025,524		
708,592	-	-	1,894,331	5,130,662		
-	211,554	562,323	-	826,524		
-	211,554	562,323	-	826,524		
-	-	-	-	70,605		
-	-	-	-	5,404,562		
-	-	-	489,558	489,558		
-	-	-	690,154	690,154		
4,965,104	4,152,064	-	125,087	9,242,255		
-	-	3,216,576	191,434	3,408,010		
-	-	-	(55,642)	3,176,895		
4,965,104	4,152,064	3,216,576	1,440,591	22,482,039		
<b>\$ 5,673,696</b>	<b>\$ 4,363,618</b>	<b>\$ 3,778,899</b>	<b>\$ 3,334,922</b>	<b>\$ 28,439,225</b>		

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

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**Deming Public Schools**  
**Reconciliation of the Governmental Funds Balance Sheet to the**  
**Statement of Net Position**  
**June 30, 2018**

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

Fund balances - total governmental funds	\$ 22,482,039
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the funds	133,870,741
Delinquent property taxes not collected within sixty days after year end are not considered "available" revenues and are considered to be unavailable revenue in the fund financial statements, but are considered revenue in the Statement of Activities	826,524
Deferred outflows and inflows of resources related to pensions and other post-employment benefits are applicable to future periods and, therefore, are not reported in funds:	
Deferred outflows related to changes in proportion	854,452
Deferred outflows related to changes of assumption	32,468,352
Deferred outflows related to differences between expected and actual experience	199,657
Deferred outflows related to employer contribution subsequent to measurement date	4,365,663
Deferred inflows related to net difference between projected and actual investment earnings on pension plan investments	(448,069)
Deferred inflows related to changes in proportion	(474,025)
Deferred inflows related to changes of assumption	(5,260,194)
Deferred inflows related to differences between expected and actual experience	(2,868,054)
Liabilities, including bonds payable, and net pension liability are not due and payable in the current period and, therefore, are not reported in the funds:	
Accrued compensated absences not due and payable	(574,965)
Accrued interest payable	(321,571)
Bonds payable	(26,395,000)
Bond premium, net of accumulated amortization	(1,092,267)
Net pension liability	(111,223,590)
OPEB liability	(30,086,230)
Total net position - governmental funds	\$ 16,323,463

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

**Deming Public Schools**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2018**

	General Fund 11000, 13000, 14000	Food Services Special Revenue Fund 21000	Title I - IASA 24101
<b>Revenues</b>			
Property taxes	\$ 293,304	\$ -	\$ -
Intergovernmental revenue:			
Federal flowthrough	267,380	4,419,274	2,890,557
Federal direct	-	-	-
Local sources	15,350	-	-
State flowthrough	223,264	-	-
State direct	38,565,078	-	-
Transportation distribution	1,996,031	-	-
Charges for services	98,351	27,713	-
Investment income	8,556	10,304	-
Miscellaneous	1,783	-	-
<b>Total revenues</b>	<b>41,469,097</b>	<b>4,457,291</b>	<b>2,890,557</b>
<b>Expenditures</b>			
Current:			
Instruction	22,468,746	-	2,321,645
Support services - students	3,831,071	-	228,454
Support services - instruction	1,272,300	-	194,911
Support services - general administration	1,020,271	119,502	87,558
Support services - school administration	2,870,943	-	-
Central services	1,249,846	-	56,358
Operation and maintenance of plant	5,707,651	-	1,631
Student transportation	2,060,480	-	-
Food services operations	-	4,054,608	-
Capital outlay	-	-	-
Debt service:			
Principal	-	-	-
Interest	-	-	-
<b>Total expenditures</b>	<b>40,481,308</b>	<b>4,174,110</b>	<b>2,890,557</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>987,789</b>	<b>283,181</b>	<b>-</b>
<b>Other financing sources (uses)</b>			
Proceeds from sale of capital assets	7,256	-	-
Transfers in	-	-	-
Transfers (out)	(8,967)	-	-
<b>Total other financing sources (uses)</b>	<b>(1,711)</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>986,078</b>	<b>283,181</b>	<b>-</b>
<b>Fund balances - beginning of year</b>	<b>2,246,459</b>	<b>5,191,986</b>	<b>-</b>
<b>Fund balances - end of year</b>	<b>\$ 3,232,537</b>	<b>\$ 5,475,167</b>	<b>\$ -</b>

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

		Capital Improvements SB-9 Capital Projects		Debt Service		Nonmajor Governmental		Total	
Bond Building 31100		Fund - Local 31701		41000		Funds			
\$	-	\$	1,174,942	\$	3,413,570	\$	6,603	\$	4,888,419
	-		-		-		2,532,463		10,109,674
	-		-		-		206,710		206,710
	-		-		-		216,886		232,236
	23,296,385		-		-		1,418,245		24,937,894
	-		-		-		7,711		38,572,789
	-		-		-		-		1,996,031
	-		-		-		289,053		415,117
	105,013		7,478		2,112		917		134,380
	-		-		-		304,435		306,218
	23,401,398		1,182,420		3,415,682		4,983,023		81,799,468
	-		-		-		3,268,952		28,059,343
	-		-		-		828,501		4,888,026
	-		-		-		43,943		1,511,154
	-		11,602		37,963		74,422		1,351,318
	-		-		-		107,704		2,978,647
	-		-		-		42,462		1,348,666
	798,037		287,152		-		972,520		7,766,991
	-		-		-		2,080		2,062,560
	-		-		-		-		4,054,608
	33,032,242		39,651		-		-		33,071,893
	-		-		2,490,000		-		2,490,000
	-		-		816,144		-		816,144
	33,830,279		338,405		3,344,107		5,340,584		90,399,350
	(10,428,881)		844,015		71,575		(357,561)		(8,599,882)
	-		-		-		-		7,256
	-		39,524		-		8,967		48,491
	-		-		-		(39,524)		(48,491)
	-		39,524		-		(30,557)		7,256
	(10,428,881)		883,539		71,575		(388,118)		(8,592,626)
	15,393,985		3,268,525		3,145,001		1,828,709		31,074,665
\$	4,965,104	\$	4,152,064	\$	3,216,576	\$	1,440,591	\$	22,482,039

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

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**Deming Public Schools**

**Reconciliation of the Statement of Revenues, Expenditures, and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities  
For the Year Ended June 30, 2018**

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

Net change in fund balances - total governmental funds	\$ (8,592,626)
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Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:

Capital expenditures	33,071,893
Depreciation expense	(4,288,840)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenue in the funds:

Change in unavailable revenue related to property taxes receivable	78,556
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Governmental funds report district pension contributions as expenditures. However in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense:

District pension contribution	3,816,721
District OPEB contribution	548,942
Pension expense	(17,574,452)
OPEB expense	(1,196,133)

The issuance of long-term debt (e.g. bonds, notes, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities:

Increase in accrued compensated absences not due and payable	27,650
Increase in accrued interest payable	120,353
Amortization of original issue premium	189,840
Principal payments on bonds	2,490,000

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Change in net position of governmental activities	\$ 8,691,904
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*The accompanying notes are an integral part of these financial statements.*

**Deming Public Schools**  
**General Fund (11000, 13000, 14000)**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget (Non-GAAP Budgetary Basis) and Actual**  
**For the Year Ended June 30, 2018**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variances</u>
	<u>Original</u>	<u>Final</u>		<u>Favorable</u> <u>(Unfavorable)</u>
				<u>Final to Actual</u>
<b>Revenues</b>				
Property taxes	\$ 288,935	\$ 288,935	289,610	\$ 675
Intergovernmental revenue:				
Federal flowthrough	-	-	265,951	265,951
Local sources	-	-	15,350	15,350
State flowthrough	146,113	146,113	161,414	15,301
State direct	38,031,777	38,551,350	38,565,078	13,728
Transportation distribution	1,955,177	1,996,031	1,996,031	-
Charges for services	103,900	194,201	98,351	(95,850)
Investment Income	4,000	4,000	8,556	4,556
Miscellaneous	1,763	1,763	1,783	20
<b>Total revenues</b>	<b>40,531,665</b>	<b>41,182,393</b>	<b>41,402,124</b>	<b>219,731</b>
<b>Expenditures</b>				
Current:				
Instruction	23,837,373	23,416,946	22,478,526	938,420
Support services - students	3,660,714	4,115,714	3,889,198	226,516
Support services - instruction	1,509,126	1,509,126	1,266,872	242,254
Support services - general administration	1,173,474	1,173,474	1,012,759	160,715
Support services - school administration	2,626,787	2,901,787	2,870,996	30,791
Central services	1,249,899	1,284,899	1,248,976	35,923
Operation and maintenance of plant	5,760,044	5,850,345	5,655,254	195,091
Student transportation	2,216,443	2,432,297	2,058,860	373,437
Other support services	45,291	45,291	-	45,291
<b>Total expenditures</b>	<b>42,079,151</b>	<b>42,729,879</b>	<b>40,481,441</b>	<b>2,248,438</b>
Excess (deficiency) of revenues over expenditures	(1,547,486)	(1,547,486)	920,683	2,468,169
<b>Other financing sources (uses)</b>				
Designated cash (budgeted increase in cash)	1,537,486	1,537,486	-	(1,537,486)
Transfers (out)	-	-	(8,967)	(8,967)
Proceeds from sale of capital assets	10,000	10,000	7,256	(2,744)
<b>Total other financing sources (uses)</b>	<b>1,547,486</b>	<b>1,547,486</b>	<b>(1,711)</b>	<b>(1,549,197)</b>
Net change in fund balance	-	-	918,972	918,972
Fund balance - beginning of year	-	-	2,437,210	2,437,210
<b>Fund balance - end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,356,182</b>	<b>\$ 3,356,182</b>
Net change in fund balance (Non-GAAP budgetary basis)				\$ 918,972
Adjustments to revenues for taxes and intergovernmental revenue				66,973
Adjustments to expenditures for supplies and payroll expenditures				133
<b>Net change in fund balance (GAAP Basis)</b>				<b>\$ 986,078</b>

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

**Deming Public Schools**  
**Food Services Special Revenue Fund (21000)**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget (Non-GAAP Budgetary Basis) and Actual**  
**For the Year Ended June 30, 2018**

	<u>Budgeted Amounts</u>		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<b>Revenues</b>				
Intergovernmental revenue:				
Federal flowthrough	\$ 3,765,000	\$ 3,765,000	\$ 4,184,445	\$ 419,445
Charges for services	34,000	34,000	27,713	(6,287)
Investment income	7,000	7,000	10,304	3,304
<b>Total revenues</b>	<b>3,806,000</b>	<b>3,806,000</b>	<b>4,222,462</b>	<b>416,462</b>
<b>Expenditures</b>				
Current:				
Central services	-	-	119,020	(119,020)
Food services operations	7,695,930	7,695,930	3,802,578	3,893,352
<b>Total expenditures</b>	<b>7,695,930</b>	<b>7,695,930</b>	<b>3,921,598</b>	<b>3,774,332</b>
Excess (deficiency) of revenues over expenditures	(3,889,930)	(3,889,930)	300,864	4,190,794
<b>Other financing sources (uses)</b>				
Designated cash (budgeted increase in cash)	3,889,930	3,889,930	-	(3,889,930)
<b>Total other financing sources (uses)</b>	<b>3,889,930</b>	<b>3,889,930</b>	<b>-</b>	<b>(3,889,930)</b>
Net change in fund balance	-	-	300,864	300,864
Fund balance - beginning of year	-	-	5,102,373	5,102,373
<b>Fund balance - end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 5,403,237</b>	<b>\$ 5,403,237</b>
Net change in fund balance (Non-GAAP budgetary basis)				\$ 300,864
Adjustments to revenues for federal flowthrough grants				234,829
Adjustments to expenditures for food service				(252,512)
<b>Net change in fund balance (GAAP Basis)</b>				<b>\$ 283,181</b>

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

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**Deming Public Schools**  
**Statement of Fiduciary Assets and Liabilities**  
**Agency Funds**  
**June 30, 2018**

Assets	
Current assets	
Cash and cash equivalents	\$ 224,451
<hr/>	
Total assets	\$ 224,451
<hr/> <hr/>	
Liabilities	
Accounts payable	\$ 5,906
Due to student organizations	218,545
<hr/>	
Total liabilities	\$ 224,451
<hr/> <hr/>	

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

**Deming Public Schools**  
**Notes to Financial Statements**  
**June 30, 2018**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

The School Board is authorized to establish policies and regulations for its own government consistent with the laws of the State of New Mexico and the regulations of the Legislative Finance Committee. The School Board is comprised of five members who are elected for terms of four years. The District operates nine schools within the District. In conjunction with the regular educational programs, some of these schools offer special education. In addition, the School Board provides transportation and school food services for the students.

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

During the year ended June 30, 2018, the District adopted GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. This Statement was required to be implemented as of June 30, 2018.

The implementation of this statement did have a significant impact on the District because the activities of the District were affected by the statement in a material manner.

**A. *Financial Reporting Entity***

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

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*A. Financial Reporting Entity (Continued)*

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

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

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

Based upon the application of these criteria, the District has one component unit, the Cesar Chavez High School ("Charter") which began operations in the 2006-2007 fiscal year. The District is the sponsoring school. The component unit is presented by a discrete presentation, with financial statements issued separately from the primary government. Separately issued financial statements can be obtained by writing to Cesar Chavez High Charter School at P.O. Box 1658 Deming, NM 88031.

*B. Government-wide and fund financial statements*

The government-wide financial statements (the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The District does not have any *business-type activities*.

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

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes, state equalization, 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.

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

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

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

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



**Deming Public Schools**  
**Notes to Financial Statements**  
**June 30, 2018**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

The District reports the following major governmental funds:

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

The *Food Services Special Revenue Fund* (21000) is used to account for all financial transactions related to the food service operation. Authority for the creation of this fund is the National School Lunch Act, as amended, 42 U.S.C. 1751 1760, 1779.

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

The *Bond Building Fund* (31100) is used to account for bond proceeds plus 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. Authority for the creation of this fund is the New Mexico Public Education Department.

**Deming Public Schools**  
**Notes to Financial Statements**  
**June 30, 2018**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

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

Additionally, the District reports the following Fiduciary funds:

The *Agency Fund* account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds.

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

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

*D. Assets, Deferred outflows of resources, Liabilities, Deferred inflows of resources, and Net position or Equity*

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

State statutes authorize the District to invest in Certificates of Deposit, obligations of the U.S. Government, and the State Treasurer's Local Government Investment Pool (LGIP). The LGIP operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

**Restricted Assets:** The Debt Service Fund is used to report resources set aside for the payment of long-term debt principal and interest.

**Receivables and Payables:** Interfund activity is reported as loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses.

**Deming Public Schools**  
**Notes to Financial Statements**  
**June 30, 2018**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*D. Assets, Deferred outflows of resources, Liabilities, Deferred inflows of resources, and Net position or Equity (Continued)*

Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental funds are netted as part of the reconciliation to the government-wide financial statements. All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

The District receives monthly income from a tax levy in Luna County. The funds are collected by the County Treasurer and are remitted to the District the following month. Under the modified accrual method of accounting, the amount remitted by the County Treasurer in July and August 2018 is considered "measurable and available" and, accordingly, is recorded as revenue in the governmental fund statements during the year ended June 30, 2018. Period of availability is deemed to be sixty days subsequent to year end.

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

**Inventory:** The District's method of accounting for inventory is the consumption method. Under the consumption approach, governments report inventories they purchase as an asset and defer the recognition of the expenditures until the period in which the inventories actually are consumed. Inventory is valued at cost and 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.

Inventory in the Special Revenue Funds consists of U.S.D.A. commodities and other purchased food and non-food supplies. Commodities consumed during the year are reported as revenues and expenditures; unused commodities are reported as inventories.

**Capital Assets:** Capital assets, which include property, plant, and equipment, are reported in the government-wide financial statements. Capital assets are defined by the District's policies as assets with an initial, individual cost of more than \$5,000 (amount not rounded) 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. Donated capital assets are recorded at estimated fair market value at the date of donation.

Information Technology Equipment including software is being capitalized and included in furniture, fixtures and equipment in accordance with NMAC 2.20.1.9 C (5). The District was a Phase II government for purposes of implementing GASB Statement No. 34; however, the District does not have any infrastructure assets to report.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Library books are not capitalized because they are considered to have a useful life of less than one year.

**Deming Public Schools**  
**Notes to Financial Statements**  
**June 30, 2018**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*D. Assets, Deferred outflows of resources, Liabilities, Deferred inflows of resources, and Net position or Equity (Continued)*

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

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

Assets	Years
Buildings and improvements	10-50
Land improvements	10-20
Furniture and equipment	5-10

**Deferred Inflows of Resources:** In addition to liabilities, the balance sheet reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Revenue must be susceptible to accrual (measurable and available to finance expenditures of the current fiscal period) to be recognized. If assets are recognized in connection with a transaction, but those assets are not yet available to finance expenditures of the current fiscal period, then the assets must be offset by a corresponding liability for deferred inflows of resources. The District has two types of items, which arises under the modified accrual basis of accounting that qualify for reporting in this category. Accordingly, the items, unavailable revenue - property taxes and unavailable revenue - grants, are reported only in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The District has recorded \$826,524 related to property taxes considered “unavailable.” In addition, the District has three types of items present on the Statement of Net Position which arise due to the implementation of GASB Statement No. 68 and the related net pension liability. Accordingly, the items, changes in proportion of \$474,025, net difference between projected and actual earnings on pension plan investments of \$15,258 and differences between expected and actual experience of \$1,713,504, are reported on the Statement of Net Position. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. In addition, the District has three types of items present on the Statement of Net Position which arise due to the implementation of GASB Statement No. 75 and the related post-employment benefit liability. Accordingly, the items, changes in assumptions of \$5,260,194, net difference between projected and actual earnings of \$432,811 and differences between expected and actual experience of \$1,154,550, are reported on the Statement of Net Position. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*D. Assets, Deferred outflows of resources, Liabilities, Deferred inflows of resources, and Net position or Equity (Continued)*

**Deferred Outflows of Resources:** In addition to assets, the balance sheet reports a separate section for deferred outflows of resources. This separate financial statement element, represents a use of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenditure) until that time. The District has four types of items that qualify for reporting in this category due to the implementation of GASB State No. 68 and the related net pension liability. Accordingly, the items, changes in proportion of \$854,452, changes of assumptions of \$32,468,352, differences between expected and actual experience of \$199,657, and employer contributions subsequent to measurement date of \$3,816,721, are reported on the Statement of Net Position. These amounts are deferred and recognized as outflows of resources in future periods. The District has one types of items that qualify for reporting in this category due to the implementation of GASB Statement No. 75 and the related post-employment benefit liability. Accordingly, the item employer contributions subsequent to measurement date of \$548,942, is reported on the Statement of Net Position. The amount is deferred and recognized as outflows of resources in future periods.

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

**Post-employment:** For purposes of measuring the post-employment liability, deferred outflows of resources and deferred inflows of resources related to post-employment, and post-employment expense, information about the fiduciary net position of the Retiree Health Care Act (RHCA) and additions to/deductions from RHCA's fiduciary net position have been determined on the same basis as they are reported by RHCA, on the economic resources measurement focus and accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*D. Assets, Deferred outflows of resources, Liabilities, Deferred inflows of resources, and Net position or Equity (Continued)*

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources are reported as an expenditure and a fund liability of the government fund that will pay it. In prior years, substantially all of the related expenditures have been liquidated by the general fund. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported in the government-wide statement of net position.

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

**Long-term Obligations:** In the government-wide 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 or the straight-line method if the difference from the effective interest method is minimal.

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

**Fund Balance Classification Policies and Procedures:** The District has implemented GASB Statement No. 54 and has defined the various categories reported in fund balance. For committed fund balance, the District's highest level of decision-making authority is the Board of Education. The formal action that is required to be taken to establish a fund balance commitment is a resolution of the Board of Education.

For assigned fund balance, the Board of Education or an official or body to which the School Board of Education delegates the authority is authorized to assign amounts to a specific purpose. The authorization policy is that in governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.

**Deming Public Schools**  
**Notes to Financial Statements**  
**June 30, 2018**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*D. Assets, Deferred outflows of resources, Liabilities, Deferred inflows of resources, and Net position or Equity (Continued)*

For the classification of fund balances, the District considers restricted or unrestricted amounts to have been spent when an expenditure is incurred for the purposes for which both restricted and unrestricted fund balance is available. Also for the classification of fund balances, the District considers committed, assigned, or unassigned amounts to have been spent when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

**Nonspendable Fund Balance:** At June 30, 2018, the nonspendable fund balance in the food service was \$70,605 for inventory.

**Restricted and Committed Fund Balance:** At June 30, 2018, the restricted fund balance on the governmental funds balance sheet is made up of \$6,584,279 restricted for food services, extracurricular activities and education to the students of the District; \$9,242,255, restricted for the purpose of erecting, remodeling, making additions to and furnishing school buildings and purchasing or improving school grounds and purchasing computer software and hardware for student use in public schools, providing matching funds for capital outlay projects funded pursuant to the Public School Capital Outlay Act [22-24-1 NMSA 1978], or any combination of these purposes, and \$3,408,010 restricted for the payment of principal and interest of the future debt service requirements.

**Net Position:** Equity is classified as net position and displayed in three components:

- a. Net investment in capital assets: Consists of 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. For the fiscal year ending June 30, 2018, the District had unspent bond proceeds of \$4,563,478.
- b. Restricted Net Position: Net position is reported as restricted when constraints are 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 restricted for "special revenue, capital projects, and debt service" are described on pages 41 and 129-133.
- c. Unrestricted Net Position: Net position that does not meet the definition of "Restricted" or "Net Investment in Capital Assets."



**Deming Public Schools**  
**Notes to Financial Statements**  
**June 30, 2018**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*D. Assets, Deferred outflows of resources, Liabilities, Deferred inflows of resources, and Net position or Equity (Continued)*

**Estimates:** The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant estimates for the District are management's estimate of depreciation on assets over their estimated useful lives, net pension liability, post-employment liability and related deferred inflows and outflows of resources, and the current portion of accrued compensated absences.

*E. Revenues*

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

A school district's program costs are determined through the use of various formulas using 'program units' which take into consideration 1) early childhood education; 2) basic education; 3) special education; 4) bilingual-multicultural education; 5) size, etc.

Payment is made from the public school fund under the authority of the Director of Public School Finance. The District received \$38,565,078 in state equalization guarantee distributions during the year ended June 30, 2018.

**Tax Revenues:** The District receives mill levy and ad-valorem tax revenues primarily for debt service and capital outlay purposes. Property taxes are assessed on January 1st of each year and are payable in two equal installments, on November 10th of the year in which the tax bill is prepared and April 10th of the following year with the levies becoming delinquent 30 days (one month) thereafter. The District recognizes tax revenues in the period for which they are levied in the government-wide financial statements. The District records only the portion of the taxes considered 'measurable' and 'available' in the governmental fund financial statements. The District recognized \$4,966,975 in tax revenues in the government-wide financial statements during the year ended June 30, 2018. Descriptions of the individual debt service and capital outlay funds contained in these financial statements include information regarding the authority for the collection and use of these taxes.



**Deming Public Schools**  
**Notes to Financial Statements**  
**June 30, 2018**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*E. Revenues (Continued)*

**Transportation Distribution:** School districts in the State of New Mexico receive student transportation distributions. The transportation distribution is allocated to each school district in accordance with formulas developed by the State Transportation Director and the Director of Public School Finance. The funds shall be used only for the purpose of making payments to each school district for the to-and-from school transportation costs of students in grades K through 12 attending public school within the school district. The District received \$1,996,031 in transportation distributions during the year ended June 30, 2018.

**Instructional Materials:** The Public Education Department (Department) receives federal mineral leasing funds from which it makes annual allocations to the various school districts for the purchase of educational materials. Of each allocation, seventy percent is restricted to the requisition of materials listed in the State Board of Education "State Adopted Instructional Material" list, while thirty percent of each allocation is available for purchases directly from vendors. Allocations received from the State for the year ended June 30, 2018 totaled \$161,414.

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

However, in the event that sufficient funds are not available in the public school capital improvement funds to make the state distribution provided for in this section, the dollar per program unit figure shall be reduced as necessary.

The District received \$0 in state SB-9 matching during the year ended June 30, 2018.

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

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*E. Revenues (Continued)*

The District received \$23,296,385 of Public School Capital Outlay matching during the year ended June 30, 2018.

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

**NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

*Budgetary Information*

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

These budgets are prepared on the modified cash basis with payroll or held checks being accrued and expensed, therefore, fund balances on the budget statements do not reconcile to cash due to the District's accrued payroll, which is presented on the accrual basis. Because the budget process in the State of New Mexico requires that the beginning cash balance be appropriated in the budget of the subsequent fiscal year, such appropriated balance is legally restricted and is therefore presented as restricted fund balance.

Actual expenditures may not exceed the budget at the function (or "series") level. Budgets may be amended in two ways. If a budget transfer is necessary within a major category called a "series" this may be accomplished with only local Board of Education approval. If a transfer between "series" or a budget increase is required, approval must also be obtained from Public School Finance Division.

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

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

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

**Deming Public Schools**  
**Notes to Financial Statements**  
**June 30, 2018**

**NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)**

*Budgetary Information (Continued)*

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

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

**Deming Public Schools**  
**Notes to Financial Statements**  
**June 30, 2018**

**NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)**

*Budgetary Information (Continued)*

The appropriated budget for the year ended June 30, 2018, was properly amended by the District's Board of Education throughout the year. These amendments resulted in the following changes:

	<b>Excess (deficiency) of revenues over expenditures</b>	
	<b>Original Budget</b>	<b>Final Budget</b>
<b>Budgeted Funds:</b>		
General Fund	\$ (1,502,149)	\$ (1,502,149)
Food Service Special Revenue Fund	\$ (3,889,930)	\$ (3,889,930)
Bond Building Capital Projects Fund	\$ (17,939,498)	\$ (15,367,046)
Capital Improvements SB-9 Capital Projects Fund-Local	\$ (3,646,426)	\$ (3,248,837)
Debt Service	\$ (3,411,545)	\$ (3,069,586)
Other Governmental Funds	\$ (530,401)	\$ (530,401)

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

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

**NOTE 3: DEPOSITS AND INVESTMENTS**

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

Deposits of funds may be made in interest or non-interest bearing checking accounts in one or more banks or savings and loan associations within the geographical boundaries of the District. Deposits may be made to the extent that they are insured by an agency of the United States or collateralized as required by statute. The financial institution must provide pledged collateral for 50% of the deposit amount in excess of the deposit insurance. The collateral pledged is listed on Schedule of collateral Pledged by Depository for Public Funds 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.

**Deming Public Schools**  
**Notes to Financial Statements**  
**June 30, 2018**

**NOTE 3: DEPOSITS AND INVESTMENTS (Continued)**

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

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

All of the District's accounts at an insured depository institution, including all noninterest-bearing transaction accounts, will be insured by the FDIC up to the standard maximum deposit insurance amount of \$250,000 for all deposit accounts out of state and up to \$250,000 for all time and saving accounts plus up to \$250,000 for all demand deposit accounts held at a single institution in state.

*Custodial Credit Risk – Deposits.* Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk, other than following state statutes as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978). At June 30, 2018, \$17,037,993 of the District's bank balances of \$17,787,993 was exposed to custodial credit risk. \$12,271,863 was uninsured and collateralized by collateral held by the pledging bank's trust department not in the District's name, and \$6,241,363 was uninsured and uncollateralized.

	<b>First New Mexico Bank</b>	<b>Wells Fargo Bank</b>	<b>First Savings Bank</b>	<b>Total</b>
Amount of deposits	\$ 16,314,336	\$ 1,006,576	\$ 467,081	\$ 17,787,993
FDIC coverage	(250,000)	(250,000)	(250,000)	(750,000)
<b>Total uninsured public funds</b>	<b>16,064,336</b>	<b>756,576</b>	<b>217,081</b>	<b>17,037,993</b>
Collateralized by securities held by pledging institutions or by its trust department or agent in other than the District's name	9,902,755	676,794	217,081	10,796,630
<b>Uninsured and uncollateralized</b>	<b>\$ 6,161,581</b>	<b>\$ 79,782</b>	<b>\$ -</b>	<b>\$ 6,241,363</b>
Collateral requirement (50%)	\$ 8,032,168	\$ 378,288	\$ 108,541	\$ 8,518,997
Pledged securities	9,902,755	676,794	1,692,314	12,271,863
<b>Over (under) collateralized</b>	<b>\$ 1,870,587</b>	<b>\$ 298,506</b>	<b>\$ 1,583,773</b>	<b>\$ 3,752,866</b>

The collateral pledged is listed on Schedule of Collateral Pledged by Depository for Public Funds of this report. The types of collateral allowed are limited to direct obligations of the United States Government and all bonds issued by any agency, School district or political subdivision of the State of New Mexico.

**Deming Public Schools**  
**Notes to Financial Statements**  
**June 30, 2018**

**NOTE 3: DEPOSITS AND INVESTMENTS (Continued)**

The District utilizes internal pooled accounts for some of their 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 combining balance sheet as of June 30, 2018. Funds 24101 through 25200 are federal funds and 25246 through 29107 are nonfederal funds. The following individual funds had negative cash balances as of June 30, 2018:

	Due From	Due To
<b>Major Funds:</b>		
Fund 11000 General	\$ 3,025,524	\$ -
<b>Non-major Funds:</b>		
Fund 24101 Title I - IASA	-	1,337,344
Fund 24103 Migrant Children Education	-	67,959
Fund 24106 Entitlement IDEA-B	-	529,591
Fund 24109 IDEA-B Preschool	-	19
Fund 24113 Education of Homeless	-	10,527
Fund 24132 IDEA-B Results Plan	-	28,558
Fund 24153 English Language Acquisition	-	39,035
Fund 24154 Teacher/Principle Training/Recruiting	-	328,432
Fund 24160 Rural & Low-Income Schools	-	25,333
Fund 24174 Carl D. Perkins Secondary Current	-	14,676
Fund 24176 Carl D. Perkins Redistribution	-	6,328
Fund 24186 USHHS/CDC School Health	-	5,419
Fund 24188 Advancing Measurement at PED (AMP)	-	13,018
Fund 24189 Student Support and Academic Enrichment Program	-	2,346
Fund 24201 Title I-IASA - Federal Stimulus	-	5
Fund 25200 ROTC	-	1,797
Fund 25246 Emergency Food/Shelter National	-	497
Fund 27103 Dual Credit Instructional Materials	-	1,131
Fund 27107 2012 GO Bond Student Library	-	43,943
Fund 27141 Truancy Initiative-PED	-	29,388
Fund 27149 PreK Initiative	-	532,597
Fund 27195 Teachers "Hard to Staff" Stipend	-	6,163
Fund 29107 City/County Grants	-	1,418
	\$ 3,025,524	\$ 3,025,524

**Deming Public Schools**  
**Notes to Financial Statements**  
**June 30, 2018**

**NOTE 3: DEPOSITS AND INVESTMENTS (Continued)**

Reconciliation to the Statement of Net Position

The carrying amount of deposits and investments shown above are included in the District's statement of net position as follows:

Cash and cash equivalents per Statement of Net Position	\$	7,877,351
Restricted cash per Statement of Net Position		7,870,180
Investments per Statement of Net Position		23
Restricted investments Statement of Net Position		5,327,860
Cash per Statement of Fiduciary Assets and Liabilities		224,451
<hr/>		
Total cash, cash equivalents and investments		21,299,865
Add: outstanding checks		2,842,583
Less: deposits in transit		(1,026,522)
Less: petty cash		(50)
Less: investments held in New MexiGROW LGIP		(23)
Less: restricted investments with Moreton Capital Markets		(4,563,478)
Less: restricted investment with Wells Fargo Securities		(764,382)
<hr/>		
Bank balance of deposits	\$	17,787,993
<hr/>		

**Deming Public Schools**  
**Notes to Financial Statements**  
**June 30, 2018**

**NOTE 3: DEPOSITS AND INVESTMENTS (Continued)**

**Investments**

As of June 30, 2018, the District had the following investments and maturities and ratings:

Investment Type	Fair Value	Investment Maturity
U.S. Treasury money market mutual funds	\$ 5,327,860	>365 days
New MexiGROW LGIP	23	See below
<b>Total investments</b>	<b>\$ 5,327,883</b>	

Investment Type	Weighted Average Maturities (F)	Fair Value	Rating
New MexiGROW LGIP	100 day - WAM (F) and 50 day-WAM (R)	23	AAAm **
U.S. Treasury money market mutual funds	>365	5,327,860	Aaa*

\* Based on Moody's Rating

\*\* Based on Standard & Poor's rating

Credit Risk

As of June 30, 2018, the Authority's investment in the State Treasurer Local Government Investment Pool was rated as AAAM by Standard & Poor's.

The New MexiGROW Local Government Investment Pool's (LGIP) investments are valued at fair value based on quoted market prices as of the valuation date. The LGIP is not SEC registered. The New Mexico State Treasurer is authorized to invest the short-term investment funds, with the advice and consent of the State Board of Finance, in accordance with Sections 6-10-10(I) through 6-10-10(P) and Sections 6-10-10.1(A) and (E), NMSA 1978. The LGIP's investments are monitored by the same policies and procedures that apply to all other state investments. The pool does not have unit shares. Per Section 6-10-10.(F), NMSA 1978, at the end of each month all interest earned is distributed by the State Treasurer to the contributing entities in amounts directly proportionate to the respective amounts deposited in the fund and the length of time the fund amounts were invested. Participation in the LGIP is voluntary.

*Interest Rate Risk – Investments.* The District does not have a formal policy limiting investment maturities that would help manage its exposure to fair value losses from increasing interest rates.



**NOTE 3: DEPOSITS AND INVESTMENTS (Continued)**

*Concentration Credit Risk – Investments.* For an investment, concentration credit risk is when any one issuer is 5% or more of the investment portfolio of the District. The District's currently has 100% in money market mutual funds. Since the District only purchases investment with high credit ratings, the additional concentration is not viewed to be an additional risk by the District. The District's policy related to concentration credit risk is to comply with the state statute as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978).

Fair Value Measurement

The fair value framework uses a hierarchy that prioritizes the inputs to the valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1      Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Authority has the ability to access.

Level 2      Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets.
- Quoted prices for identical or similar assets or liabilities in inactive markets.
- Inputs other than quoted prices that are observable for the asset or liability.
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3      Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The valuation methodologies described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Authority believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The District maintained a balance of \$5,327,883 in the LGIP and money market mutual funds at year end which required fair value disclosure.

**Deming Public Schools**  
**Notes to Financial Statements**  
**June 30, 2018**

**NOTE 3: DEPOSITS AND INVESTMENTS (Continued)**

	Total	Fair Value Measurement Inputs		
		Level 1	Level 2	Level 3
Investments by fair value level				
U.S. Treasury money market mutual funds	\$ 5,327,860	\$ 5,327,860	\$ -	\$ -
New MexiGROW LGIP	23	23	-	-
<b>Total investments</b>	<b>\$ 5,327,883</b>	<b>\$ 5,327,883</b>	<b>\$ -</b>	<b>\$ -</b>

**NOTE 4: ACCOUNTS RECEIVABLE**

Accounts receivable as of June 30, 2018, are as follows:

	11000	21000	31701
	General Fund	Food Services	Capital Improvements SB-9- Local
Property taxes receivable	\$ 62,857	\$ -	\$ 252,514
Due from other governments:			
Federal sources	1,429	40,928	-
<b>Totals</b>	<b>\$ 64,286</b>	<b>\$ 40,928</b>	<b>\$ 252,514</b>

	41000	Other Governmental Funds	Total
	Debt Service		
Property taxes receivable	\$ 682,180	\$ -	\$ 997,551
Due from other governments:			
Federal sources	-	3,227,774	3,270,131
<b>Totals</b>	<b>\$ 682,180</b>	<b>\$ 3,227,774</b>	<b>\$ 4,267,682</b>

The above receivables are deemed 100% collectible.

In accordance with GASB Statement No. 33, property tax revenues in the amount of \$826,524 that was not collected within the period of availability have been reclassified as deferred inflows for unavailable revenue in the governmental fund financial statements. All of the above receivables are deemed to be fully collectible.

**Deming Public Schools**  
**Notes to Financial Statements**  
**June 30, 2018**

**NOTE 5: INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

The District records temporary interfund receivables and payables to enable the funds to operate until grant monies are received. The District had no interfund balances during the year ended June 30, 2018.

The District transferred cash between funds during the year ended June 30, 2018, as follows:

<b>Transfers Out</b>	<b>Transfers In</b>	<b>Amount</b>
Fund 11000 General	Fund 25171 Child and Adult Food Program	\$ 8,967
Fund 31700 Capital Improvements SB-9	Fund 31701 Capital Improvements SB-9 Capital Projects Fund - Local	39,524
	Total	\$ 48,491

**Deming Public Schools**  
**Notes to Financial Statements**  
**June 30, 2018**

**NOTE 6: CAPITAL ASSETS**

A summary of capital assets and changes occurring during the year ended June 30, 2018, including those changes pursuant to the implementation of GASB Statement No. 34, follows. Land and construction in progress are not subject to depreciation.

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

<b>Governmental activities:</b>	<b>Balance</b>		<b>Balance</b>	
	<b>June 30, 2017</b>	<b>Additions</b>	<b>Deletions</b>	<b>June 30, 2018</b>
Capital assets not being depreciated:				
Land	\$ 2,410,779	\$ -	\$ -	\$ 2,410,779
Construction in progress	45,737,841	32,859,634	55,214,408	23,383,067
<b>Total capital assets not being depreciated</b>	<b>48,148,620</b>	<b>32,859,634</b>	<b>55,214,408</b>	<b>25,793,846</b>
Capital assets being depreciated:				
Buildings and improvements	94,348,397	55,216,786		149,565,183
Land improvements	6,527,033	-	-	6,527,033
Furniture and equipment	7,237,503	209,881	-	7,447,384
<b>Total capital assets being depreciated</b>	<b>108,112,933</b>	<b>55,426,667</b>	<b>-</b>	<b>163,539,600</b>
Less accumulated depreciation:				
Buildings and improvements	(42,187,813)	(3,710,457)	-	(45,898,270)
Land improvements	(3,223,681)	(309,001)	-	(3,532,682)
Furniture and equipment	(5,762,371)	(269,382)	-	(6,031,753)
<b>Total accumulated depreciation</b>	<b>(51,173,865)</b>	<b>(4,288,840)</b>	<b>-</b>	<b>(55,462,705)</b>
<b>Total capital assets, net of depreciation</b>	<b>\$ 105,087,688</b>	<b>\$ 83,997,461</b>	<b>\$ 55,214,408</b>	<b>\$ 133,870,741</b>

**Deming Public Schools**  
**Notes to Financial Statements**  
**June 30, 2018**

**NOTE 6: CAPITAL ASSETS (Continued)**

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

<b>Governmental Activities</b>	
Instruction	\$ 1,553,511
Support services-students	232,439
Support services-instruction	21,790
Support services - general administration	87,165
Support services - school administration	145,275
Central services	123,599
Operation and maintenance of plant	305,109
Student transportation	327,061
Food service operations	155,674
Capital Outlay	1,337,217
<hr/>	
Total	\$ 4,288,840
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**Deming Public Schools**  
**Notes to Financial Statements**  
**June 30, 2018**

**NOTE 7: LONG-TERM DEBT**

General obligation bonds are secured by and payable solely from the Debt Service Fund.

General obligation bonds are direct obligations and pledge the full faith and credit of the District. These bonds are issued with varying terms and varying amounts of principal maturing each year. All general obligation bonds as of June 30, 2018 are for governmental activities.

Bonds outstanding at June 30, 2018 are comprised of the following:

	<b>Series 2007</b>	<b>Series 2014</b>
Original Issue:	\$ 6,000,000	\$ 9,500,000
Principal:	August 1	August 1
Interest:	August 1	August 1
		February 1
Interest Rates:	3.55%-5%	2.25%-2.60%
Maturity Date:	August 2019	August 2028
	<b>Series 2016A</b>	<b>Series 2016B</b>
Original Issue:	\$ 9,780,000	\$ 3,125,000
Principal:	August 1	August 1
Interest:	August 1	August 1
	February 1	February 1
Interest Rates:	2.00%-4.00%	5.00%
Maturity Date:	August 2030	August 2019

**Deming Public Schools**  
**Notes to Financial Statements**  
**June 30, 2018**

**NOTE 7: LONG-TERM DEBT (Continued)**

During the year ended June 30, 2018, the following changes occurred in the liabilities reported in the government-wide Statement of Net Position:

	Balance June 30, 2017	Additions	Retirements	Balance June 30, 2018	Due Within One Year
General Obligation Bonds					
Series 2014	\$ 7,700,000	\$ -	\$ 300,000	\$ 7,400,000	\$ 200,000
General Obligation Bonds					
Series 2015	8,280,000	-	800,000	7,480,000	1,050,000
General Obligation Bonds					
Series 2016A	9,780,000	-	350,000	9,430,000	190,000
General Obligation Bonds					
Series 2016B	3,125,000	-	1,040,000	2,085,000	1,135,000
<b>Total Bonds</b>	<b>28,885,000</b>	<b>-</b>	<b>2,490,000</b>	<b>26,395,000</b>	<b>2,575,000</b>
Compensated Absences	602,615	312,894	340,544	574,965	340,544
<b>Total Long-Term Debt</b>	<b>\$ 29,487,615</b>	<b>\$ 312,894</b>	<b>\$ 2,830,544</b>	<b>\$ 26,969,965</b>	<b>\$ 2,915,544</b>

The annual requirements to amortize the general obligation bonds outstanding as of June 30, 2018, including interest payments, are as follows:

Fiscal Year Ending	Principal	Interest	Total Debt Service
2019	\$ 2,575,000	\$ 726,843	\$ 3,301,843
2020	2,570,000	634,881	3,204,881
2021	2,225,000	557,218	2,782,218
2022	2,025,000	497,781	2,522,781
2023	2,075,000	438,093	2,513,093
2024-2028	10,775,000	1,262,840	12,037,840
2029-2031	4,150,000	118,461	4,268,461
	<b>\$ 26,395,000</b>	<b>\$ 4,236,117</b>	<b>\$ 30,631,117</b>

Compensated Absences – Administrative employees of the District are able to accrue a limited amount of vacation and other compensatory time during the year. During fiscal year June 30, 2018, compensated absences decreased \$27,650 from the prior year accrual. In prior years, the general fund was typically used to liquidate such long-term liabilities. See Note 1 for more details.

**NOTE 8: RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; error omissions; and natural disasters, for which the District is a member of the New Mexico Public School 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 \$15,000 deductible per occurrence with a maximum annual deductible of \$60,000. General liability coverage is afforded to all employees, volunteers and school board members and the limit is subject to the NMSA Tort Claims Act on a per occurrence basis. The automobile and property liability limit 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 Securities, which include a \$750 deductible.

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

**NOTE 9: PENSION PLAN—EDUCATIONAL RETIREMENT BOARD**

**General Information about the Pension Plan**

**Plan description.** ERB was created by the state's Educational Retirement Act, Section 22-11-1 through 22-11-52, NMSA 1978, as amended, to administer the New Mexico Educational Employees' Retirement Plan (Plan). The Plan is a cost-sharing, multiple employer plan established to provide retirement and disability benefits for certified teachers and other employees of the state's public schools, institutions of higher learning, and agencies providing educational programs. The Plan is a pension trust fund of the State of New Mexico. The New Mexico legislature has the authority to set or amend contribution rates.

ERB issues a publicly available financial report and a comprehensive annual financial report that can be obtained at [www.nmerb.org](http://www.nmerb.org).

**Benefits provided.** A member's retirement benefit is determined by a formula which includes three component parts: the member's final average salary (FAS), the number of years of service credit, and 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. A brief summary of Plan coverage provisions follows:



**Deming Public Schools**  
**Notes to Financial Statements**  
**June 30, 2018**

**NOTE 9: PENSION PLAN—EDUCATIONAL RETIREMENT BOARD (Continued)**

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

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

Retired members and surviving beneficiaries receiving benefits receive an automatic cost of living adjustment (COLA) to their benefit each July 1, beginning in the year the member attains or would have attained age 65 or on July 1 of the year following the member's retirement date, whichever is later. Prior to June 30, 2013 the COLA adjustment was equal to one-half the change in the Consumer Price Index (CPI), except that the COLA shall not exceed 4% nor be less than 2%, unless the change in CPI is less than 2%, in which case, the COLA would equal the change in the CPI, but never less than zero. As of July 1, 2013, for current and future retirees the COLA was immediately reduced until the plan is 100% funded. The COLA reduction was based on the median retirement benefit of all retirees excluding disability retirements. Retirees with benefits at or below the median and with 25 or more years of service credit will have a 10% COLA reduction; their average COLA will be 1.8%. All other retirees will have a 20% COLA reduction; their average COLA will be 1.6%. Once the funding is greater than 90%, the COLA reductions will decrease. The retirees with benefits at or below the median and with 25 or more years of service credit will have a 5% COLA reduction; their average COLA will be 1.9%. All other retirees will have a 10% COLA reduction; their average will be 1.8%.

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

**Deming Public Schools**  
**Notes to Financial Statements**  
**June 30, 2018**

**NOTE 9: PENSION PLAN—EDUCATIONAL RETIREMENT BOARD (Continued)**

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

**Contributions.** The contribution requirements of plan members and the District are established in state statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. For the fiscal year ended June 30, 2018 employers contributed 13.90% of employees' gross annual salary to the Plan. Employees earning \$20,000 or less contributed 7.90% and employees earning more than \$20,000 contributed 10.70% of their gross annual salary. For fiscal year ended June 30, 2017 employers contributed 13.90%, and employees earning 20,000 or less continued to contribute 7.90% and employees earning more than \$20,000 continued contributing at an amount of 10.70% of their gross annual salary. Contributions to the pension plan from the District were \$3,816,721 for the year ended June 30, 2018.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:** The total ERB pension liability, net pension liability, and sensitivity information were based on an annual actuarial valuation performed as of June 30, 2016. The total ERB pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2017, using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date June 30, 2017. At June 30, 2018, the District reported a liability of \$111,223,590 for its proportionate share of the net pension liability. The District's proportion of the net pension liability is based on the employer contributing entity's percentage of total employer contributions for the fiscal year ended June 30, 2017. The contribution amounts were defined by Section 22-11-21, NMSA 1978. At June 30, 2017, the District's proportion was 1.00080 percent, which was an increase of 0.00686 percent from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the District recognized pension expense of \$17,574,452.

**Deming Public Schools**  
**Notes to Financial Statements**  
**June 30, 2018**

**NOTE 9: PENSION PLAN—EDUCATIONAL RETIREMENT BOARD (Continued)**

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 199,657	\$ 1,713,504
Changes in proportion	854,452	474,025
Net difference between projected and actual earnings on pension plan investments	-	15,258
Changes of assumptions	32,468,352	-
District's contributions subsequent to the measurement date	3,816,721	-
<b>Total</b>	<b>\$ 37,339,182</b>	<b>\$ 2,202,787</b>

\$3,816,721 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date of June 30, 2017, will be recognized as a reduction of the net pension liability in the year ended June 30, 2019.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:		
2018	\$	11,979,305
2019		12,783,707
2020		7,472,504
2021		(915,842)
2022		-
Thereafter		-

**Actuarial assumptions.** The total pension liability, net pension liability, and certain sensitivity information shown in this report are based on actuarial valuation and performed as of June 30, 2015. The liabilities reflect the impact of Senate Bill 115, signed into law March 29, 2013 and new assumptions adopted by the Board of Trustees on June 12, 2015. Specifically, the liabilities measured as of June 30, 2015 incorporate the following assumptions:

1. All members with an annual salary of more than \$20,000 will contribute 10.70% during the fiscal year ending June 30, 2016 and thereafter.

**Deming Public Schools**  
**Notes to Financial Statements**  
**June 30, 2018**

**NOTE 9: PENSION PLAN—EDUCATIONAL RETIREMENT BOARD (Continued)**

2. Members hired after June 30, 2013 will have an actuarially reduced retirement benefit if they retire before age 55 and their COLA will be deferred until age 67.
3. COLAs for most retirees are reduced until ERB attains a 100% funded status.
4. These assumptions were adopted by the Board on June 12, 2015 in conjunction with the six year experience study period ending June 30, 2014.
5. For purposes of projecting future benefits, it is assumed that the full COLA is paid in all future years.

The actuarial methods and assumptions used to determine contributions rates included in the measurement are as follows:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll
Remaining Period	Amortized – closed 30 years from June 30, 2012 to June 30, 2042
Asset Valuation Method	5 year smoothed market for funding valuation (fair value for financial valuation)
Inflation	3.00%
Salary Increase	Composition: 3% inflation, plus 1.25% productivity increase rate, plus step rate promotional increases for members with less than 10 years of service
Investment Rate of Return	7.75%
Retirement Age	Experience based table of age and service rates
Mortality	Healthy males: RP-2000 Combined Mortality Table, set back one year, generational mortality improvements in accordance with scale BB from the table's base year of 2012

The long-term expected rate of return on pension plan investments is determined annually using a building-block approach that includes the following: 1) rate of return projections are the sum of current yield plus projected changes in price (valuation, defaults, etc.), 2) application of key economic projections (inflation, real growth, dividends, etc.), and 3) structural themes (supply and demand imbalances, capital flows, etc.). These items are developed for each major asset class. ERB's investment allocation policy was reviewed and amended by the Board of Trustees on August 26, 2016. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the pension plan.

**Deming Public Schools**  
**Notes to Financial Statements**  
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**NOTE 9: PENSION PLAN—EDUCATIONAL RETIREMENT BOARD (Continued)**

The following schedule shows the current asset allocation policy adopted on August 26, 2016, as well as the prior allocation policy targets.

**Comparative Schedule of Target Investment Allocation**

<b>Asset Class</b>	<b>Target Allocation</b>	
	<b>After 8/26/2016</b>	<b>Prior to 8/26/2016</b>
<b>Equities</b>		
<i>Domestic Equities</i>		
Large cap equities	16%	18%
Small- mid cap equities	3%	2%
<i>Total domestic</i>	19%	20%
<i>International Equities</i>		
Developed	5%	5%
Emerging markets	9%	10%
<i>Total international</i>	14%	15%
<b>Total equities</b>	33%	35%
<b>Fixed Income</b>		
Opportunistic credit	18%	20%
Core bonds	6%	6%
Emerging market debt	2%	2%
<b>Total fixed income</b>	26%	28%
<b>Alternatives</b>		
Real estate - REITS	7%	7%
Real assets	8%	8%
Private equity	13%	11%
Global asset allocation	4%	5%
Risk parity	3%	5%
Other	5%	0%
<b>Total alternatives</b>	40%	36%
<b>Cash</b>	1%	1%
<b>Total</b>	55%	52%

For the years ended June 30, 2017 and 2016, the annual money-weighted rates of return on pension plan investments were 3.56% and 2.68%, respectively.

**Deming Public Schools**  
**Notes to Financial Statements**  
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**NOTE 9: PENSION PLAN—EDUCATIONAL RETIREMENT BOARD (Continued)**

**Discount rate:** A single discount rate of 5.90% was used to measure the total ERB pension liability as of June 30, 2017. This discount rate was based on an expected rate of return on pension plan investments of 7.25% and a municipal bond rate of 3.56%. Based on the stated assumptions and the projection of cash flows, the Plan’s fiduciary net position and future contributions were sufficient to finance the benefit payments through the year 2053. As a result, the long-term expected rate of return on pension plan investments was applied to project benefit payments through the 2053 fiscal year, and the municipal bond rate was applied to all benefit payments after that date.

**Sensitivity of the District’s proportionate share of the net pension liability to changes in the discount rate.** The following table shows the sensitivity of the net pension liability to changes in the discount rate as of the fiscal year end 2017. In particular, the table presents the (employer’s) net pension liability under the current single rate assumption, as if it were calculated using a discount rate one percentage point lower (4.90%) or one percentage point higher (6.90%) than the single discount rate.

	<b>1% Decrease (4.90%)</b>	<b>Current Discount Rate (5.90%)</b>	<b>1% Increase (6.90%)</b>
District's proportionate share of the net pension liability	\$ 144,785,455	\$ 111,223,590	\$ 83,789,496

**Pension plan fiduciary net position.** Detailed information about the pension plan’s fiduciary net position is available in the separately issued audited financial statements as of and for the year ended June 30, 2017, which is publicly available at [www.nmerb.org](http://www.nmerb.org).

**Payables to the pension plan.** The District remits the legally required employer and employee contributions on a monthly basis to ERB. The ERB requires that the contributions be remitted by the 15<sup>th</sup> day of the month following the month for which contributions are withheld. At June 30, 2018, the District owed the ERB \$0 for the contributions withheld in the month of June 2018. At June 30, 2018, the Charter owed the ERB \$31,860 for the contributions withheld in the month of June 2018.

**NOTE 10: OTHER POST-EMPLOYMENT BENEFITS (OPEB) – NEW MEXICO RETIREE HEALTH CARE FUND**

**General Information about the Other Post-Employment Benefits Plan**

**Plan Description.** Substantially all of the District's full-time employees are provided with other post-employment benefits (OPEB) through the New Mexico Retiree Health Care Authority (NMRHCA). NMRHCA was created by the state's Retiree Health Care Act, Section 10-7C-1 through 10-7C-16, NMSA 1978, as amended, to administer the New Mexico Retiree Health Care Fund (Plan). The Plan is a cost-sharing, multiple employer defined benefit healthcare plan established to provide comprehensive core group health insurance for persons who have retired from certain public service in New Mexico. The purpose is to provide 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 consisting of a plan or optional plans of benefits that can be purchased by funds flowing into the retiree health care fund and by co-payments or out-of-pocket payments of eligible retirees.

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

The Authority issues a publicly available stand-alone financial report that includes financial statements and required supplementary information for the postemployment healthcare plan. That report and further information can be obtained by writing to the NMRHCA at 4308 Carlisle NE, Suite 104, Albuquerque, NM 87107.

**Benefits provided.** The Act authorizes the NMRHCA Board to establish the monthly premium contributions that retirees are required to pay for healthcare benefits. Each participating retiree pays a monthly premium according to a service-based subsidy rate schedule for the medical, plus basic life plan, plus an additional participation fee of five dollars (\$5) if the eligible participant retired prior to the employer's effective date or is a former legislator or former governing authority member. Former legislators and governing authority members are required to pay 100% of the insurance premium to cover their claims and the administrative expenses of the plan. The monthly premium rate schedule can be obtained from the NMRHCA or viewed on their website at [www.nmrhca.state.nm.us](http://www.nmrhca.state.nm.us).

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

**Deming Public Schools**  
**Notes to Financial Statements**  
**June 30, 2018**

**NOTE 10: OTHER POST-EMPLOYMENT BENEFITS (OPEB) – NEW MEXICO RETIREE HEALTH CARE FUND**  
**(Continued)**

The Act is the statutory authority that establishes the required contributions of participating employers and their employees. For employees that were members of an enhanced retirement plan (state police and adult correctional officer member coverage plan 1; municipal police member coverage plans 3, 4 or 5; municipal fire member coverage plan 3, 4 or 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act) during the fiscal year ended June 30, 2015, the statute required each participating employer to contribute 2.5% of each participating employee's annual salary; and each participating employee was required to contribute 1.25% of their salary. For employees that were not members of an enhanced plan during the fiscal year ended June 30, 2017, the statute required each participating employer to contribute 2% of each participating employee's annual salary; each participating employee was required to contribute 1% of their salary. In addition, pursuant to Section 10-7C- 5(G) NMSA 1978, at the first session of the Legislature following July 1, 2014, the legislature shall review and adjust the distributions pursuant to Section 7-1-6.1 NMSA 1978 and the employer and employee contributions to the authority in order to ensure the actuarial soundness of the benefits provided under the Act.

The District's contributions to the plan for the year ended June 30, 2018 totaled \$548,942, which equals the required contributions for the year.

***OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB:*** At June 30, 2018, the District reported a liability of \$30,086,230 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2017, the District's proportion was .6639 percent.



**Deming Public Schools**  
**Notes to Financial Statements**  
**June 30, 2018**

**NOTE 10: OTHER POST-EMPLOYMENT BENEFITS (OPEB) – NEW MEXICO RETIREE HEALTH CARE FUND**  
**(Continued)**

For the year ended June 30, 2018, the District recognized OPEB expense of \$1,196,133. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 1,154,550
Net difference between projected and actual earnings on pension plan investments	-	432,811
Changes of assumptions	-	5,260,194
District's contributions subsequent to the measurement date	548,942	-
<b>Total</b>	<b>\$ 548,942</b>	<b>\$ 6,847,555</b>

\$548,942 reported as deferred outflows of resources related to OPEB resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30:		
2019	\$	(1,455,838)
2020		(1,455,838)
2021		(1,455,838)
2022		(1,455,838)
2023		(1,024,203)

**Deming Public Schools**  
**Notes to Financial Statements**  
**June 30, 2018**

**NOTE 10: OTHER POST-EMPLOYMENT BENEFITS (OPEB) – NEW MEXICO RETIREE HEALTH CARE FUND**  
**(Continued)**

**Actuarial assumptions.** The total OPEB liability in the June 30, 2017 actuarial valuation was determined by an actuarial valuation as of June 30, 2017. The mortality, retirement, disability, turnover and salary increase assumptions are based on the PERA annual valuation as of June 30, 2016 and the ERB actuarial experience study as of June 30, 2016. The following actuarial assumptions were applied to the actuary's measurement:

Valuation Date	June 30, 2017
Actuarial cost method	Entry age normal, level percent of pay, calculated on individual employee basis
Asset valuation method	Market value of assets
Actuarial assumptions:	
Inflation	2.50% for ERB member, 2.25% for PERA members
Projected payroll increase	3.50%
Investment rate of return	7.25%, net of OPEB plan investment expense and margin for adverse deviation including inflation
Health care cost trend rate	8% graded down to 4.5% over 14 years for Non-Medicare medical plan costs and 7.5% graded down to 4.5% over 12 for Medicare medical plan costs
Mortality	ERB members: RP-2000 Combined Mortality Tables with White Collar Adjustment (males) and GRS Southwest Region Teacher Mortality Table (females) PERA members: RP-2000 Combined Healthy Mortality

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.

**Deming Public Schools**  
**Notes to Financial Statements**  
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**NOTE 10: OTHER POST-EMPLOYMENT BENEFITS (OPEB) – NEW MEXICO RETIREE HEALTH CARE FUND**  
**(Continued)**

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

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

**Discount rate.** The discount rate used to measure the total OPEB liability is 3.81% as of June 30, 2017. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at rates proportional to the actuary determined contribution rates. For this purpose, employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries are not included. Based on those assumptions, the Fund's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members through the fiscal year ending June 30, 2028. Thus, the 7.25% discount rate was used to calculate the net OPEB liability through 2029. Beyond 2029, the index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher. Thus 3.81% is the blended discount rate.

**Basis for Allocation.** The employers' proportionate share, reported in the Schedule of Employer Allocations, is calculated using employer contributions for employers that were members of the Authority as of June 30, 2017.

**Deming Public Schools**  
**Notes to Financial Statements**  
**June 30, 2018**

**NOTE 10: OTHER POST-EMPLOYMENT BENEFITS (OPEB) – NEW MEXICO RETIREE HEALTH CARE FUND**  
**(Continued)**

***Sensitivity of the District's proportionate share of the net OPEB liability to changes in the discount rate.*** The following presents the District's proportionate share of the net OPEB liability, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.81 percent) or 1-percentage-point higher (4.81 percent) than the current discount rate:

	<b>1% Decrease (2.81%)</b>	<b>Current Discount Rate (3.81%)</b>	<b>1% Increase (4.81%)</b>
District's proportionate share of the OPEB liability	\$ 36,494,129	\$ 30,086,230	\$ 25,058,658

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

	<b>1% Decrease</b>	<b>Current Trend Rate</b>	<b>1% Increase</b>
District's proportionate share of the OPEB liability	\$ 25,590,411	\$ 30,086,230	\$ 33,591,858

***OPEB plan fiduciary net position.*** Additional financial information supporting the preparation of the Schedule of Employer Allocations and the Schedule of OPEB Amounts by Employer, including the disclosure of the net OPEB liability and the unmodified audit opinion on the financial statements, is located in the New Mexico Retiree Health Care Authority financial statements for the fiscal year ended June 30, 2017. Additional financial information is available at [www.nmrhca.state.nm.us](http://www.nmrhca.state.nm.us) or by contacting New Mexico Retiree Health Care Authority at 4308 Carlisle NE, Suite 104, Albuquerque, NM 87107.

***Payables to the Pension Plan.*** The NMRHCA requires that the contributions be remitted by the 15th day of the month following the month for which contributions are withheld. At June 30, 2018, the District recorded a payable to NMRHCA in the amount of \$95,725 for the contributions withheld in the month of June, 2018, which is included in the Accrued Liabilities on the Statement of Net Position. At June 30, 2018, the Charter recorded a payable to NMRHCA in the amount of \$3,673 for the contributions withheld in the month of June, 2018, which is included in the Accrued Liabilities on the Statement of Net Position.

**Deming Public Schools**  
**Notes to Financial Statements**  
**June 30, 2018**

**NOTE 11: CONTINGENT LIABILITIES**

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

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

**NOTE 12: OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES**

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

- A. Deficit fund balance of individual funds. The District had the following fund that maintained a deficit fund balance at June 30, 2018:

<b>Nonmajor Funds</b>	
Fund 25246 Instructional Materials	\$ 497
Fund 29107 City/County Grants	1,554
Fund 31700 Capital Improvements SB-9	53,591
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Total Governmental Funds	\$ 55,642
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**Deming Public Schools**  
**Notes to Financial Statements**  
**June 30, 2018**

**NOTE 12: OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES (Continued)**

B. Excess of expenditures over appropriations. The District had the following funds with excess of expenditures over appropriations for the year ended June 30, 2018:

<b>Major Funds</b>	
Fund 21000 Food Services - support services	\$ 119,020
<hr/>	
Total Governmental Funds	\$ 119,020
<hr/>	
<b>Nonmajor Funds</b>	
Fund 24109 IDEA-B Preschool - instruction	\$ 1,379
Fund 24201 Title I-IASA - Federal Stimulus - instruction	5
Fund 25153 Title XIX Medicaid - instruction	16
Fund 25153 Title XIX Medicaid - support services	12,320
Fund 25200 ROTC - instruction	31,483
Fund 25246 Emergency Food/Shelter National - instruction	4,500
Fund 28190 GRADS - instruction	2,500
Fund 28203 GRADS Plus - instruction	6,551
Fund 29107 City/County Grants - instruction	83,817
Fund 24154 Teacher/Principal Training/Recruiting - support services	1,998
Fund 31900 Educational Technology Equipment Act - support services	87
Fund 31900 Educational Technology Equipment Act - capital outlay	634,503
Fund 43000 Ed Tech Debt Service - support services	66
<hr/>	
Total Governmental Funds	\$ 779,225
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C. Designated cash appropriations in excess of available balance. The District had no funds with designated cash appropriations in excess of available balances for the year ended June 30, 2018.

**NOTE 13: CONCENTRATIONS**

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

**Deming Public Schools**  
**Notes to Financial Statements**  
**June 30, 2018**

**NOTE 14: COMMITMENTS**

The District had multiple construction projects ongoing as of the year ended June 30, 2018 that are to continue into the following fiscal year. These projects are as follows:

	<b>Expected Total Project</b>
Deming High School (Hofacket)	\$ 3,801,648
Deming Intermediate School	1,374,057
<b>Total Commitments</b>	<b>\$ 5,175,705</b>

**NOTE 15: DEFERRED COMPENSATION PLAN**

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue code Section 403 (b). The plan, available to all District employees, permits them to defer a portion of their salary until future years. Participation in the plan is optional. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. All assets and income of the plan are held in trust of the exclusive benefit of the participants and their beneficiaries.

**NOTE 16: RESTRICTED NET POSITION**

The government-wide statement of net position reports \$20,014,412 of restricted net position, all of which is restricted by enabling legislation. For descriptions of the related restrictions for net position restricted for special revenue, debt service and capital projects, see pages 41 and 129-133.

**NOTE 17: TAX ABATEMENTS**

While the District does not negotiate property tax abatements, Luna County does on an individual basis. There are three tax abatement agreement that affects the District as of June 30, 2018. Those agreement are as follows:

The agreement with Macho Springs I Bondholder LLC for the installation and operation of Wind Energy Project within Luna County approximately 24 miles NE of Deming, NM. The agreement began in 2010. The amount of property taxes abated during 2018 totaled \$92,550 for consideration totaling \$57,450.

This agreement was negotiated under the §7-36-3 NMSA 1978 for the installation and operation of wind energy project within Luna County. Each abatement is a local agreement between a taxpayer and a taxing unit that exempts all or part of the increase in the value of the real property and/or tangible personal property from taxation for a specific dollar amount.

**Deming Public Schools**  
**Notes to Financial Statements**  
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**NOTE 17: TAX ABATEMENTS (Continued)**

There is a provision, that in the event that if the project ceases or bonds are redeemed prior to 30-year maturity the Company shall pay an amount equal to present value of the difference between remaining scheduled payments in lieu of taxes and property taxes expected at maturity per bond documents.

The agreement with Macho Springs Solar LLC for the installation and operation of Solar Energy Project within Luna County approximately 24 miles NE of Deming, NM. The agreement began in 2012. The amount of compensating tax abated during 2018 totaled \$175,000.

This agreement was negotiated under the Industrial Revenue Bond Act §4-59-1 to §4-59-16 NMSA 1978 for the installation and operation of solar energy project within Luna County. Each abatement is a local agreement between a taxpayer and a taxing unit that exempts all or part of the increase in the value of the real property and/or tangible personal property from taxation for a specific dollar amount. There is a provision, that if the project ceases or bonds are redeemed prior to 30-year maturity the Company shall pay an amount equal to present value of the difference between remaining scheduled payments in lieu of taxes and compensating taxes at maturity per bond documents.

The agreement with TPE Alta Luna LLC for the installation and operation of Solar Energy Project within Luna County approximately 24 miles NE of Deming, NM. The agreement began in 2015. The amount of property taxes abated during 2018 totaled \$22,115 for consideration totaling \$14,139.

This agreement was negotiated under the Industrial Revenue Bond Act §4-59-1 to §4-59-16 NMSA 1978 for the installation and operation of solar energy project within Luna County. Each abatement is a local agreement between a taxpayer and a taxing unit that exempts all or part of the increase in the value of the real property and/or tangible personal property from taxation for a specific dollar amount. There is a provision, that in the event that if the project ceases the County will exercise legal action for any unpaid amount due/terminate agreement.

The District has not made any commitments as part of the agreements other than those made by the County. The District is subject to those tax abatements agreement entered into by Luna County.

**NOTE 18: SUBSEQUENT EVENTS**

The date to which events occurring after June 30, 2018, the date of the most recent balance sheet, have been evaluated for possible adjustment to the financial statements or disclosures is November 15, 2018, which is the date on which the financial statements were issued.

The District entered into Series 2018 General Obligation Bonds in the amount of \$2,500,000. The closing date was August 30, 2018. Principal is due August 1 with a maturity date of August 1, 2031. The GO Bonds have an interest rate of 3.00% to 3.100%.



**Deming Public Schools**  
**Notes to Financial Statements**  
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**NOTE 19: NET POSITION RESTATEMENT**

The District has a prior period adjustment of \$35,737,652 due to the implementation of GASB Statement No. 75 and the related post-employment benefit liability. See Note 10 for more information.

**NOTE 20: SUBSEQUENT PRONOUNCEMENTS**

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

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

In June 2017, GASB Statement No. 87 *Leases* was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The District is still evaluating how this pronouncement will affect the financial statements.

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

In June 2018, GASB Statement No. 89 *Accounting for Interest Cost Incurred before the End of a Construction Period* was issued. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The District is still evaluating how this pronouncement will affect the financial statements.

In August 2018, GASB Statement No. 90 *Accounting for Majority Equity Interest* was issued. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged. The District is still evaluating how this pronouncement will affect the financial statements.

**NOTE 21: COMPONENT UNITS**

The following notes relate to the Deming Cesar Chavez Charter High School as formed under NMSA 22-8A and as such are presented here as discrete Component Unit of Deming Public Schools:

**Deming Public Schools**  
**Notes to Financial Statements**  
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**CU NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Cesar Chavez High School Charter School (the “Charter”) is organized under the laws of the State of New Mexico and authorized by Deming Public Schools (“The District”). The Charter is a component unit of the District. The accompanying financial statements do not purport to, and do not, represent the financial position and changes in financial position of the reporting entity of the District in accordance with accounting principles generally accepted in the United States of America (GAAP). The Charter operates under a Governing Council. The Governing Council is authorized to establish policies and regulations of the State Board of Education and the Legislative Financial Committee. The Governing Council is comprised of five members.

The Charter provides education opportunities for children from first through twelfth grade, including but not limited to classroom and vocational studies; as well as school oriented social and athletic activities.

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

During the year ended June 30, 2018, the Charter adopted GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. This Statement is required to be implemented as of June 30, 2018.

The implementation of these statement had a significant impact on the Charter because the activities of the Charter are affected by the statement in a material manner.

**A. Financial Reporting Entity**

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

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

**CU NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*A. Financial Reporting Entity (Continued)*

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

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

Based upon the application of these criteria, the Charter has no component units.

*B. Government-wide and fund financial statements*

The government-wide financial statements (the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The Charter does not have any *business-type activities*.

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

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment.

*Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes, state equalization, and other items not properly included among program revenues are reported instead as *general revenues*.

**CU NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

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

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

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

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

The Charter reports the following major governmental funds:

The *General Fund* (11000 and 14000) is the Charter's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. Revenues are provided by the Charter's school tax levy, state equalization and transportation funds, state instructional material allocations, and earnings from investments. Expenditures include all costs associated with the daily operations of the school except for those items included in other funds.

**CU NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

The *TANF/GRADS (25162)* fund is used to account for providing grants to states or territories to assist needy families with children so that children can be cared for in their own homes; to reduce dependency by promoting job preparation, work, and marriage; to reduce and prevent out-of-wedlock pregnancies; and to encourage the formation and maintenance of two parent families. Authorized by the Social Security Act, Title IV, Part A, as amended; Personal Responsibility and Work Opportunity Reconciliation Act of 1996, Public Law 104-193. This fund was created by state grant provisions.

Additionally, the Charter reports the following Fiduciary funds:

The *Agency Funds* account for assets held by the Charter in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds.

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

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

*D. Assets, Deferred outflows of resources, Liabilities, Deferred inflows of resources, and Net position or Equity*

**Deposits and Investments:** The Charter'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 Charter to invest in Certificates of Deposit, obligations of the U.S. Government, and the State Treasurer's Local Government Investment Pool (LGIP). The LGIP operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

**Receivables and Payables:** Interfund activity is reported as loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation.

**CU NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*D. Assets, Deferred outflows of resources, Liabilities, Deferred inflows of resources, and Net position or Equity (Continued)*

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

The Charter receives monthly income from a tax levy in Luna County. The funds are collected by the County Treasurer and are remitted to the Charter the following month. Under the modified accrual method of accounting, the amount remitted by the County Treasurer in July and August 2018 is considered "measurable and available" and, accordingly, is recorded as revenue in the governmental fund statements during the year ended June 30, 2018. Period of availability is deemed to be sixty days subsequent to year end.

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

**Inventory:** The Charter's method of accounting for inventory is the consumption method. Under the consumption approach, governments report inventories they purchase as an asset and defer the recognition of the expenditures until the period in which the inventories actually are consumed. Inventory is valued at cost and 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.

Inventory in the Special Revenue Funds consists of U.S.D.A. commodities and other purchased food and non-food supplies. Commodities consumed during the year are reported as revenues and expenditures; unused commodities are reported as inventories.

**Capital Assets:** Capital assets, which include property, plant, and equipment, are reported in the government-wide financial statements. Capital assets are defined by the Charter's policies as assets with an initial, individual cost of more than \$5,000 (amount not rounded) 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. Donated capital assets are recorded at estimated fair market value at the date of donation. Information Technology Equipment including software is being capitalized and included in furniture, fixtures and equipment in accordance with NMAC 2.20.1.9 C (5). The Charter was a Phase II government for purposes of implementing GASB Statement No. 34 however, the Charter does not have any infrastructure assets to report.

**Deming Public Schools**  
**Notes to Financial Statements**  
**June 30, 2018**

**CU NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*D. Assets, Deferred outflows of resources, Liabilities, Deferred inflows of resources, and Net position or Equity (Continued)*

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Library books are not capitalized because they are considered to have a useful life of less than one year.

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

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

<b>Assets</b>	<b>Years</b>
Building improvements	7-30 years
Equipment	5-20 years
Furniture & Fixtures	20 years

**Deferred Inflows of Resources:** In addition to liabilities, the balance sheet reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Revenue must be susceptible to accrual (measurable and available to finance expenditures of the current fiscal period) to be recognized. If assets are recognized in connection with a transaction, but those assets are not yet available to finance expenditures of the current fiscal period, then the assets must be offset by a corresponding liability for deferred inflows of resources.

The Charter has one type of item which arises under the modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue - grants, is reported only in the governmental funds balance sheet.

These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The Charter has recorded \$36,208 related to grant revenues considered “unavailable.” In addition, the Charter has three types of items present on the Statement of Net Position which arise due to the implementation of GASB Statement No. 68 and the related net pension liability. Accordingly, the items, changes in proportion of \$96,691, net difference between projected and actual investments earnings of \$517 and difference between expected and actual experience of \$58,093 are reported on the Statement of Net Position. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. In addition, the Charter has three types of items present on the Statement of Net Position which arise due to the implementation of GASB Statement No. 75 and the related post-employment benefit liability.



**CU NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*D. Assets, Deferred outflows of resources, Liabilities, Deferred inflows of resources, and Net position or Equity (Continued)*

Accordingly, the items, changes in assumptions of \$181,834, net difference between projected and actual investments earnings of \$14,961 and differences between expected and actual experience of \$39,910, are reported on the Statement of Net Position. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

**Deferred Outflows of Resources:** In addition to assets, the balance sheet reports a separate section for deferred outflows of resources. This separate financial statement element represents a use of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenditure) until that time. The Charter has four types of items that qualify for reporting in this category. Accordingly, the items, changes in proportion of \$404,800, changes of assumptions of \$1,100,771, differences between expected and actual experience of \$6,769, and employer contributions subsequent to measurement date in the amount of \$127,958, are reported on the Statement of Net Position. These amounts are deferred and recognized as outflows of resources in future periods. Additionally, the Charter has one types of items that qualify for reporting in this category due to the implementation of GASB Statement No. 75 and the related post-employment benefit liability. Accordingly, the item employer contributions subsequent to measurement date of \$17,833, is reported on the Statement of Net Position. The amount is deferred and recognized as outflows of resources in future periods.

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

**Post-employment:** For purposes of measuring the post-employment liability, deferred outflows of resources and deferred inflows of resources related to post-employment, and post-employment expense, information about the fiduciary net position of the Retiree Health Care Act (RHCA) and additions to/deductions from RHCA's fiduciary net position have been determined on the same basis as they are reported by RHCA, on the economic resources measurement focus and accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.



**CU NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*D. Assets, Deferred outflows of resources, Liabilities, Deferred inflows of resources, and Net position or Equity (Continued)*

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

**Fund Balance Classification Policies and Procedures:** The Charter has implemented GASB Statement No. 54 and has defined the various categories reported in fund balance. For committed fund balance, the Charter's highest level of decision-making authority is the Board of Education. The formal action that is required to be taken to establish a fund balance commitment is a resolution of the Board of Education.

For assigned fund balance, the Board of Education or an official or body to which the School Board of Education delegates the authority is authorized to assign amounts to a specific purpose. The authorization policy is in governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.

For the classification of fund balances, the Charter considers restricted or unrestricted amounts to have been spent when an expenditure is incurred for the purposes for which both restricted and unrestricted fund balance is available. Also for the classification of fund balances, the Charter considers committed, assigned, or unassigned amounts to have been spent when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

**Nonspendable Fund Balance:** At June 30, 2018, the Charter did not have fund balance in nonspendable form.

**Restricted and Committed Fund Balance:** At June 30, 2018, the restricted fund balance on the governmental funds balance sheet is made up of \$15,295 for instructional materials and education to the students of the Charter.

**Net Position:** Equity is classified as net position and displayed in three components:

- a. **Net investment in capital assets:** Consists of 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.

**CU NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*D. Assets, Deferred outflows of resources, Liabilities, Deferred inflows of resources, and Net position or Equity (Continued)*

- b. **Restricted Net Position:** Net position is reported as restricted when constraints are 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 restricted for “special revenue, capital projects, and debt service” are described on pages CU 28 and 73.
- c. **Unrestricted Net Position:** Net position that does not meet the definition of “Restricted” or “Net Investment in Capital Assets.”

**Estimates:** The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant estimates for the Charter are management’s estimate of depreciation on assets over their estimated useful lives, net pension liability and related deferred inflows and outflows of resources, and the current portion of accrued compensated absences.

*E. Revenues*

**State Equalization Guarantee:** School Charters in the State of New Mexico receive a ‘state equalization guarantee distribution’ which is defined as “that amount of money distributed to each school Charter to insure that the school Charter’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 Charter’s program costs.”

A school Charter’s program costs are determined through the use of various formulas using ‘program units’ which take into consideration 1) early childhood education; 2) basic education; 3) special education; 4) bilingual-multicultural education; 5) size, etc. Payment is made from the public school fund under the authority of the Director of Public School Finance. The Charter received \$1,706,379 in state equalization guarantee distributions during the year ended June 30, 2018.

**Instructional Materials:** The Public Education Department (Department) receives federal mineral leasing funds from which it makes annual allocations to the various school Charters for the purchase of educational materials. Of each allocation, seventy percent is restricted to the requisition of materials listed in the State Board of Education “State Adopted Instructional Material” list, while thirty percent of each allocation is available for purchases directly from vendors. Allocations received from the State for the year ended June 30, 2018 totaled \$5,032.

**CU NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*E. Revenues (Continued)*

**Public School Capital Outlay:** The public school capital outlay fund was created under the provisions of Chapter 22, Article 24, NMSA 1978. The money in the fund may be used for: capital expenditures deemed by the public school capital outlay council to be necessary for an adequate educational program per Section 22-24-4(B); core administrative functions of the public school facilities authority and for project management expenses upon approval of the council per Section 22-24-4(G); and for the purpose of demolishing abandoned school Charter facilities, upon application by a school Charter to the council, per Section 22-24-4(L).

Money in the fund shall be disbursed by warrant of the Department of Finance and Administration on vouchers signed by the Secretary of Finance and Administration following certification by the council that the application has been approved.

The Charter received \$90,301 of Public School Capital Outlay matching during the year ended June 30, 2018.

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

**CU NOTE 2: Stewardship, Compliance and Accountability**

*Budgetary Information*

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

These budgets are prepared on the modified cash basis with payroll or held checks being accrued and expensed, therefore, fund balances on the budget statements do not reconcile to cash due to the Charter's accrued payroll, which is presented on the accrual basis.

Because the budget process in the State of New Mexico requires that the beginning cash balance be appropriated in the budget of the subsequent fiscal year, such appropriated balance is legally restricted and is therefore presented as restricted fund balance.

**CU NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)**

*Budgetary Information (Continued)*

Actual expenditures may not exceed the budget at the function (or “series”) level. Budgets may be amended in two ways. If a budget transfer is necessary within a major category called a “series” this may be accomplished with only local Board of Education approval. If a transfer between “series” or a budget increase is required, approval must also be obtained from Public School Finance Division.

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

The Charter 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 Charter Budget Planning Unit (DBPU) of the New Mexico Public Education Department (PED) a proposed operating budget for the ensuing fiscal year commencing July 1. The operating budget includes proposed expenditures and the means of financing them. All budgets are submitted to the State of New Mexico Public Education Department.
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 Charter for the ensuing fiscal year.
3. The school board meeting is open for the general public unless a closed meeting has been called.
4. The “operating” budget will be used by the Charter until they have been notified that the budget has been approved by the DBPU and the local school board. The budget shall be integrated formally into the accounting system. Encumbrances shall be used as an element of control and shall be integrated into the budget system.
5. The Charter shall make corrections, revisions and amendments to the estimated budgets fixed by the local school board to recognize actual cash balances and carryover funds, if any. These adjustments shall be reviewed and approved by the DBPU.
6. The superintendent is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the school board and the State of New Mexico Public Education Department.
7. Budget change requests are processed in accordance with Supplement 1 (Budget Preparation and Maintenance) of the Manual of Procedures Public School Accounting and Budgeting. Such changes are initiated by the school Charter and approved by the DBPU.

**Deming Public Schools**  
**Notes to Financial Statements**  
**June 30, 2018**

**CU NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)**

*Budgetary Information (Continued)*

8. Legal budget control for expenditures is by function.
9. Appropriations lapse at fiscal year end. Funds unused during the fiscal year may be carried over into the next fiscal year by budgeting those in the subsequent fiscal year's budget. The budget schedules included in the accompanying financial statements reflect the original budget and the final budget.
10. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Funds.

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

The appropriated budget for the year ended June 30, 2018, was properly amended by the Charter's Board of Education throughout the year. These amendments resulted in the following changes:

	<b>Excess (deficiency) of revenues over expenditures</b>	
	<b>Original Budget</b>	<b>Final Budget</b>
Budgeted Funds:		
General Fund	\$ (338,036)	\$ (502,001)
TANF/GRADS	\$ (31,936)	\$ (31,936)
Other Governmental Funds	\$ (1,726)	\$ (1,726)

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

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

**Deming Public Schools**  
**Notes to Financial Statements**  
**June 30, 2018**

**CU NOTE 3: DEPOSITS**

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

Deposits of funds may be made in interest or non-interest bearing checking accounts in one or more banks or savings and loan associations within the geographical boundaries of the Charter. Deposits may be made to the extent that they are insured by an agency of the United States or collateralized as required by statute. The financial institution must provide pledged collateral for 50% of the deposit amount in excess of the deposit insurance. The collateral pledged is listed on Schedule of Collateral Pledged by Depository for Public Funds 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, Charter or political subdivision of the State of New Mexico.

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

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

All of the Charter's accounts at an insured depository institution, including all noninterest-bearing transaction accounts, will be insured by the FDIC up to the standard maximum deposit insurance amount of \$250,000 for all deposit accounts out of state and up to \$250,000 for all time and saving accounts plus up to \$250,000 for all demand deposit accounts held at a single institution in state.

*Custodial Credit Risk – Deposits.* Custodial credit risk is the risk that in the event of a bank failure, the Charter's deposits may not be returned to it. The Charter does not have a deposit policy for custodial credit risk, other than following state statutes as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978). At June 30, 2018, \$492,019 of the Charter's bank balance of \$742,019 was exposed to custodial credit risk. \$254,863 was uninsured and collateralized by collateral held by the pledging bank's trust department not in the Charter's name, and \$237,156 was uninsured and uncollateralized.

**Deming Public Schools**  
**Notes to Financial Statements**  
**June 30, 2018**

**CU NOTE 3: DEPOSITS (Continued)**

	<b>First New Mexico Bank</b>	<b>Total</b>
Amount of deposits	\$ 742,019	\$ 742,019
FDIC Coverage	(250,000)	(250,000)
<b>Total uninsured public funds</b>	<b>492,019</b>	<b>492,019</b>
Collateralized by securities held by pledging institutions or by its trust department or agent in other than the School's name	254,863	254,863
<b>Uninsured and uncollateralized</b>	<b>\$ 237,156</b>	<b>\$ 237,156</b>
Collateral requirement (50% of uninsured funds)	\$ 246,010	\$ 246,010
Pledged Collateral	254,863	254,863
<b>Over (Under) collateralized</b>	<b>\$ 8,853</b>	<b>\$ 8,853</b>

The collateral pledged is listed in the Schedule of Collateral Pledged by Depository for Public Funds of this report. The types of collateral allowed are limited to direct obligations of the United States Government and all bonds issued by any agency, School Charter or political subdivision of the State of New Mexico.

The Charter utilizes internal pooled accounts for some of their 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 combining balance sheet as of June 30, 2018. The following individual funds had negative cash balances as of June 30, 2018:

24101	Title I IASA	\$ 8,469
31200	Public School Capital Outlay	90,301
31700	SB-9 Capital Outlay	18,703
<b>Total</b>		<b>\$ 117,473</b>

**Deming Public Schools**  
**Notes to Financial Statements**  
**June 30, 2018**

**CU NOTE 3: DEPOSITS (Continued)**

Reconciliation to the Statement of Net Position

The carrying amount of deposits and investments shown above are included in the Charter’s statement of net position as follows:

Reconciliation to the Statement of Net Assets:

Cash and cash equivalents	\$	699,132
Agency funds cash		4,224
<hr/>		
Total cash and cash equivalents		703,356
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Add: outstanding checks		38,663
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Bank balance of deposits	\$	742,019
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**CU NOTE 4: ACCOUNTS RECEIVABLE**

Accounts receivable as of June 30, 2018, are as follows:

	General Fund	Other Governmental Funds	Total
<hr/>			
Due from primary government	\$ 13,414	\$ -	\$ 13,414
Intergovernmental-grants:			
Federal	-	121,914	121,914
<hr/>			
Totals by category	\$ 13,414	\$ 121,914	\$ 135,328
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The above receivables are deemed 100% collectible.



**Deming Public Schools**  
**Notes to Financial Statements**  
**June 30, 2018**

**CU NOTE 5: INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

The Charter records temporary interfund receivables and payables to enable the funds to operate until grant monies are received. The composition of interfund balances during the year ended June 30, 2018 is as follows:

	<b>Due to</b>	<b>Due from</b>
<b>Governmental Activities:</b>		
General Fund	\$ -	\$ 117,473
Title I IASA	8,469	-
Public School Capital Outlay	90,301	-
SB-9 Capital Outlay	18,703	-
<b>Total Interfund Transfers</b>	<b>\$ 117,473</b>	<b>\$ 117,473</b>

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

The Charter did not have any operating transfers during the year end June 30, 2018.

**CU NOTE 6: CAPITAL ASSETS**

A summary of capital assets and changes occurring during the year ended June 30, 2018, including those changes pursuant to the implementation of GASB Statement No. 34, follows. Land and construction in progress are not subject to depreciation.

**Deming Public Schools**  
**Notes to Financial Statements**  
**June 30, 2018**

**CU NOTE 6: CAPITAL ASSETS (Continued)**

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

<b>Governmental activities:</b>	<b>Balance June 30, 2017</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance June 30, 2018</b>
Capital assets being depreciated:				
Buildings and improvements	\$ 510,514	\$ -	\$ -	\$ 510,514
Furniture and equipment	155,435	-	-	155,435
<b>Total capital assets being depreciated</b>	<b>665,949</b>	<b>-</b>	<b>-</b>	<b>665,949</b>
Less accumulated depreciation:				
Buildings and improvements	(53,520)	(13,090)	-	(66,610)
Furniture and equipment	(114,117)	(10,957)	-	(125,074)
<b>Total accumulated depreciation</b>	<b>(167,637)</b>	<b>(24,047)</b>	<b>-</b>	<b>(191,684)</b>
<b>Total capital assets, net of depreciation</b>	<b>\$ 498,312</b>	<b>\$ (24,047)</b>	<b>\$ -</b>	<b>\$ 474,265</b>

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

<b>Governmental Activities</b>	
Support services - school administration	\$ 1,079
Operation and maintenance of plant	22,968
<b>Total</b>	<b>\$ 24,047</b>

**CU NOTE 7: RISK MANAGEMENT**

The Charter is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; error omissions; and natural disasters, for which the Charter is a member of the New Mexico Public School 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 Charter 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.

**CU NOTE 7: RISK MANAGEMENT (Continued)**

The NMPSIA provides coverage for up to a maximum of \$500,000,000 for each property damage claim with a \$15,000 deductible per occurrence with a maximum annual deductible of \$60,000. General liability coverage is afforded to all employees, volunteers and school board members and the limit is subject to the NMSA Tort Claims Act on a per occurrence basis. The automobile and property liability limit 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 Securities, which include a \$750 deductible.

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

**CU NOTE 8: PENSION PLAN – EDUCATIONAL RETIREMENT BOARD**

**General Information about the Pension Plan**

**Plan description.** ERB was created by the state's Educational Retirement Act, Section 22-11-1 through 22-11-52, NMSA 1978, as amended, to administer the New Mexico Educational Employees' Retirement Plan (Plan). The Plan is a cost-sharing, multiple employer plan established to provide retirement and disability benefits for certified teachers and other employees of the state's public schools, institutions of higher learning, and agencies providing educational programs. The Plan is a pension trust fund of the State of New Mexico. The New Mexico legislature has the authority to set or amend contribution rates.

ERB issues a publicly available financial report and a comprehensive annual financial report that can be obtained at [www.nmerb.org](http://www.nmerb.org).

**Benefits provided.** A member's retirement benefit is determined by a formula which includes three component parts: the member's final average salary (FAS), the number of years of service credit, and 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. A brief summary of Plan coverage provisions follows:

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.

**CU NOTE 8: PENSION PLAN – EDUCATIONAL RETIREMENT BOARD (Continued)**

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

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

Retired members and surviving beneficiaries receiving benefits receive an automatic cost of living adjustment (COLA) to their benefit each July 1, beginning in the year the member attains or would have attained age 65 or on July 1 of the year following the member's retirement date, whichever is later. Prior to June 30, 2013 the COLA adjustment was equal to one-half the change in the Consumer Price Index (CPI), except that the COLA shall not exceed 4% nor be less than 2%, unless the change in CPI is less than 2%, in which case, the Cola would equal the change in the CPI, but never less than zero. As of July 1, 2013, for current and future retirees the COLA was immediately reduced until the plan is 100% funded. The COLA reduction was based on the median retirement benefit of all retirees excluding disability retirements. Retirees with benefits at or below the median and with 25 or more years of service credit will have a 10% COLA reduction; their average COLA will be 1.8%. All other retirees will have a 20% COLA reduction; their average COLA will be 1.6%. Once the funding is greater than 90%, the COLA reductions will decrease. The retirees with benefits at or below the median and with 25 or more years of service credit will have a 5% COLA reduction; their average COLA will be 1.9%. All other retirees will have a 10% COLA reduction; their average will be 1.8%.

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

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

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**CU NOTE 8: PENSION PLAN – EDUCATIONAL RETIREMENT BOARD (Continued)**

**Contributions.** The contribution requirements of plan members and the Charter are established in state statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. For the fiscal year ended June 30, 2018 employers contributed 13.90% of employees' gross annual salary to the Plan. Employees earning \$20,000 or less contributed 7.90% and employees earning more than \$20,000 contributed 10.70% of their gross annual salary. For fiscal year ended June 30, 2018 employers contributed 13.90%, and employees earning 20,000 or less continued to contribute 7.90% and employees earning more than \$20,000 continued contributing at an amount of 10.70% of their gross annual salary. Contributions to the pension plan from the Charter were \$127,958 for the year ended June 30, 2018.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:** The total ERB pension liability, net pension liability, and sensitivity information were based on an annual actuarial valuation performed as of June 30, 2015. The total ERB pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2017, using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date June 30, 2017. At June 30, 2018, the Charter reported a liability of \$3,770,800 for its proportionate share of the net pension liability. The Charter's proportion of the net pension liability is based on the employer contributing entity's percentage of total employer contributions for the fiscal year ended June 30, 2017. The contribution amounts were defined by Section 22-11-21, NMSA 1978. At June 30, 2017, the Charter's proportion was .03393 percent, which was an increase of 0.00394 percent from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the Charter recognized pension expense of \$726,552.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion	\$ 404,800	\$ 96,691
Changes of assumptions	1,100,771	-
Differences between expected and actual experience	6,769	58,093
Net difference between projected and actual earnings on pension plan investments	-	517
Charter's contributions subsequent to the measurement date	127,958	-
Total	\$ 1,640,298	\$ 155,301

**Deming Public Schools**  
**Notes to Financial Statements**  
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**CU NOTE 8: PENSION PLAN – EDUCATIONAL RETIREMENT BOARD (Continued)**

\$127,958 reported as deferred outflows of resources related to pensions resulting from Charter contributions subsequent to the measurement date of June 30, 2017, will be recognized as a reduction of the net pension liability in the year ended June 30, 2019.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2018	\$ 495,122
2019	590,160
2020	302,806
2021	(31,049)
2022	-
Thereafter	-

**Actuarial assumptions.** The total pension liability, net pension liability, and certain sensitivity information shown in this report are based on actuarial valuation and performed as of June 30, 2015. The total pension liability was rolled forward from the valuation date to the Plan's year ending June 30, 2016 using generally accepted actuarial principles. The liabilities reflect the impact of Senate Bill 115, signed into law March 29, 2013 and new assumptions adopted by the Board of Trustees on June 12, 2015. Specifically, the liabilities measured as of June 30, 2015 incorporate the following assumptions:

1. All members with an annual salary of more than \$20,000 will contribute 10.70% during the fiscal year ending June 30, 2016 and thereafter.
2. Members hired after June 30, 2013 will have an actuarially reduced retirement benefit if they retire before age 55 and their COLA will be deferred until age 67.
3. COLAs for most retirees are reduced until ERB attains a 100% funded status.
4. These assumptions were adopted by the Board on June 12, 2015 in conjunction with the six year experience study period ending June 30, 2014.
5. For purposes of projecting future benefits, it is assumed that the full COLA is paid in all future years.

**Deming Public Schools**  
**Notes to Financial Statements**  
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**CU NOTE 8: PENSION PLAN – EDUCATIONAL RETIREMENT BOARD (Continued)**

The actuarial methods and assumptions used to determine contributions rates included in the measurement are as follows:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll
Remaining Period	Amortized – closed 30 years from June 30, 2012 to June 30, 2042
Asset Valuation Method	5 year smoothed market for funding valuation (fair value for financial valuation)
Inflation	3.00%
Salary Increase	Composition: 3% inflation, plus 1.25% productivity increase rate, plus step rate promotional increases for members with less than 10 years of service
Investment Rate of Return	7.75%
Retirement Age	Experience based table of age and service rates
Mortality	Healthy males: RP-2000 Combined Mortality Table, set back one year, generational mortality improvements in accordance with scale BB from the table's base year of 2012.

The long-term expected rate of return on pension plan investments is determined annually using a building-block approach that includes the following: 1) rate of return projections are the sum of current yield plus projected changes in price (valuation, defaults, etc.), 2) application of key economic projections (inflation, real growth, dividends, etc.), and 3) structural themes (supply and demand imbalances, capital flows, etc.). These items are developed for each major asset class. ERB's investment allocation policy was reviewed and amended by the Board of Trustees on August 26, 2016.

**Deming Public Schools**  
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**CU NOTE 8: PENSION PLAN – EDUCATIONAL RETIREMENT BOARD (Continued)**

Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the pension plan. The following schedule shows the current asset allocation policy adopted on August 26, 2016, as well as the prior allocation policy targets.

**Comparative Schedule of Target Investment Allocation**

<b>Asset Class</b>	<b>Target Allocation</b>	
	<b>After 8/26/2016</b>	<b>Prior to 8/26/2016</b>
<b>Equities</b>		
<i>Domestic Equities</i>		
Large cap equities	16%	18%
Small- mid cap equities	3%	2%
<i>Total domestic</i>	19%	20%
<i>International Equities</i>		
Developed	5%	5%
Emerging markets	9%	10%
<i>Total international</i>	14%	15%
<b>Total equities</b>	33%	35%
<b>Fixed Income</b>		
Opportunistic credit	18%	20%
Core bonds	6%	6%
Emerging market debt	2%	2%
<b>Total fixed income</b>	26%	28%
<b>Alternatives</b>		
Real estate - REITS	7%	7%
Real assets	8%	8%
Private equity	13%	11%
Global asset allocation	4%	5%
Risk parity	3%	5%
Other	5%	0%
<b>Total alternatives</b>	40%	36%
<b>Cash</b>	1%	1%
<b>Total</b>	55%	52%



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**CU NOTE 8: PENSION PLAN – EDUCATIONAL RETIREMENT BOARD (Continued)**

For the years ended June 30, 2017 and 2016, the annual money-weighted rates of return on pension plan investments were 3.56% and 2.68%, respectively.

**Discount rate:** A single discount rate of 5.90% was used to measure the total ERB pension liability as of June 30, 2017. This discount rate was based on an expected rate of return on pension plan investments of 7.25% and a municipal bond rate of 3.56%. Based on the stated assumptions and the projection of cash flows, the Plan’s fiduciary net position and future contributions were sufficient to finance the benefit payments through the year 2053. As a result, the long-term expected rate of return on pension plan investments was applied to project benefit payments through the 2053 fiscal year, and the municipal bond rate was applied to all benefit payments after that date.

**Sensitivity of the Charter’s proportionate share of the net pension liability to changes in the discount rate.** The following table shows the sensitivity of the net pension liability to changes in the discount rate as of the fiscal year end 2017. In particular, the table presents the (employer’s) net pension liability under the current single rate assumption, as if it were calculated using a discount rate one percentage point lower (4.90%) or one percentage point higher (6.90%) than the single discount rate.

	1% Decrease (4.90%)	Current Discount Rate (5.90%)	1% Increase (6.90%)
District’s proportionate share of the net pension liability	\$ 4,908,644	\$ 3,770,800	\$ 2,840,705

**Pension plan fiduciary net position.** Detailed information about the pension plan’s fiduciary net position is available in the separately issued audited financial statements as of and for the year ended June 30, 2017, which is publicly available at [www.nmerb.org](http://www.nmerb.org).

**Payables to the pension plan.** The Charter remits the legally required employer and employee contributions on a monthly basis to ERB. The ERB requires that the contributions be remitted by the 15<sup>th</sup> day of the month following the month for which contributions are withheld. At June 30, 2018, the Charter owed the ERB \$31,860 for the contributions withheld in the month of June 2018.

**CU NOTE 9: OTHER POST-EMPLOYMENT BENEFITS (OPEB) – NEW MEXICO RETIREE HEALTH CARE FUND**

**General Information about the Other Post-Employment Benefits Plan**

**Plan Description.** Substantially all of the Charter’s full-time employees are provided with other post-employment benefits (OPEB) through the New Mexico Retiree Health Care Authority (NMRHCA). NMRHCA was created by the state’s Retiree Health Care Act, Section 10-7C-1 through 10-7C-16, NMSA 1978, as amended, to administer the New Mexico Retiree Health Care Fund (Plan). The Plan is a cost-sharing, multiple employer defined benefit healthcare plan established to provide comprehensive core group health insurance for persons who have retired from certain public service in New Mexico.

**CU NOTE 9: OTHER POST-EMPLOYMENT BENEFITS (OPEB) – NEW MEXICO RETIREE HEALTH CARE FUND**  
**(Continued)**

The purpose is to provide 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 consisting of a plan or optional plans of benefits that can be purchased by funds flowing into the retiree health care fund and by co-payments or out-of-pocket payments of eligible retirees.

Eligible retirees are: 1) retirees who make contributions to the fund for at least five years prior to retirement and whose eligible employer during the period of time made contributions as a participant in plan on the person's behalf, unless that person retires before the employer's effective date, in which event the time period required for employee and employer contributions shall become

the period of time between the employer's effective date and the date of retirement; 2) retirees defined by the Act who retired prior to July 1, 1990; 3) former legislators who served at least two years; and 4) former governing authority members who served at least four years.

The Authority issues a publicly available stand-alone financial report that includes financial statements and required supplementary information for the postemployment healthcare plan. That report and further information can be obtained by writing to the NMRHCA at 4308 Carlisle NE, Suite 104, Albuquerque, NM 87107.

**Benefits provided.** The Act authorizes the NMRHCA Board to establish the monthly premium contributions that retirees are required to pay for healthcare benefits. Each participating retiree pays a monthly premium according to a service-based subsidy rate schedule for the medical, plus basic life plan, plus an additional participation fee of five dollars (\$5) if the eligible participant retired prior to the employer's effective date or is a former legislator or former governing authority member. Former legislators and governing authority members are required to pay 100% of the insurance premium to cover their claims and the administrative expenses of the plan. The monthly premium rate schedule can be obtained from the NMRHCA or viewed on their website at [www.nmrhca.state.nm.us](http://www.nmrhca.state.nm.us).

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

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**CU NOTE 9: OTHER POST-EMPLOYMENT BENEFITS (OPEB) – NEW MEXICO RETIREE HEALTH CARE FUND**  
**(Continued)**

The Act is the statutory authority that establishes the required contributions of participating employers and their employees. For employees that were members of an enhanced retirement plan (state police and adult correctional officer member coverage plan 1; municipal police member coverage plans 3, 4 or 5; municipal fire member coverage plan 3, 4 or 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act) during the fiscal year ended June 30, 2015, the statute required each participating employer to contribute 2.5% of each participating employee's annual salary; and each participating employee was required to contribute 1.25% of their salary.

For employees that were not members of an enhanced plan during the fiscal year ended June 30, 2017, the statute required each participating employer to contribute 2% of each participating employee's annual salary; each participating employee was required to contribute 1% of their salary. In addition, pursuant to Section 10-7C- 5(G) NMSA 1978, at the first session of the Legislature following July 1, 2014, the legislature shall review and adjust the distributions pursuant to Section 7-1-6.1 NMSA 1978 and the employer and employee contributions to the authority in order to ensure the actuarial soundness of the benefits provided under the Act.

The Charter's contributions to the plan for the year ended June 30, 2018 totaled \$17,833, which equals the required contributions for the year.

***OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB:*** At June 30, 2018, the Charter reported a liability of \$1,040,019 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The Charter's proportion of the net OPEB liability was based on a projection of the Charter's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2017, the Charter's proportion was .02295 percent.

**Deming Public Schools**  
**Notes to Financial Statements**  
**June 30, 2018**

**CU NOTE 9: OTHER POST-EMPLOYMENT BENEFITS (OPEB) – NEW MEXICO RETIREE HEALTH CARE FUND**  
**(Continued)**

For the year ended June 30, 2018, the Charter recognized OPEB expense of \$41,349. At June 30, 2018, the Charter reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion	\$ -	\$ -
Changes of assumptions	-	181,834
Differences between expected and actual experience	-	39,910
Net difference between projected and actual earnings on pension plan investments	-	14,961
Charter's contributions subsequent to the measurement date	17,833	-
<b>Total</b>	<b>\$ 17,833</b>	<b>\$ 236,705</b>

\$17,833 reported as deferred outflows of resources related to OPEB resulting from the Charter's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30:		
2019	\$	(50,325)
2020		(50,325)
2021		(50,325)
2022		(50,325)
2023		(35,405)

**Deming Public Schools**  
**Notes to Financial Statements**  
**June 30, 2018**

**CU NOTE 9: OTHER POST-EMPLOYMENT BENEFITS (OPEB) – NEW MEXICO RETIREE HEALTH CARE FUND**  
**(Continued)**

**Actuarial assumptions.** The total OPEB liability in the June 30, 2017 actuarial valuation was determined by an actuarial valuation as of June 30, 2017. The mortality, retirement, disability, turnover and salary increase assumptions are based on the PERA annual valuation as of June 30, 2016 and the ERB actuarial experience study as of June 30, 2016. The following actuarial assumptions were applied to the actuary's measurement:

Valuation Date	June 30, 2017
Actuarial cost method	Entry age normal, level percent of pay, calculated on individual employee basis
Asset valuation method	Market value of assets
Actuarial assumptions:	
Inflation	2.50% for ERB member, 2.25% for PERA members
Projected payroll increase	3.50%
Investment rate of return	7.25%, net of OPEB plan investment expense and margin for adverse deviation including inflation
Health care cost trend rate	8% graded down to 4.5% over 14 years for Non-Medicare medical plan costs and 7.5% graded down to 4.5% over 12 for Medicare medical plan costs
Mortality	ERB members: RP-2000 Combined Mortality Tables with White Collar Adjustment (males) and GRS Southwest Region Teacher Mortality Table (females)  PERA members: RP-2000 Combined Healthy Mortality

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**Notes to Financial Statements**  
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**CU NOTE 9: OTHER POST-EMPLOYMENT BENEFITS (OPEB) – NEW MEXICO RETIREE HEALTH CARE FUND**  
**(Continued)**

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:

**Comparative Schedule of Target Investment Allocation**

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

**Discount rate.** The discount rate used to measure the total OPEB liability is 3.81% as of June 30, 2017. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at rates proportional to the actuary determined contribution rates. For this purpose, employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries are not included. Based on those assumptions, the Fund's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members through the fiscal year ending June 30, 2028. Thus, the 7.25% discount rate was used to calculate the net OPEB liability through 2029. Beyond 2029, the index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher. Thus 3.81% is the blended discount rate.

**Deming Public Schools**  
**Notes to Financial Statements**  
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**CU NOTE 9: OTHER POST-EMPLOYMENT BENEFITS (OPEB) – NEW MEXICO RETIREE HEALTH CARE FUND**  
**(Continued)**

**Basis for Allocation.** The employers' proportionate share, reported in the Schedule of Employer Allocations, is calculated using employer contributions for employers that were members of the Authority as of June 30, 2017.

**Sensitivity of the Charter's proportionate share of the net OPEB liability to changes in the discount rate.** The following presents the Charter's proportionate share of the net OPEB liability, as well as what the Charter's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.81 percent) or 1-percentage-point higher (4.81 percent) than the current discount rate:

	<b>1% Decrease (2.81%)</b>	<b>Current Discount Rate (3.81%)</b>	<b>1% Increase (4.81%)</b>
Charter's proportionate share of the OPEB liability	\$ 1,261,527	\$ 1,040,019	\$ 866,226

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

	<b>1% Decrease</b>	<b>Current Trend Rate</b>	<b>1% Increase</b>
Charter's proportionate share of the OPEB liability	\$ 884,608	\$ 1,040,019	\$ 1,161,201

**OPEB plan fiduciary net position.** Additional financial information supporting the preparation of the Schedule of Employer Allocations and the Schedule of OPEB Amounts by Employer, including the disclosure of the net OPEB liability and the unmodified audit opinion on the financial statements, is located in the New Mexico Retiree Health Care Authority financial statements for the fiscal year ended June 30, 2017. Additional financial information is available at [www.nmrhca.state.nm.us](http://www.nmrhca.state.nm.us) or by contacting New Mexico Retiree Health Care Authority at 4308 Carlisle NE, Suite 104, Albuquerque, NM 87107.

**Payables to the Pension Plan.** The NMRHCA requires that the contributions be remitted by the 15th day of the month following the month for which contributions are withheld. At June 30, 2018, the Charter recorded a payable to NMRHCA in the amount of \$3,673 for the contributions withheld in the month of June, 2018, which is included in the Accrued Liabilities on the Statement of Net Position.

**Deming Public Schools**  
**Notes to Financial Statements**  
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**CU NOTE 10: 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 Charter expects such amount, if any, to be immaterial.

The Charter 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 Charter's legal counsel that resolution of these matters will not have a material adverse effect on the financial condition of the Charter.

**CU NOTE 11: 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 Charter had the following fund that maintained a deficit fund balance at June 30, 2018:

**Nonmajor Fund**

Fund 29107 City/County Grants	\$	129
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- B. Excess of expenditures over appropriations. The Charter had the funds with excess of expenditures over appropriations for the year ended June 30, 2018:

Fund 24101 Title I IASA - Instruction	\$	12,408
Fund 31200 Public School Capital Outlay - Capital Outlay		90,301
<hr/>		
Total Governmental Funds	\$	102,709

- C. Designated cash appropriations in excess of available balance. The Charter had no funds with designated cash appropriations in excess of available balances for the year ended June 30, 2018.

**CU NOTE 12: CONCENTRATIONS**

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



**CU NOTE 13: COMMITMENTS**

The Charter had no ongoing construction projects as of the year ended June 30, 2018.

**CU NOTE 14: DEFERRED COMPENSATION PLAN**

The Charter offers its employees a deferred compensation plan created in accordance with Internal Revenue code Section 403(b). The plan, available to all Charter employees, permits them to defer a portion of their salary until future years. Participation in the plan is optional. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. All assets and income of the plan are held in trust of the exclusive benefit of the participants and their beneficiaries.

**CU NOTE 15: RESTRICTED NET POSITION**

The government-wide statement of net position reports \$1,386 of restricted net position, all of which is restricted by enabling legislation. For descriptions of the related restrictions for net position restricted for special revenue see pages 84 and 85.

**CU NOTE 16: SUBSEQUENT EVENTS**

The date to which events occurring after June 30, 2018, the date of the most recent balance sheet, have been evaluated for possible adjustment to the financial statements or disclosures is November 15, 2018, which is the date on which the financial statements were issued.

The Charter entered into a legal settlement in the amount of \$65,559. The settlement was paid on November 5, 2018.

**CU NOTE 17: NET POSITION RESTATEMENT**

The Charter has a prior period adjustment of \$1,235,375 due to the implementation of GASB Statement No. 75 and the related post-employment benefit liability. See CU Note 9 for more information.

**CU NOTE 18: SUBSEQUENT PRONOUNCEMENTS**

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

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

In June 2017, GASB Statement No. 87 *Leases* was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The Charter is still evaluating how this pronouncement will affect the financial statements.

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

In June 2018, GASB Statement No. 89 *Accounting for Interest Cost Incurred before the End of a Construction Period* was issued. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The Charter is still evaluating how this pronouncement will affect the financial statements.

In August 2018, GASB Statement No. 90 *Accounting for Majority Equity Interest* was issued. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged. The Charter is still evaluating how this pronouncement will affect the financial statements.

## **Required Supplementary Information**

**Deming Public Schools**  
**Schedule of Proportionate Share of the Net Pension Liability**  
**Educational Retirement Board (ERB) Pension Plan**  
**Last 10 Fiscal Years\***

	<b>2018</b>	<b>2017</b>
	<b>Measurement</b>	<b>Measurement</b>
	<b>Date</b>	<b>Date</b>
	<b>(As of and for</b>	<b>(As of and for</b>
	<b>the Year Ended</b>	<b>the Year Ended</b>
	<b>June 30, 2017)</b>	<b>June 30, 2016)</b>
Deming Public Schools proportion of the net pension liability (asset)	1.00080%	1.00766%
Deming Public Schools proportionate share of the net pension liability (asset)	\$ 111,223,590	\$ 72,515,582
Deming Public Schools covered-employee payroll	\$ 28,192,609	\$ 28,779,050
Deming Public Schools proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	395%	252%
Plan fiduciary net position as a percentage of the total pension liability	52.95%	63.97%

\* The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, Deming Public Schools will present information for those years for which information is available.

*See independent auditors' report.*  
*See notes to required supplementary information.*

<b>2016</b>	<b>2015</b>
<b>Measurement</b>	<b>Measurement</b>
<b>Date</b>	<b>Date</b>
<b>(As of and for</b>	<b>(As of and for</b>
<b>the Year Ended</b>	<b>the Year Ended</b>
<b>June 30, 2015)</b>	<b>June 30, 2014)</b>
0.97924%	0.9889%
\$ 63,427,983	\$ 56,421,681
\$ 27,836,551	\$ 25,780,182
228%	219%
63.97%	66.34%

*See independent auditors' report.  
See notes to required supplementary information.*

**Deming Public Schools  
Schedule of Contributions  
Educational Retirement Board (ERB) Pension Plan  
Last 10 Fiscal Years\***

	As of and for the Year Ended June 30, 2018	As of and for the Year Ended June 30, 2017
Contractually required contribution	\$ 3,816,721	\$ 3,918,774
Contributions in relation to the contractually required contribution	3,816,721	3,918,774
Contribution deficiency (excess)	\$ -	\$ -
Deming Public Schools covered-employee payroll	\$ 27,445,728	\$ 28,192,609
Contribution as a percentage of covered-employee payroll	13.90%	13.90%

\* The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, Deming Public Schools will present information for those years for which information is available.

*See independent auditors' report.  
See notes to required supplementary information.*

<b>As of and for the Year Ended June 30, 2016</b>	<b>As of and for the Year Ended June 30, 2015</b>
\$ 4,000,590	\$ 3,869,274
<u>4,000,590</u>	<u>3,869,274</u>
<u>\$ -</u>	<u>\$ -</u>
\$ 28,779,050	\$ 27,836,551
13.90%	13.90%

*See independent auditors' report.  
See notes to required supplementary information.*



**Deming Public Schools**  
**Notes to Required Supplementary Information**  
**Educational Retirement Board (ERB) Pension Plan**  
**June 30, 2018**

*Changes of benefit terms.*

The COLA and retirement eligibility benefits changes in recent years are described in the Benefits Provided subsection of the financial statement note disclosure Pension Plan – Educational Retirement Board, General Information on the Pension Plan.

*Changes of assumptions.*

The change for the fiscal year ending June 30, 2017 includes the impact of the new assumptions adopted by the Board on April 21, 2017 as well as the change in the single discount rate between June 30, 2016 and June 30, 2017.

Assumption changes increased the Education Retirement Board's total pension liability by \$3,244,239,775 for fiscal year ending June 30, 2017 as a result of the changes of assumptions described above.

*See independent auditors' report.*



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**Deming Public Schools**  
**Schedule of Employer's Proportionate Share of the Net OPEB Liability of New**  
**Mexico Retiree Health Care Act Plan**  
**New Mexico Retiree Health Care Authority (NMRHCA) Plan**  
**Last 10 Fiscal Years\***

	<b>2018</b> <b>Measurement</b> <b>Date</b> <b>(As of and for</b> <b>the Year Ended</b> <b>June 30, 2017)</b>
Deming Public Schools' proportion of the net OPEB liability	0.66391%
Deming Public Schools' proportionate share of the net OPEB liability	\$ 30,086,230
Deming Public Schools' covered-employee payroll	\$ 27,656,149
Deming Public Schools' proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	108.79%
Plan fiduciary net position as a percentage of the total OPEB liability	11.34%

\*The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, Deming Public Schools' will present information for those years for which information is available.

*See independent auditors' report.*  
*See notes to required supplementary information.*

**Deming Public Schools  
Schedule of Employer Contributions  
New Mexico Retiree Health Care Authority (NMRHCA) Plan  
Last 10 Fiscal Years\***

	<b>As of and for the Year Ended June 30, 2018</b>
Contractually required contributions	\$ 548,891
Contributions in relation to the contractually required contribution	(548,891)
Contribution deficiency (excess)	\$ -
Deming Public Schools' covered-employee payroll	\$ 27,444,559
Contributions as a percentage of covered-employee payroll	2.00%

\*The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, Deming Public Schools will present information for those years for which information is available.

*See independent auditors' report.  
See notes to required supplementary information.*

**Deming Public Schools**  
**Notes to Required Supplementary Information**  
**New Mexico Retiree Health Care Authority (NMRHCA) Plan**  
**June 30, 2018**

**Changes of benefit terms.** The NMRHCA eligibility benefits changes in recent years are described in Note 1 of the NMRHC FY17 audit available at [http://nmrhca.org/uploads/FileLinks/5fccea70107e4b9fa9b1a47723691d2a/NM\\_RHCA\\_Audited\\_FS\\_6.30.17.pdf](http://nmrhca.org/uploads/FileLinks/5fccea70107e4b9fa9b1a47723691d2a/NM_RHCA_Audited_FS_6.30.17.pdf).

**Changes of assumptions.** The New Mexico Retiree Healthcare Authority (NMRHCA) Actuarial Valuation as of June 30, 2017 report is available at [http://nmrhca.org/uploads/FileLinks/5fccea70107e4b9fa9b1a47723691d2a/NMRHCA\\_5507316\\_Final\\_per\\_Auditor\\_update\\_Final\\_Report\\_11.21.17.pdf](http://nmrhca.org/uploads/FileLinks/5fccea70107e4b9fa9b1a47723691d2a/NMRHCA_5507316_Final_per_Auditor_update_Final_Report_11.21.17.pdf). See the notes to the financial statements beginning on page 24 which summarizes actuarial assumptions and methods effective with the June 30, 2017 valuation.

*See independent auditors' report.*

## Supplementary Information

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## **Nonmajor Governmental Funds**

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**Deming Public Schools**  
**Nonmajor Governmental Fund Descriptions**  
**June 30, 2018**

**SPECIAL REVENUE FUNDS**

**ALL FEDERAL FUNDS** – The Special Revenue Funds are used to account for grant funds received from the U.S. Department of Education through the New Mexico Public Education Department. These funds are to be used for purposes specified in the grant awards and may not be used for any other purpose.

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

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

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

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

**Preschool IDEA-B (24109)** – The objective of the Assistance to States for the Education of Handicapped Children Program is to assist in providing free, appropriate public education to all disabled children from ages three to five. Federal revenues accounted for in this fund are allocated to the Schools through the New Mexico Department of Children, Youth and Families. Authority for creation of this fund is the Individuals with Disabilities Education Act (IDEA), Part B, Section 619, as amended, 20 U.S.C. 1419.

**Education of Homeless (24113)** – To provide tutoring and remedial academic services to homeless children and youth within the District. Funding is by the McKinney-Vento Homeless Assistance Act, Title VII, Subtitle B.

**IDEA-B Results Plan (24132)** - The purpose of this grant award is to support activities included in the school's Education Plan for Student Success, or areas in need of improvement, identified through the instructional audit. The program is funded by the United States government, under the Individuals with Disabilities Act, Public Law 108-446 Part B.

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

**Teacher/Principal Training/Recruiting (24154)** – To improve the skills of teachers and the quality of instruction in mathematics and science and also to increase the accessibility of such instruction to all students. Authority for creation of this fund is the Rehabilitation Act of 1973, as amended, Title III, Section 303(b)-(d). 20 U.S.C. 777a and 797a.

**Deming Public Schools**  
**Nonmajor Governmental Fund Descriptions**  
**June 30, 2018**

**SPECIAL REVENUE FUNDS (Continued)**

**Rural & Low Income Schools (24160)** – To account for funds used to provide 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.

**Title I School Improvement (24162)** - To provide supplemental educational opportunity for academically disadvantaged children in the area residing. Campuses are identified for program participation by the percentage of students on free or reduced price lunches. Any school with a free and reduced price lunch percentage that is equal to or greater than the total district percentage becomes eligible for program participation. Any student whose test scores fall below District established criteria and who is attending a Title I campus is eligible to receive Title I services. Poverty is the criteria that 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 New Mexico Department of Education. Authority for creation of this fund is Part A of Chapter I of Title I of Elementary and Secondary Education Act (ESEA) of 1965, as amended, Public Law 103-383.

**Carl D. Perkins Secondary Current (24174) Carl D. Perkins Redistribution (24176)** – The objective of this grant is to provide secondary and post-secondary educational institutions the opportunity to develop, implement, and operate programs using different models of curricula that integrate vocational and academic learning. Funds are acquired from federal sources through the New Mexico Public Education Department. Authority for creation of this fund is Carl D. Perkins Vocational and Applied Technology Education Act of 1990, as amended, Public Law 105-332.

**USHHA/CDC School Health (24186)** – To account for funds used to promote adolescent health through school-based Human Immunodeficiency Virus (HIV) / sexually transmitted infections prevention and school-based surveillance program in the state of New Mexico as part of the Youth Resiliency Project. Authorized by U.S. Centers for Disease Control (5-U87PS004195-02).

**Advancing Measurement at PED (24188)** – To support the District’s implementation of the AMP to improve the outcomes for student with disabilities by decreasing dropout rates and increasing graduation rates. Funding is by the US Department of Education, Special Education – Grants to State.

**Student Support and Academic Enrichment (24189)** – To support well-rounded education opportunities, safe and health students and effective use of technology (ESEA sections 4107, 4108 and 419). Funding is by the US Department of Education, Title IV – Student Support and Academic Enrichment Grants.

**Deming Public Schools**  
**Nonmajor Governmental Fund Descriptions**  
**June 30, 2018**

**SPECIAL REVENUE FUNDS (Continued)**

**Title I- IASA - Federal Stimulus (24201)** – This fund is used to provide supplemental educational opportunity for academically disadvantaged children residing in the area. Campuses are identified for program participation by the percentage of students on free or reduced price lunches. Any school with a free and reduced price lunch percentage that is equal to or greater than the total district percentage becomes eligible for program participation. Any student whose test scores fall below District established criteria and who is attending a Title I campus is eligible to receive Title I services. Poverty is the criteria that identify a campus; educational need determines the students to be served. Federal revenues accounted for in this fund are allocated to the District through the New Mexico Public Education Department. Authority for creation of this fund is Part A of Chapter I of Title I of Elementary and Secondary Education Act (ESEA) of 1965, as amended, Public Law 103-383.

**Title XIX Medicaid (25153)** – This fund is used to account for a program providing school-based screening, diagnostic services and other related health services and administrative activities in conformance with the approved Medicaid State Plan in order to improve health and developmental outcomes for children. Authority for the creation of this fund is the Social Security Act, Title XIX, as amended; Public Laws 89-97, 90-248, and 91-56; 42 U.S.C. 1396 et seq., as amended; Public Law 92-223; Public Law 92-603; Public Law 93-66; Public Law 93-233; Public Law 96-499; Public Law 97-35; Public Law 97-248; Public Law 98-369; Public Law 99-272; Public Law 99-509; Public Law 100-93; Public Law 100-202; Public Law 100-203; Public Law 100-360; Public Law 100-436; Public Law 100-485; Public Law 100-647; Public Law 101-166; Public Law 101-234; Public Law 101-239; Public Law 101-508; Public Law 101-517; Public Law 102-234; Public Law 102-170; Public Law 102-394; Public Law 103-66; Public Law 103-112; Public Law 103-333; Public Law 104-91; Public Law 104-191; Public Law 104-193; Public Law 104-208, 104-134; Balanced Budget Act of 1997, Public Law 105-33; Public Law 106-113; Public Law 106-554; Public Law 108-27; Public Law 108-173; Public Law 109-91; Public Law 109-171; Public Law 109-432; Public Law 110-28.

**Child and Adult Food Program (25171)** – To implement education, mental health, social services, law enforcement and juvenile justice services for youth. Funding authority is the Elementary and Secondary Education Act of 1965.

**ROTC (25200)** – To provide financial assistance to School Districts to reimburse a portion of the salaries paid to R.O.T.C. instructors. The funding is provided by the U.S. Marine Corps.

**Emergency Food/Shelter National (25246)** – This fund is used to account for federal resources administered by the New Mexico State Department of Education to provide for supportive services to the needy. Established by (P.L. 100-77).

**Dual Credit Instructional Materials (27103)** – SB943 (2007) and SB31 (2008) create a dual credit program that allows public high school students in school districts, charter schools and state-supported schools in the state to earn both high school and college credit for qualifying dual credit courses. Authority for the creation of this fund is the New Mexico Public Education Department.

**Deming Public Schools**  
**Nonmajor Governmental Fund Descriptions**  
**June 30, 2018**

**SPECIAL REVENUE FUNDS (Continued)**

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

**Truancy Initiative PED (27141)** – To hire Truancy and Dropout Prevention Coaches with appropriate state licensure. The coaches will monitor and report on the performance of each school assigned a coach. The reporting will include information about truancy and dropout statistics, as well as documentation about various events and programming provided by the school as related to truancy and dropout prevention. Fund established by the local school board.

**PreK Initiative (27149)** – To account for funds received to prepare children for success in school, begin to close the achievement gap between students, and help meet the vision of a seamless education system — Pre-Kindergarten through higher education. Authority for the creation of this fund is the New Mexico Public Education Department.

**Kindergarten - Three Plus (27166)** – The funding is part of a pilot project for Kindergarten through third grade students at both Ann Parish Elementary and Desert View Elementary. Funds used for teachers, educational assistants, nurses, an academic coach, and PE coach at both schools. Funds established by HB 198 Laws 2007 Parkinson/Paolillo.

**Teachers “Hard to Staff” Stipend (27195)** – To provide a \$5,000 stipend per year to qualified STEM (grades 7-12), Special Education (K-12), Bilingual (K-12) or other hard-to-staff teaching positions to serve in low performing (D/F), urban or rural schools. These funds can be used as a stipend to recruit these hard-to-staff experts to teach in hard to staff schools or to attract and retain these teachers in low-performing schools. Fund established by the local school board.

**GRADS – Instruction (28190)** – To assist in the cost for caps and gowns for students who are graduating. Authority for the creation of this fund is the New Mexico Public Education Department.

**GRADS Plus (28203)** – To account for a program as an instructional component for teenage parents to be used for summer case management and GRADS case management period. Special Revenue fund established by the local school board.

**Private Dir Grants (Categorical) (29102)** – To account for local grants awarded to provide additional funding for specific projects. Fund established by the local school board.

**City /County Grant (29107)** – To provide support for a health education program within the school and to provide workbooks, materials for educational demonstrations and funds to support nutrition -focused event for the school. Fund established by the local school board.

**Math, Engineering, Science & Achievement (29110)** - To account for a grant awarded to provide funding for math, engineering and science projects. Fund established by the local school board.

**Deming Public Schools**  
**Nonmajor Governmental Fund Descriptions**  
**June 30, 2018**

**SPECIAL REVENUE FUNDS (Continued)**

**School Based Health Centers (29130)** - To account for funds administered by the Department of Health and Luna County in support of providing Primary Care and Mental Health Service on school campus. Fund established by the local school board.

**Wind Farm Projects (29134)** - This fund is used to account for wind farm payment in lieu of property taxes revenue. The fund was created by definition.

**CAPITAL PROJECTS FUNDS**

**Capital Improvements SB-9 - Local (31700)** – To account for resources received through Senate Bill 9 and local tax levies obtained for the purpose of building, remodeling, and equipping classroom facilities. Funding authority is the New Mexico Public Education Department.

**Education Technology Equipment Act (31900)** – To ensure that American children have skills they need to succeed in the information-intensive 21<sup>st</sup> century, the federal government is committed to working with the private sector to promote four major developments in American education: making modern computer technology an integral part of every classroom; providing information infrastructure; and encouraging the creation of excellent educational software. The authority for the creation of this fund is the Federal Property and Administrative Services Act of 1949, Ch. 288, 63 Stat 377, and the National Defense Authorization Act for the fiscal year 1996, Public Law 104-106.

**DEBT SERVICE FUNDS**

**Ed Tech Debt Service (43000)** – To account for the accumulation of financial resources for, and the payment of, general long-term debt principal and interest. Authority for the creation of this fund is the New Mexico Public Education Department.

**Deming Public Schools**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2018**

	Special Revenue			
	Athletics 22000	Non- Instructional Support 23000	Migrant Children Education 24103	Entitlement IDEA-B 24106
<b>Assets</b>				
Cash and cash equivalents	\$ 83,678	\$ 405,880	\$ -	\$ -
Receivables:				
Due from other governments	-	-	71,651	590,555
<b>Total assets</b>	<b>\$ 83,678</b>	<b>\$ 405,880</b>	<b>\$ 71,651</b>	<b>\$ 590,555</b>
<b>Liabilities, deferred inflows of resources, and fund balances</b>				
<b>Liabilities</b>				
Accounts payable	\$ -	\$ -	\$ 156	\$ 30,967
Accrued payroll	-	-	3,536	29,997
Due to other funds	-	-	67,959	529,591
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>71,651</b>	<b>590,555</b>
<b>Fund balances</b>				
<b>Spendable:</b>				
<b>    Restricted for:</b>				
Extracurricular activities	83,678	405,880	-	-
Education	-	-	-	-
Capital acquisitions and improvements	-	-	-	-
Debt service	-	-	-	-
Unassigned	-	-	-	-
<b>Total fund balances</b>	<b>83,678</b>	<b>405,880</b>	<b>-</b>	<b>-</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 83,678</b>	<b>\$ 405,880</b>	<b>\$ 71,651</b>	<b>\$ 590,555</b>

*See independent auditors' report.*

Special Revenue

Preschool IDEA-B 24109	Education of Homeless 24113	IDEA-B Results Plan 24132	English Language Acquisition 24153	Teacher/ Principal Training /Recruiting 24154	Rural & Low Income Schools 24160
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
19	10,527	28,558	40,903	346,979	25,333
\$ 19	\$ 10,527	\$ 28,558	\$ 40,903	\$ 346,979	\$ 25,333
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	1,868	18,547	-
19	10,527	28,558	39,035	328,432	25,333
19	10,527	28,558	40,903	346,979	25,333
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
\$ 19	\$ 10,527	\$ 28,558	\$ 40,903	\$ 346,979	\$ 25,333

See independent auditors' report.

**Deming Public Schools  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2018**

	Special Revenue			
	Title I - School Improvement 24162	Carl D. Perkins Secondary Current 24174	Carl D. Perkins Redistribution 24176	USHHA/CDC School Health 24186
<b>Assets</b>				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Receivables:				
Due from other governments	1,422	17,432	6,601	5,419
<b>Total assets</b>	<b>\$ 1,422</b>	<b>\$ 17,432</b>	<b>\$ 6,601</b>	<b>\$ 5,419</b>
<b>Liabilities, deferred inflows of resources, and fund balances</b>				
<b>Liabilities</b>				
Accounts payable	\$ 1,422	\$ -	\$ -	\$ -
Accrued payroll	-	-	273	-
Due to other funds	-	14,676	6,328	5,419
<b>Total liabilities</b>	<b>1,422</b>	<b>14,676</b>	<b>6,601</b>	<b>5,419</b>
<b>Fund balances</b>				
<b>Spendable:</b>				
<b>    Restricted for:</b>				
Extracurricular activities	-	-	-	-
Education	-	2,756	-	-
Capital acquisitions and improvements	-	-	-	-
Debt service	-	-	-	-
Unassigned	-	-	-	-
<b>Total fund balances</b>	<b>-</b>	<b>2,756</b>	<b>-</b>	<b>-</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 1,422</b>	<b>\$ 17,432</b>	<b>\$ 6,601</b>	<b>\$ 5,419</b>

*See independent auditors' report.*



Special Revenue

Advancing Measurement at PED (AMP) 24188	Student Support and Academic Enrichment 24189	Title I-IASA - Federal Stimulus 24201	Title XIX Medicaid 25153	Child & Adult Food Program 25171	ROTC 25200
\$ -	\$ -	\$ -	\$ 180,146	\$ -	\$ -
13,084	2,346	5	-	-	2,856
\$ 13,084	\$ 2,346	\$ 5	\$ 180,146	\$ -	\$ 2,856
\$ 33	\$ -	\$ -	\$ -	\$ -	\$ -
33	-	-	6,168	-	1,059
13,018	2,346	5	-	-	1,797
13,084	2,346	5	6,168	-	2,856
-	-	-	-	-	-
-	-	-	173,978	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	173,978	-	-
\$ 13,084	\$ 2,346	\$ 5	\$ 180,146	\$ -	\$ 2,856

See independent auditors' report.

**Deming Public Schools**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2018**

	Special Revenue			
	Emergency Food/Shelter National 25246	Dual Credit Instructional Materials 27103	2012 GO Bond Student Library 27107	Truancy Initiative-PED 27141
<b>Assets</b>				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Receivables:				
Due from other governments	-	1,131	43,943	34,438
<b>Total assets</b>	<b>\$ -</b>	<b>\$ 1,131</b>	<b>\$ 43,943</b>	<b>\$ 34,438</b>
<b>Liabilities, deferred inflows of resources, and fund balances</b>				
<b>Liabilities</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued payroll	-	-	-	5,050
Due to other funds	497	1,131	43,943	29,388
<b>Total liabilities</b>	<b>497</b>	<b>1,131</b>	<b>43,943</b>	<b>34,438</b>
<b>Fund balances</b>				
<b>Spendable:</b>				
<b>    Restricted for:</b>				
Extracurricular activities	-	-	-	-
Education	-	-	-	-
Capital acquisitions and improvements	-	-	-	-
Debt service	-	-	-	-
Unassigned	(497)	-	-	-
<b>Total fund balances</b>	<b>(497)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ -</b>	<b>\$ 1,131</b>	<b>\$ 43,943</b>	<b>\$ 34,438</b>

*See independent auditors' report.*

Special Revenue

PreK Initiative	Kindergarten Three Plus	Teachers "Hard to Staff" Stipend	GRADS - Instruction	GRADS Plus	Private Dir Grants (Categorical)
27149	27166	27195	28190	28203	29102
\$ -	\$ -	\$ -	\$ 5,211	\$ 11,216	\$ 62,508
545,540	-	6,163	-	-	-
\$ 545,540	\$ -	\$ 6,163	\$ 5,211	\$ 11,216	\$ 62,508
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
12,943	-	-	-	-	-
532,597	-	6,163	-	-	-
545,540	-	6,163	-	-	-
-	-	-	-	-	-
-	-	-	5,211	11,216	62,508
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	5,211	11,216	62,508
\$ 545,540	\$ -	\$ 6,163	\$ 5,211	\$ 11,216	\$ 62,508

See independent auditors' report.

**Deming Public Schools**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2018**

	Special Revenue			
	City/County Grants 29107	Math, Engineering, Science & Achievement 29110	School Based Health Center 29130	Wind Farm Projects 29134
<b>Assets</b>				
Cash and cash equivalents	\$ -	\$ 1,609	\$ 37,130	\$ 436,118
Receivables:				
Due from other governments	-	-	-	-
<b>Total assets</b>	<b>\$ -</b>	<b>\$ 1,609</b>	<b>\$ 37,130</b>	<b>\$ 436,118</b>
<b>Liabilities, deferred inflows of resources, and fund balances</b>				
<b>Liabilities</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ 37,758
Accrued payroll	136	-	-	2,614
Due to other funds	1,418	-	-	-
<b>Total liabilities</b>	<b>1,554</b>	<b>-</b>	<b>-</b>	<b>40,372</b>
<b>Fund balances</b>				
<b>Spendable:</b>				
<b>    Restricted for:</b>				
Extracurricular activities	-	-	-	-
Education	-	1,609	37,130	395,746
Capital acquisitions and improvements	-	-	-	-
Debt service	-	-	-	-
Unassigned	(1,554)	-	-	-
<b>Total fund balances</b>	<b>(1,554)</b>	<b>1,609</b>	<b>37,130</b>	<b>395,746</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ -</b>	<b>\$ 1,609</b>	<b>\$ 37,130</b>	<b>\$ 436,118</b>

*See independent auditors' report.*

Capital Projects		Debt Service		Total Nonmajor Governmental Funds
Capital Improvements SB-9 31700	Education Technology Equipment Act 31900	Ed Tech Debt Service 43000		
\$ -	\$ 125,087	\$ 191,434	\$ 1,540,017	
-	-	-	1,794,905	
\$ -	\$ 125,087	\$ 191,434	\$ 3,334,922	
\$ 53,591	\$ -	\$ -	\$ 123,927	
-	-	-	82,224	
-	-	-	1,688,180	
53,591	-	-	1,894,331	
-	-	-	489,558	
-	-	-	690,154	
-	125,087	-	125,087	
-	-	191,434	191,434	
(53,591)	-	-	(55,642)	
(53,591)	125,087	191,434	1,440,591	
\$ -	\$ 125,087	\$ 191,434	\$ 3,334,922	

See independent auditors' report.

**Deming Public Schools**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2018**

	Special Revenue			
	Athletics	Non- Instructional	Migrant Children	Entitlement
	22000	Support 23000	Education 24103	IDEA-B 24106
<b>Revenues</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue:				
Federal flowthrough	-	-	159,009	1,430,320
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	76,568	212,485	-	-
Investment income	-	701	-	-
Miscellaneous income	-	-	-	-
<b>Total revenues</b>	<b>76,568</b>	<b>213,186</b>	<b>159,009</b>	<b>1,430,320</b>
<b>Expenditures</b>				
Current:				
Instruction	16,019	173,736	56,886	850,874
Support services - students	-	-	93,696	491,495
Support services - instruction	-	-	-	-
Support services - general administration	-	-	4,826	43,410
Support services - school administration	-	-	-	-
Central services	-	-	-	40,432
Operation and maintenance of plant	-	-	1,521	4,109
Student transportation	-	-	2,080	-
<b>Total expenditures</b>	<b>16,019</b>	<b>173,736</b>	<b>159,009</b>	<b>1,430,320</b>
Excess (deficiency) of revenues over expenditures	60,549	39,450	-	-
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net change in fund balances	60,549	39,450	-	-
Fund balances - beginning	23,129	366,430	-	-
<b>Fund balances - end of year</b>	<b>\$ 83,678</b>	<b>\$ 405,880</b>	<b>\$ -</b>	<b>\$ -</b>

*See independent auditors' report.*

Special Revenue

IDEA-B Preschool 24109	Education of Homeless 24113	IDEA-B Results Plan 24132	English Language Acquisition 24153	Teacher/ Principal Training /Recruiting 24154	Rural & Low Income Schools 24160
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
17,383	29,405	33,106	102,978	432,674	25,333
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
17,383	29,405	33,106	102,978	432,674	25,333
16,759	24,812	32,101	97,669	422,504	25,333
-	3,702	-	2,184	-	-
-	-	-	-	-	-
528	-	1,005	3,125	10,170	-
-	-	-	-	-	-
-	-	-	-	-	-
96	891	-	-	-	-
-	-	-	-	-	-
17,383	29,405	33,106	102,978	432,674	25,333
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

See independent auditors' report.

**Deming Public Schools**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2018**

	<b>Special Revenue</b>			
	<b>Title I - School Improvement</b>	<b>Carl D. Perkins Secondary Current</b>	<b>Carl D. Perkins Redistribution</b>	<b>USHHA/CDC School Health</b>
	<b>24162</b>	<b>24174</b>	<b>24176</b>	<b>24186</b>
<b>Revenues</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue:				
Federal flowthrough	210,956	62,157	8,166	5,541
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous income	-	-	-	-
<b>Total revenues</b>	<b>210,956</b>	<b>62,157</b>	<b>8,166</b>	<b>5,541</b>
<b>Expenditures</b>				
Current:				
Instruction	210,956	60,503	7,918	5,541
Support services - students	-	-	-	-
Support services - instruction	-	-	-	-
Support services - general administration	-	1,654	248	-
Support services - school administration	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
<b>Total expenditures</b>	<b>210,956</b>	<b>62,157</b>	<b>8,166</b>	<b>5,541</b>
Excess (deficiency) of revenues over expenditures	-	-	-	-
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net change in fund balances	-	-	-	-
Fund balances - beginning	-	2,756	-	-
<b>Fund balances - end of year</b>	<b>\$ -</b>	<b>\$ 2,756</b>	<b>\$ -</b>	<b>\$ -</b>

*See independent auditors' report.*



Special Revenue					
Advancing Measurement at PED (AMP) 24188	Student Support and Academic Enrichment 24189	Title I-IASA - Federal Stimulus 24201	Title XIX Medicaid 25153	Child & Adult Food Program 25171	ROTC 25200
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
13,084	2,346	5	-	-	-
-	-	-	167,739	-	31,483
-	-	-	-	(8,967)	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
13,084	2,346	5	167,739	(8,967)	31,483
3,131	2,346	5	16	-	31,483
9,953	-	-	104,252	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	22	-	-
-	-	-	-	-	-
13,084	2,346	5	104,290	-	31,483
-	-	-	63,449	(8,967)	-
-	-	-	-	8,967	-
-	-	-	-	-	-
-	-	-	-	8,967	-
-	-	-	63,449	-	-
-	-	-	110,529	-	-
\$ -	\$ -	\$ -	\$ 173,978	\$ -	\$ -

See independent auditors' report.

**Deming Public Schools**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2018**

	Special Revenue			
	Emergency Food/ Shelter National 25246	Dual Credit Instructional Materials 27103	2012 GO Bond Student Library 27107	Truancy Initiative-PED 27141
<b>Revenues</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue:				
Federal flowthrough	-	-	-	-
Federal direct	7,488	-	-	-
Local sources	-	-	-	-
State flowthrough	-	12,246	43,943	101,573
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous income	-	-	-	-
<b>Total revenues</b>	<b>7,488</b>	<b>12,246</b>	<b>43,943</b>	<b>101,573</b>
<b>Expenditures</b>				
Current:				
Instruction	4,500	12,246	-	2,304
Support services - students	-	-	-	99,269
Support services - instruction	-	-	43,943	-
Support services - general administration	-	-	-	-
Support services - school administration	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
<b>Total expenditures</b>	<b>4,500</b>	<b>12,246</b>	<b>43,943</b>	<b>101,573</b>
Excess (deficiency) of revenues over expenditures	2,988	-	-	-
<b>Other financing sources (uses)</b>				
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net change in fund balances	2,988	-	-	-
Fund balances - beginning	(3,485)	-	-	-
<b>Fund balances - end of year</b>	<b>\$ (497)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

*See independent auditors' report.*

Special Revenue					
PreK Initiative 27149	Kindergarten Three Plus 27166	Teachers "Hard to Staff" Stipend 27195	GRADS - Instruction 28190	GRADS Plus 28203	Private Dir Grants (catergorical) 29102
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
948,390	299,735	12,358	-	-	-
-	-	-	7,711	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	57,846
948,390	299,735	12,358	7,711	-	57,846
837,560	268,524	12,358	2,500	6,551	-
16,371	7,579	-	-	-	-
-	-	-	-	-	-
9,390	-	-	-	-	-
85,011	22,693	-	-	-	-
-	-	-	-	-	-
58	939	-	-	-	-
-	-	-	-	-	-
948,390	299,735	12,358	2,500	6,551	-
-	-	-	5,211	(6,551)	57,846
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	5,211	(6,551)	57,846
-	-	-	-	17,767	4,662
\$ -	\$ -	\$ -	\$ 5,211	\$ 11,216	\$ 62,508

See independent auditors' report.

**Deming Public Schools**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2018**

	Special Revenue			
	City/ County Grants 29107	Math, Engineering, Science & Achievement 29110	School Based Health Center 29130	Wind Farm Projects 29134
<b>Revenues</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue:				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local sources	36,050	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	216	-	-	-
Miscellaneous income	-	-	-	246,589
<b>Total revenues</b>	<b>36,266</b>	<b>-</b>	<b>-</b>	<b>246,589</b>
<b>Expenditures</b>				
Current:				
Instruction	83,817	-	-	-
Support services - students	-	-	-	-
Support services - instruction	-	-	-	-
Support services - general administration	-	-	-	-
Support services - school administration	-	-	-	-
Central services	-	-	-	2,030
Operation and maintenance of plant	-	-	-	282,738
Student transportation	-	-	-	-
<b>Total expenditures</b>	<b>83,817</b>	<b>-</b>	<b>-</b>	<b>284,768</b>
Excess (deficiency) of revenues over expenditures	(47,551)	-	-	(38,179)
<b>Other financing sources (uses)</b>				
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>(47,551)</b>	<b>-</b>	<b>-</b>	<b>(38,179)</b>
<b>Fund balances - beginning</b>	<b>45,997</b>	<b>1,609</b>	<b>37,130</b>	<b>433,925</b>
<b>Fund balances - end of year</b>	<b>\$ (1,554)</b>	<b>\$ 1,609</b>	<b>\$ 37,130</b>	<b>\$ 395,746</b>

*See independent auditors' report.*

Capital Projects		Debt Service	
Capital Improvements SB-9 31700	Education Technology Equipment Act 31900	Ed Tech Debt Service 43000	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ 6,603	\$ 6,603
-	-	-	2,532,463
-	-	-	206,710
-	189,803	-	216,886
-	-	-	1,418,245
-	-	-	7,711
-	-	-	289,053
-	-	-	917
-	-	-	304,435
-	189,803	6,603	4,983,023
-	-	-	3,268,952
-	-	-	828,501
-	-	-	43,943
-	-	66	74,422
-	-	-	107,704
-	-	-	42,462
53,591	628,555	-	972,520
-	-	-	2,080
53,591	628,555	66	5,340,584
(53,591)	(438,752)	6,537	(357,561)
-	-	-	8,967
(39,524)	-	-	(39,524)
(39,524)	-	-	(30,557)
(93,115)	(438,752)	6,537	(388,118)
39,524	563,839	184,897	1,828,709
\$ (53,591)	\$ 125,087	\$ 191,434	\$ 1,440,591

See independent auditors' report.

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## **General Fund**

**Deming Public Schools**  
**Combining Balance Sheet**  
**General Fund**  
**June 30, 2018**

	Operating 11000	Pupil Transportation 13000	Instructional Materials 14000	Total
<b>Assets</b>				
Cash and cash equivalents	\$ 1,089,437	\$ 13,283	\$ 110,483	\$ 1,213,203
Investments	23	-	-	23
Receivables:				
Property taxes	62,857	-	-	62,857
Due from other governments	1,429	-	-	1,429
Due from other funds	3,025,524	-	-	3,025,524
<b>Total assets</b>	<b>\$ 4,179,270</b>	<b>\$ 13,283</b>	<b>\$ 110,483</b>	<b>\$ 4,303,036</b>
<b>Liabilities, deferred inflows of resources, and fund balances</b>				
<b>Liabilities</b>				
Accounts payable	\$ 179,280	\$ 618	\$ -	\$ 179,898
Accrued payroll	824,672	13,282	-	837,954
<b>Total liabilities</b>	<b>1,003,952</b>	<b>13,900</b>	<b>-</b>	<b>1,017,852</b>
<b>Deferred inflows of resources</b>				
Unavailable revenue - property taxes	52,647	-	-	52,647
<b>Total deferred inflows of resources</b>	<b>52,647</b>	<b>-</b>	<b>-</b>	<b>52,647</b>
<b>Fund balances</b>				
<b>Spendable:</b>				
Unassigned	3,122,671	(617)	110,483	3,232,537
<b>Total fund balances</b>	<b>3,122,671</b>	<b>(617)</b>	<b>110,483</b>	<b>3,232,537</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 4,179,270</b>	<b>\$ 13,283</b>	<b>\$ 110,483</b>	<b>\$ 4,303,036</b>

*See independent auditors' report.*



**Deming Public Schools**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**General Fund**  
**For the Year Ended June 30, 2018**

	Operating 11000	Pupil Transportation 13000	Instructional Materials 14000	Total
<b>Revenues</b>				
Property taxes	\$ 293,304	\$ -	\$ -	\$ 293,304
Intergovernmental revenue				
Federal flowthrough	267,380	-	-	267,380
Local sources	15,350	-	-	15,350
State flowthrough	-	-	161,414	161,414
State direct	38,626,928	-	-	38,626,928
Transportation distribution	-	1,996,031	-	1,996,031
Charges for services	98,351	-	-	98,351
Investment income	8,394	162	-	8,556
Miscellaneous	1,783	-	-	1,783
<b>Total revenues</b>	<b>39,311,490</b>	<b>1,996,193</b>	<b>161,414</b>	<b>41,469,097</b>
<b>Expenditures</b>				
Current				
Instruction	22,451,330	-	17,416	22,468,746
Support services - students	3,831,071	-	-	3,831,071
Support services - instruction	1,272,300	-	-	1,272,300
Support services - general administration	1,020,271	-	-	1,020,271
Support services - school administration	2,870,943	-	-	2,870,943
Central services	1,249,846	-	-	1,249,846
Operation and maintenance plant	5,707,634	17	-	5,707,651
Student transportation	64,706	1,995,774	-	2,060,480
<b>Total expenditures</b>	<b>38,468,101</b>	<b>1,995,791</b>	<b>17,416</b>	<b>40,481,308</b>
Excess (deficiency) of revenues over expenditures	843,389	402	143,998	987,789
Other financing sources (uses)				
Proceeds from sale of capital assets	7,256	-	-	7,256
Transfers (out)	(8,967)	-	-	(8,967)
<b>Total other financing sources (uses)</b>	<b>(1,711)</b>	<b>-</b>	<b>-</b>	<b>(1,711)</b>
Net change in fund balances	841,678	402	143,998	986,078
Fund balances - beginning of year	2,280,993	(1,019)	(33,515)	2,246,459
Fund balances - end of year	\$ 3,122,671	\$ (617)	\$ 110,483	\$ 3,232,537

*See independent auditors' report.*

**Deming Public Schools**  
**Operating Fund (11000)**

**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget (Non-GAAP Budgetary Basis) and Actual**  
**For the Year Ended June 30, 2018**

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<b>Revenues</b>				
Property taxes	\$ 288,935	\$ 288,935	\$ 289,610	\$ 675
Intergovernmental revenue				
Federal flowthrough	-	-	265,951	265,951
Local sources	-	-	15,350	15,350
State flowthrough	-	-	-	-
State direct	38,031,777	38,551,350	38,565,078	13,728
Charges for services	103,900	194,201	98,351	(95,850)
Investment income	4,000	4,000	8,394	4,394
Miscellaneous	1,763	1,763	1,783	20
<b>Total revenues</b>	<b>38,430,375</b>	<b>39,040,249</b>	<b>39,244,517</b>	<b>204,268</b>
<b>Expenditures</b>				
Current:				
Instruction	23,585,517	23,165,090	22,228,790	936,300
Support services - students	3,660,714	4,115,714	3,889,198	226,516
Support services - instruction	1,509,126	1,509,126	1,266,872	242,254
Support services - general administration	1,173,474	1,173,474	1,012,759	160,715
Support services - school administration	2,626,787	2,901,787	2,870,996	30,791
Central services	1,249,899	1,284,899	1,248,976	35,923
Operation and maintenance of plant	5,760,044	5,850,345	5,655,254	195,091
Student transportation	261,266	436,266	62,667	373,599
Other support services	45,291	45,291	-	45,291
<b>Total expenditures</b>	<b>39,872,118</b>	<b>40,481,992</b>	<b>38,235,512</b>	<b>2,246,480</b>
Excess (deficiency) of revenues over expenditures	(1,441,743)	(1,441,743)	1,009,005	2,450,748
<b>Other financing sources (uses)</b>				
Designated cash balance (budgeted increase in cash)	1,431,743	1,431,743	-	(1,431,743)
Transfers (out)	-	-	(8,967)	(8,967)
Proceeds from sale of capital assets	10,000	10,000	7,256	(2,744)
<b>Total other financing sources (uses)</b>	<b>1,441,743</b>	<b>1,441,743</b>	<b>(1,711)</b>	<b>(1,443,454)</b>
Net change in fund balance	-	-	1,007,294	1,007,294
Fund balance - beginning of year	-	-	2,238,404	2,238,404
<b>Fund balance - end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,245,698</b>	<b>\$ 3,245,698</b>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 1,007,294
Adjustments to revenues for taxes and intergovernmental revenue				66,973
Adjustments to expenditures for supplies and payroll expenditures				(232,589)
<b>Net change in fund balance (GAAP Basis)</b>				<b>\$ 841,678</b>

*See independent auditors' report.*

**Deming Public Schools**  
**Pupil Transportation Fund (13000)**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget (Non-GAAP Budgetary Basis) and Actual**  
**For the Year Ended June 30, 2018**

	<u>Budgeted Amounts</u>		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<b>Revenues</b>				
Intergovernmental revenue				
Transportation distribution	\$ 1,955,177	\$ 1,996,031	\$ 1,996,031	\$ -
Investment income	-	-	162	162
<b>Total revenues</b>	<b>1,955,177</b>	<b>1,996,031</b>	<b>1,996,193</b>	<b>162</b>
<b>Expenditures</b>				
Current				
Student transportation	1,955,177	1,996,031	1,996,193	(162)
<b>Total expenditures</b>	<b>1,955,177</b>	<b>1,996,031</b>	<b>1,996,193</b>	<b>(162)</b>
Excess (deficiency) of revenues over expenditures	-	-	-	-
<b>Other financing sources (uses)</b>				
Designated cash balance (budgeted increase in cash)	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net change in fund balance	-	-	-	-
Fund balance - beginning of year	-	-	1	1
Fund balance - end of year	\$ -	\$ -	\$ 1	\$ 1
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ -
Adjustments to expenditures for pupil transportation				402
Net change in fund balance (GAAP Basis)				\$ 402

*See independent auditors' report.*

**Deming Public Schools**  
**Instructional Materials Fund (14000)**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget (Non-GAAP Budgetary Basis) and Actual**  
**For the Year Ended June 30, 2018**

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
Revenues				
State flowthrough	\$ 146,113	\$ 146,113	\$ 161,414	\$ 15,301
Total revenues	146,113	146,113	161,414	15,301
Expenditures				
Current				
Instruction	251,856	251,856	249,736	2,120
Total expenditures	251,856	251,856	249,736	2,120
Excess (deficiency) of revenues over expenditures	(105,743)	(105,743)	(88,322)	17,421
Other financing sources (uses)				
Designated cash balance (budgeted increase in cash)	105,743	105,743	-	(105,743)
Total other financing sources (uses)	105,743	105,743	-	(105,743)
Net change in fund balance	-	-	(88,322)	(88,322)
Fund balance - beginning of year	-	-	198,805	198,805
Fund balance - end of year	\$ -	\$ -	\$ 110,483	\$ 110,483
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ (88,322)
Adjustments to expenditures for instructional materials				232,320
Net change in fund balance (GAAP Basis)				\$ 143,998

*See independent auditors' report.*

## **Supporting Schedules**

**Deming Public Schools**  
**Schedule of Deposits**  
**June 30, 2018**

<b>Bank Account Type/ Name</b>	<b>First New Mexico Bank</b>	<b>First Savings Bank</b>	<b>Wells Fargo Bank</b>
Federal Account #1 - Checking	\$ 195,006	\$ -	\$ -
Cafeteria Account - Checking	5,446,022	-	-
SB9 Account #1 - Checking	4,256,028	-	-
SB9 Account #2 - Checking	55	-	-
Debt Service Account - Checking	3,288,154	-	-
Gate Receipts Account - Checking	719,690	-	-
Operational Account #1 - Checking	8	467,081	82,821
Operational Account #2 - Checking	2,409,373	-	-
Building Fund 1991 - Checking	-	-	923,755
Investment Account	-	-	-
Local Government Investment Pool	-	-	-
<b>Total</b>	<b>\$ 16,314,336</b>	<b>\$ 467,081</b>	<b>\$ 1,006,576</b>

*See independent auditors' report.*

	Wells Fargo Investments	Moreton Investments	State of New Mexico Treasurer	Total
\$	-	-	-	\$ 195,006
	-	-	-	5,446,022
	-	-	-	4,256,028
	-	-	-	55
	-	-	-	3,288,154
	-	-	-	719,690
	-	-	-	549,910
	-	-	-	2,409,373
	-	-	-	923,755
	764,382	4,563,478	-	5,327,860
	-	-	23	23
<hr/>				
\$	764,382	\$ 4,563,478	\$ 23	23,115,876
<hr/>				
Reconciling items				(1,816,011)
<hr/>				
Reconciled balance June 30, 2018				21,299,865
Less: investments per Statement of Net Position				(23)
Less: restricted investments per Statement of Net Position				(5,327,860)
Less: restricted cash per Statement of Net Position				(7,870,180)
Less: agency cash per Statement of Fiduciary Assets and Liabilities				(224,451)
<hr/>				
Cash and cash equivalents per Statement of Net Position			\$	<u>7,877,351</u>

*See independent auditors' report.*

**Deming Public Schools  
Cash Reconciliation  
For the Year Ended June 30, 2018**

	<b>Operational 11000</b>	<b>Transportation 13000</b>	<b>Instructional Materials 14000</b>	<b>Food Services 21000</b>
<b>PED cash</b>				
June 30, 2017	\$ 2,238,403	\$ 1	\$ 198,805	\$ 5,102,373
<b>Add:</b>				
2017-2018 receipts	39,313,451	1,996,193	161,414	4,222,462
Repayment of loans	-	-	-	-
<b>Total cash available</b>	<b>41,551,854</b>	<b>1,996,194</b>	<b>360,219</b>	<b>9,324,835</b>
<b>Less:</b>				
2017-2018 expenditures	(38,235,564)	(1,996,193)	(249,736)	(3,921,598)
Repayment of prior year loans	(3,126,061)	-	-	-
<b>Cash per PED</b>	<b>190,229</b>	<b>1</b>	<b>110,483</b>	<b>5,403,237</b>
<b>Add / Less:</b>				
Loans for negative cash	(8,967)	-	-	-
Investments	(23)	-	-	-
Audit Adjustments	100,762	-	-	-
Held checks	807,436	13,282	-	37,415
<b>Cash per financial statement</b>	<b>\$ 1,089,437</b>	<b>\$ 13,283</b>	<b>\$ 110,483</b>	<b>\$ 5,440,652</b>

*See independent auditors' report.*



	<b>Athletics 22000</b>	<b>Non- Instructional Support 23000</b>	<b>Federal Flowthrough 24000</b>	<b>Federal Direct 25000</b>	<b>State Flowthrough 27000</b>
\$	23,129	\$ 367,109	\$ (1,300,861)	\$ 104,749	\$ (466,265)
	76,568	213,183	4,133,182	197,323	1,253,296
	-	-	2,538,789	-	587,272
	99,697	580,292	5,371,110	302,072	1,374,303
	(16,019)	(174,308)	(5,384,161)	(140,414)	(1,418,246)
	-	-	-	-	-
	83,678	405,984	(13,051)	161,658	(43,943)
	-	-	-	8,967	-
	-	-	-	-	-
	-	(104)	(130,447)	2,294	25,950
	-	-	143,498	7,227	17,993
\$	83,678	\$ 405,880	\$ -	\$ 180,146	\$ -

*See independent auditors' report.*

**Deming Public Schools  
Cash Reconciliation  
For the Year Ended June 30, 2018**

	<b>State Direct 28000</b>	<b>Local or State Fund 29000</b>	<b>Bond Building 31100</b>	<b>Capital Improvements SB-9-State 31700</b>
PED cash				
June 30, 2017	\$ 17,767	\$ 523,323	\$ 15,660,585	\$ (421,844)
Add:				
2017-2018 receipts	7,711	340,701	105,013	461,368
Repayment of loans	-	-	-	-
Total cash available	25,478	864,024	15,765,598	39,524
Less:				
2017-2018 expenditures	(9,051)	(330,827)	(10,091,902)	-
Repayment of prior year loans	-	-	-	-
Cash per PED	16,427	533,197	5,673,696	39,524
Add / Less:				
Loans for negative cash	-	-	-	(39,524)
Investments	-	-	(5,327,860)	-
Audit Adjustments	-	1,418	-	-
Held checks	-	2,750	-	-
Cash per financial statement	\$ 16,427	\$ 537,365	\$ 345,836	\$ -

*See independent auditors' report.*

	<b>Capital Improvements SB-9-Local 31701</b>	<b>Education Technology Equipment Act 31900</b>	<b>Debt Service 41000</b>	<b>Ed Tech Debt Service 43000</b>	<b>Total</b>
\$	3,248,837	\$ 569,874	\$ 3,069,587	\$ 184,897	\$ 29,120,469
	1,167,641	189,803	3,371,240	6,603	57,217,152
	-	-	-	-	3,126,061
	4,416,478	759,677	6,440,827	191,500	89,463,682
	(344,898)	(634,590)	(3,344,108)	(66)	(66,291,681)
	-	-	-	-	(3,126,061)
	4,071,580	125,087	3,096,719	191,434	20,045,940
	39,524	-	-	-	-
	-	-	-	-	(5,327,883)
	-	-	-	-	(127)
	-	-	-	-	1,029,601
\$	4,111,104	\$ 125,087	\$ 3,096,719	\$ 191,434	\$ 15,747,531

Cash balance above	\$ 15,747,531
Cash and restricted cash per Statement of Net Position	\$ 15,747,531
Investment balance above	\$ 5,327,883
Investment per Statement of Net Position	\$ 5,327,883

*See independent auditors' report.*

**Deming Public Schools**  
**Schedule of Collateral Pledged by Depository for Public Funds**  
**June 30, 2018**

Name of Depository	Description of Pledged Collateral	Maturity	CUSIP Number	Fair Market Value June 30, 2018
<b>1st New Mexico Bank</b>				
	Hobbs	4/15/2026	433866DT4	\$ 525,180
	Pena	9/1/2024	706593AP5	154,674
	FFCB	11/23/2022	3133EC4Q4	1,917,682
	FFCB	10/5/2022	3133EFX44	964,856
	GALL	8/1/2022	364010PJ1	551,711
	FHLB	12/9/2022	313381BR5	480,375
	GALL	6/1/2023	364034AN8	408,760
	FHLB	3/6/2024	3130AAV54	973,754
	FHLB	3/2/2026	3130AAU97	970,364
	FFCB	11/29/2024	3133EGP74	965,185
	FHLB	6/14/2024	3130A1XJ2	1,990,214
<b>Total 1st New Mexico Bank</b>				<b>9,902,755</b>

Name and location of safekeeper for above pledged collateral:  
The Independent Bankers' Bank - Dallas, Texas

<b>First Savings Bank</b>				
	FNMA 10YR	1/1/2022	31417ATN9	80,538
	FNMA 10YR	3/1/2022	31418ADU9	198,055
	FNMA 10YR	4/1/2022	31418AEC8	171,001
	FHLMC 10YR	3/1/2023	31307BJW1	20,422
	FHLMC 10YR	3/1/2023	31307BJW1	175,046
	ROSWELL ISD NM 23	8/1/2023	778550JG9	206,708
	GNMA II 15YR	11/20/2026	36202FYY6	649,434
	GNR 2010-46 HG	3/16/2038	38376YEL1	83,029
	FNR 2010-135 CH	4/25/2040	31398SN66	53,110
	GNR 2011-43 E	12/20/2040	38377UMA3	54,971
<b>Total First Savings Bank</b>				<b>1,692,314</b>

Name and location of safekeeper for above pledged collateral:  
Federal Reserve Bank - Dallas, Texas

<b>Wells Fargo</b>				
	FMAC FGPC 3.500%	3/1/2042	3132GRHA2	676,794
<b>Total Wells Fargo Bank</b>				<b>676,794</b>

Name and location of safekeeper for above pledged collateral:  
BNY Mellon, One Wall Street, Fourth Floor, New York, NY 10286

<b>Total pledged collateral</b>				<b>\$ 12,271,863</b>
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*See independent auditors' report.*

**Deming Public Schools**  
**Schedule of Changes in Assets and Liabilities - Agency Funds**  
**For the Year Ended June 30, 2018**

	July 1, 2016	Additions	Deletions	June 30, 2017
Red Mountain Middle School	\$ 73,438	\$ 43,189	\$ 66,994	\$ 49,633
Administration	6,173	31,972	6,562	31,583
Activities	176,364	250,962	284,091	143,235
<b>Totals</b>	<b>\$ 255,975</b>	<b>\$ 326,123</b>	<b>\$ 357,647</b>	<b>224,451</b>
Total agency cash and cash equivalents per Statement of Fiduciary Assets and Liabilities				\$ 224,451
Accounts payable	\$ 23,486	\$ 5,906	\$ 23,486	\$ 5,906
Due to student organizations	232,488	320,218	334,161	218,545
<b>Totals</b>	<b>\$ 255,974</b>	<b>\$ 326,124</b>	<b>\$ 357,647</b>	<b>224,451</b>
Total agency liabilities per Statement of Fiduciary Assets and Liabilities				\$ 224,451

*See independent auditors' report.*

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## **Compliance Section**

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

**INDEPENDENT AUDITORS' REPORT**

Wayne Johnson  
New Mexico State Auditor and  
Board of Education  
Office of Management and Budget  
Deming Public Schools  
Deming, New Mexico

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the discretely presented component unit, each major fund, the aggregate remaining fund information, and the budgetary comparisons of the General Fund and major special revenue fund of the Deming Public Schools (the "District"), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 15, 2018.

**Internal Control Over Financial Reporting**

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

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



Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item FS 2016-009 that we consider to be a significant deficiency for the District.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

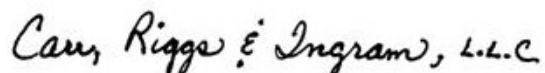
We noted certain matters that are required to be reported per section 12-6-5 NMSA 1978 that we have described in the accompanying schedule of Section 12-6-5 NMSA 1978 Findings as items NM 2016-003, NM 2016-016, NM 2017-001, NM 2017-002, and NM 2018-001 for the District and CU NM 2017-002, CU NM 2017-004, CU NM 2018-001, and CU NM 2018-002 for the Component Unit.

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



Carr, Riggs & Ingram, LLC  
Albuquerque, New Mexico  
November 15, 2018

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## **Federal Financial Assistance**

**REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

**INDEPENDENT AUDITORS' REPORT**

Wayne Johnson  
New Mexico State Auditor and  
Board of Education  
Office of Management and Budget  
Deming Public Schools  
Deming, New Mexico

**Report on Compliance for Each Major Federal Program**

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

**Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

**Auditors' Responsibility**

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

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

### **Opinion on Each Major Federal Program**

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

### **Other Matters**

The results of our auditing procedures disclosed instances of noncompliance, 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 FA 2016-020, FA 2018-002 and FA 2018-003. Our opinion on each major federal program is not modified with respect to these matters.

The District's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### **Report on Internal Control Over Compliance**

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

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

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

our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. We did identify certain deficiencies in internal control over compliance, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies identified as items FA 2018-001 and FA 2018-002.

The District's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

*Carr, Riggs & Ingram, L.L.C.*

Carr, Riggs & Ingram, LLC  
Albuquerque, New Mexico  
November 15, 2018

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**Deming Public Schools**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2018**

<b>Federal Grantor or Pass-Through Grantor / Program Title</b>	<b>Pass Thru Number</b>
<b>U.S. Department of Education</b>	
Title I Grants to Local Ed Agencies - IASA	* 24101
Title I Grants to Local Educational Agencies	24162
Migrant Education State Grant Program	24103
Special Ed-Grants to States (IDEA, Part B) - Entitlement - Special Education Cluster (IDEA)	24106
Special Ed-Preschool Grants (IDEA Preschool) - Special Education Cluster (IDEA)	24109
Special Ed-Grants to States (IDEA, Part B) - Special Education Cluster (IDEA)	24132
Special Ed-Grants to States (IDEA, Part B) - Special Education Cluster (IDEA)	24188
<i>Subtotal - Special Education Cluster</i>	
Education for Homeless Children and Youth	24113
English Language Acquisition State Grants	24153
Supporting Effective Instruction State Grant	24154
Rural Education	24160
Career and Tech Ed-Basic Grants to States - Secondary Current	24174
Career and Tech Ed-Basic Grants to States - Secondary Redistribution	24176
Student Support and Academic Enrichment Program	24189
<b>Total U.S. Department of Education</b>	
<b>U.S. Department of Health and Human Services</b>	
Coop Agreement to Promote Adolescent Health Thru School-Based HIV/STD Prevention and School-Based Surveillance	24186
<b>Total U.S. Department of Health and Human Services</b>	
<b>U.S. Department of Agriculture</b>	
School Breakfast Program - Child Nutrition Cluster	* 21000
National School Lunch Program - Child Nutrition Cluster	* 21000
<i>Subtotal - Child Nutrition Cluster</i>	
<b>Total U.S. Department of Agriculture</b>	
<b>U.S. Department of Homeland Security</b>	
Emergency Food and Shelter National Board	25246
<b>Total U.S. Department of Homeland Security</b>	
<b>U.S. Department of Homeland Security</b>	
ROTC	25200
<b>Total U.S. Department of Homeland Security</b>	
<b>Total Federal Financial Assistance</b>	

\* Denotes Major Federal Financial Assistance Program

*See independent auditors' report.*

*See accompanying notes to schedule of expenditures of federal awards.*



Federal CFDA Number	Federal Expenditures	Cluster/ Program Subtotals	Funds Provided to Subrecipients	Noncash Assistance
84.010	\$ 2,890,557		\$ -	\$ -
84.010A	210,956		-	-
		3,101,513		
84.011	159,009		-	-
84.027	1,430,320		-	-
84.173	17,383		-	-
84.027A	33,106		-	-
84.027A	13,084			
		1,493,893		
84.196	29,405		-	-
84.365A	102,978		-	-
84.367A	432,674		-	-
84.358B	25,333		-	-
84.048	62,157		-	-
84.048	8,166		-	-
84.424	2,346			
	5,417,474		-	-
93.079	5,541		-	-
	5,541		-	-
10.553	1,338,657		-	-
10.555	2,835,453		-	338,668
		4,174,110		
	4,174,110		-	338,668
97.024	4,500		-	-
	4,500		-	-
12.XXX	31,483		-	-
	31,483		-	-
	\$ 9,633,108		\$ -	\$ 338,668

*See independent auditors' report.  
See accompanying notes to schedule of expenditures of federal awards.*

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**Deming Public Schools**  
**Notes to Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2018**

**Notes to Schedule of Expenditures of Federal Awards**

**1. Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal grant activity of the Deming Public Schools and is presented on the modified accrual basis of accounting, which is the same basis as was used to prepare the fund financial statements. The information in this Schedule is presented in accordance with the requirements of Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.

**2. Loans**

The District did not expend federal awards related to loans or loan guarantees during the year.

**3. 10% de minimus Indirect Cost Rate**

The District did not elect to use the allowed 10% indirect cost rate.

**4. Federally Funded Insurance**

The District has no federally funded insurance.

**Reconciliation of Schedule of Expenditures of Federal Awards to Financial Statements:**

Total federal awards expended per Schedule of Expenditures of Federal Awards	\$ 9,633,108
Total expenditures funded by other sources	80,766,242
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Total expenditures	\$ 90,399,350
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*See independent auditors' report.*

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**Deming Public Schools  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2018**

**SECTION I – SUMMARY OF AUDITORS’ RESULTS**

*Financial Statements:*

- |  |            |
|--|------------|
| 1. Type of auditors’ report issued   | Unmodified |
| 2. Internal control over financial reporting:                                    |            |
| a. Material weaknesses identified?   | No         |
| b. Significant deficiencies identified not considered to be material weaknesses? | Yes        |
| c. Noncompliance material to the financial statements?                           | No         |

*Federal Awards:*

- |   |            |
|---|------------|
| 1. Type of auditors’ report issued on compliance for major programs   | Unmodified |
| 2. Internal control over major programs:  |            |
| a. Material weaknesses identified?  | None noted |
| b. Significant deficiencies identified not considered to be material weaknesses?                              | Yes        |
| 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:

CFDA Number	Federal Program
10.553 & 10.555	Child Nutrition Cluster
84.010	Title I Grants to Local Educational Agencies – IASA

- |   |    |
|---|----|
| 5. Dollar threshold used to distinguish between type A and type B programs: \$750,000 |    |
| 6. Auditee qualified as low-risk auditee?   | No |

**Deming Public Schools**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2018**

**SECTION II – FINANCIAL STATEMENT FINDINGS**

**Primary Government**

**FS 2016-009 Lack of Internal Controls – Significant Deficiency (repeated and modified)**

*Condition:*

- One invoice was paid that exceeded the approved purchase order amounts by \$25.
- 7 hours approved by the supervisor were left unpaid by the District to a substitute teacher in the amount of \$52.50.

*Progress on resolution of prior year finding:* New financial software and new timekeeping software have both been implemented.

*Criteria:* Per NMAC 6.20.2.11 (A) Internal Control Structure Standards, "every school district shall establish and maintain an internal control structure to provide management with reasonable assurance that assets are safeguarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with GAAP. The internal control structure shall include written administrative controls (rules, procedures and practices, and policies that affect the organization) and accounting controls (activity cycles, financial statement captions, accounting applications including computer systems) that are in accordance with GAAP."

*Effect:* The absence of a proper review and approval of expenses could allow for unauthorized expenses being charged to the District or unpaid personnel expenses.

*Cause:* The District did not have proper controls in place for approved purchase order amounts or pay all approved time sheets.

*Recommendation:* We recommend that controls should be implemented to ensure that purchases are paid for the approved amount.

*Management Response:* The new software installed July 1, 2018 has an electronic approval process as well as PO Revision process. AP is unable to pay an invoice that exceeds the Board approved overages. The new software in combination with the new time keeping system will safeguard against this happening. If a person changes from 1 position to another, all time will be paid using the appropriate job.

*Current Status/Plan of Action:* New financial software and new timekeeping software have both been implemented.

*Responsible Officials:* Chief Finance Officer & Controller

**Deming Public Schools**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2018**

**SECTION III – FEDERAL AWARD FINDINGS**

**Primary Government**

**FA 2016-020 – Reporting - Noncompliance (Repeated and modified)**

*Condition:* Two out of four reports tested were submitted late. The first quarter report was due October 31, 2017 and submitted on November 28, 2017. The second quarter report was due January 31, 2018 and submitted February 13, 2018.

*Federal Program Information:*

Funding Agency:	All Major Programs
Title:	All Major Programs
CFDA Number:	All Major Programs
Federal Award Identification number	All Major Programs
Award Year:	2016-17

*Progress on resolution of prior year finding:* Reporting in current software system is significantly more efficient and streamlined, so reporting can be done timely.

*Criteria:* Per 34 CFR 80.41 Financial Reporting, when reports are required on a quarterly basis, they will be due 30 days after the reporting period.

*Questioned costs:* None

*Effect:* The State of New Mexico does not have a timely reporting of the Districts activity. The District is not in compliance with Federal regulations.

*Cause:* The District does not have proper controls in place to ensure that reports are submitted timely.

*Auditor's Recommendation:* We recommend the District perform reconciliations on a timely basis and evidence that preparation through dating and signature. This will assist with their monthly reporting requirements.

*Management Response:* Reporting in current software system is significantly more efficient and streamlined, so reporting can be done timely.

*Current Status/Plan of Action:* Quarterly reporting to be done timely.

*Responsible Officials:* Chief Finance Officer & Controller

**Deming Public Schools**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2018**

**SECTION III – FEDERAL AWARD FINDINGS (Continued)**

**FA 2018-001 – Suspension and Debarment – Significant Deficiency**

*Condition:* The District was not testing for vendor eligibility on sam.gov, no reimbursements to disbarred vendors were noted during the year ended June 30, 2018.

*Federal Program Information:*

Funding Agency:	All Major Programs
Title:	All Major Programs
CFDA Number:	All Major Programs
Federal Award Identification number:	All Major Programs
Pass Through Entity:	All Major Programs
Award Year:	2017-18

*Criteria:* 2 CFR 200.303 requires a non-Federal entity to Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States and the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). 2 CFR part 180 requires that a non-Federal entity must verify suspension or debarment from the excluded parties list system regarding compliance.

*Questioned costs:* None

*Effect:* If a vendor has been disbarred from receiving Federal funds, the Organization may be liable to pay for the amount and not be reimbursed.

*Cause:* The District did not follow proper Federal policies related to verification of vendors from the excluded parties list system.

*Auditor's Recommendation:* The auditor recommends that the District verify that all vendors are not listed on the excluded parties list system by performing a search on sam.gov and maintaining the results of such search in the vendor's file.

*Management Response:* Any new vendor added to the system will have a debarment check done during the set up process. All existing vendors will be verified annually. A copy of each search of the sam.gov website will be added to the vendor's electronic file.

*Current Status/Plan of Action:* This procedure will be implemented in November 2018.

*Responsible Officials:* Certified Procurement Officer



**Deming Public Schools**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2018**

**SECTION III – FEDERAL AWARD FINDINGS (Continued)**

**FA 2018-002 – Annual Report Card, High School Graduation Rate for Title I – Significant Deficiency and Noncompliance**

*Condition:* The District was not obtaining proper written documentation to substantiate the correct student withdrawal codes for 2 of 8 student tested.

*Federal Program Information:*

Funding Agency:	U.S. Department of Education
Title:	Title I Grants to Local Education Agencies
CFDA Number:	84.010
Federal Award Identification number	24101
Pass Through Entity:	New Mexico Public Education Department
Award Year:	2017-18

*Criteria:* 2 CFR 200.303 requires a non-Federal entity to Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States and the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Per the Adequate Yearly Progress and Other Academic Indicators as described in 34 CFR section 200.13(b)(7)(ii) and 200.19(b)(1), a state educational agency (SEA) and its local educational agencies (LEAs) must report graduation rate data for all public high schools using a 4-year adjusted cohort rate defined as the number of students who graduate in four years with a regular high school diploma divided by the number of students who form the adjusted cohort for that graduating class. To remove a student from the cohort, a school or LEA must confirm in writing that the student transferred out, emigrated to another country, or is deceased. To confirm that a student transferred out, the school or LEA must have official written documentation that the student enrolled in a non-NMPED school that culminates in the award of a regular high school diploma.

*Questioned costs:* None

*Effect:* District’s reported High School Graduation Rate for the 2017-2018 school year cannot be verified due to lack of written documentation for students removed from cohort as transfers.

*Cause:* Lack of internal controls at school sites to ensure that District staff obtains all necessary written documentation for student personnel files, including proof of transfer.

**Deming Public Schools**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2018**

**SECTION III – FEDERAL AWARD FINDINGS (Continued)**

**FA 2018-002 – Annual Report Card, High School Graduation Rate for Title I – Significant Deficiency (Continued)**

*Auditor's Recommendation:* We recommend that District Management implement controls over school sites to ensure student personnel files are complete and accurate, including internal audits of school sites and periodic reviews, and a secondary review of the cohort whenever the withdrawal code "W8," for students who transfer out of the District, is implemented, as well as review of all students with the W codes in the system.

*Management Response:* The district will provide training, at least annually with school administrators and secretaries on the district's enrollment and withdrawal procedures and required documentation. Periodic reports will be provided to each school for review of accuracy and correct documentation.

*Current Status/Plan of Action:* Training has already been done with administrators and reports will be delivered to the school sites no later than December 2018.

*Responsible Officials:* Chief Academic Officer, Records Specialist, Director for Accountability, School Registrars, and School Principals

**FA 2018-003 – Noncompliant meals – Noncompliance**

*Condition:* The District was serving meals which were missing components, short on fruit and vegetable serving size per grade group, and not meeting the whole grain requirements.

*Federal Program Information:*

Funding Agency:	U.S. Department of Agriculture
Title:	Child Nutrition Cluster
CFDA Number:	10.553 and 10.555
Federal Award Identification number	21000
Pass Through Entity:	New Mexico Public Education Department
Award Year:	2017-18

*Criteria:* 7 CFR 210.7 (d) states that the State agency must provide performance-based cash assistance as authorized under § 210.4(b)(1) for lunches served in school food authorities certified by the State agency to be in compliance with meal pattern and nutrition requirements set forth in 7 CFR 210.10 and, if the school food authority participates in the School Breakfast Program (7 CFR part 220), 7 CFR 220.8 or 7 CFR 220.23, as applicable.

*Questioned costs:* \$87,437

**Deming Public Schools**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2018**

**SECTION III – FEDERAL AWARD FINDINGS (Continued)**

**FA 2018-003 – Noncompliant meals – Noncompliance (Continued)**

*Effect:* If the District does not meet the nutrition requirements set forth in 7 CFR 210.10 it does not qualify for the six cent performance-based cash assistance.

*Cause:* The District did not have proper controls in place to ensure that the performance-based nutrition requirements of 7 CFR 210.10, 7 CFR 220.8 or 7 CFR 220.23, as applicable were met.

*Auditor's Recommendation:* The auditor recommends that the District verify that all meals provided meet the requirements set forth in 7 CFR 210.10, 7 CFR 220.8 or 7 CFR 220.23, as applicable. In addition, the District should submit a compliant menu for each grade grouping participating in the National School Lunch Program to PED's Student Success and Wellness Bureau.

*Management Response:* The student nutrition department has contracted with a consulting company to make and analyze menus and assist in completing production records. The consultant will be onsite throughout the 2018/2019 school year for consulting and training.

*Current Status/Plan of Action:* Menus are now in compliant as of June 1, 2018 and documentation is almost completed for re-certification.

*Responsible Officials:* Director of Student Nutrition

**SECTION IV – NEW MEXICO STATE AUDIT RULE SECTION 12-6-5 NMSA 1978 FINDINGS**

**Primary Government**

**NM 2016-003 PED Reporting – Material noncompliance (Repeated and modified)**

*Condition:* During our audit testing we noted the following:

- We noted all the fund balance accounts numbers (object code 09322) in the trial balance did not agree to the PED Uniform Chart of Accounts (object code 32300).

*Progress on resolution of prior year finding:* New software was implemented July 1, 2018 which uses the fund balance account numbers on the Uniform Chart of Accounts.

*Criteria:* Per NMAC 6.20.2.13C all school districts shall prepare, maintain, and report budget and financial information utilizing a standard and uniform chart of accounts.

Per NMAC 6.20.2.10 school districts shall submit periodic financial reports to the department using the department-approved format.

**Deming Public Schools  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2018**

**SECTION IV – NEW MEXICO STATE AUDIT RULE SECTION 12-6-5 NMSA 1978 FINDINGS (Continued)**

**NM 2016-003 PED Reporting – Material noncompliance (Repeated and modified) (Continued)**

*Effect:* PED does not have accurate reporting of the District's financial activity.

*Cause:* The District did not update the object code for the fund balance accounts.

*Auditor's Recommendation:* We recommend that the District complete an annual review of the chart of accounts and that all accounts are corrected to properly reflect the PED universal chart of accounts.

*Management Response:* New software was implemented July 1, 2018 which uses the fund balance account numbers on the Uniform Chart of Accounts.

*Current Status/Plan of Action:* New Software was implemented 7/1/2018 and the equity accounts have been set up in accordance with the PED Uniform Chart of Accounts. Reviews are done on a regular basis to ensure compliance.

*Responsible Officials:* Chief Finance Officer & Controller

**Deming Public Schools**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2018**

**SECTION IV – NEW MEXICO STATE AUDIT RULE SECTION 12-6-5 NMSA 1978 FINDINGS (Continued)**

**NM 2016-016 Budgetary Conditions – Other noncompliance**

*Condition:* The District has over expended its budget in the following funds:

Fund 21000 Food Services - support services	\$ 119,020
Fund 24109 IDEA-B Preschool - instruction	1,379
Fund 24201 Title I-IASA - Federal Stimulus - instruction	5
Fund 25153 Title XIX Medicaid - instruction	16
Fund 25153 Title XIX Medicaid - support services	12,320
Fund 25200 ROTC - instruction	31,483
Fund 25246 Emergency Food/Shelter National - instruction	4,500
Fund 28190 GRADS - instruction	2,500
Fund 28203 GRADS Plus - instruction	6,551
Fund 29107 City/County Grants - instruction	83,817
Fund 24154 Teacher/Principal Training/Recruiting - support services	1,998
Fund 31900 Educational Technology Equipment Act - support services	87
Fund 31900 Educational Technology Equipment Act - capital outlay	634,503
Fund 43000 Ed Tech Debt Service - support services	66

*Progress on resolution of prior year finding:* New software was implemented July 1, 2018 to properly account for budgets.

*Criteria:* NMAC 6.20.2.10 states that all District funds, with the exception of agency funds, are to be budgeted by the local governing body and submitted to the State of New Mexico Public Education Department for approval. Once adopted, any claims or warrants in excess of budget are a violation of New Mexico State Statute 6-6-6, 1978 Compilation.

*Effect:* The District had expenditures in fourteen fund functions that were not properly budgeted.

*Cause:* The District did not request the budget adjustments at year-end to alleviate these budget overruns.

*Auditors' Recommendations:* We recommend that the District monitor its budgets closely and prepare budget adjustments as necessary.

*Management Response:* Budget authority will be obtained by the board of education and PED for any available cash balances. Cash availability will be monitored throughout the year.

*Current Status/Plan of Action:* Budget authority will be obtained by the board of education and PED for any available cash balances. Cash availability will be monitored throughout the year.

*Responsible Officials:* Chief Finance Officer

**Deming Public Schools**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2018**

**SECTION IV – NEW MEXICO STATE AUDIT RULE SECTION 12-6-5 NMSA 1978 FINDINGS (Continued)**

**NM 2017-001 – ERB Employee Reporting – Other noncompliance**

*Condition:* The District did not properly report four new employee as a new employee during the completion of their monthly report to ERB during the year of the valuation of the District's net pension and other post-employment benefits liability. That employee was included in the subsequent month, but was not indicated as a new employee.

*Progress on resolution of prior year finding:* New software was implemented to properly account for new employees.

*Criteria:* Per 11-22-11 A NMSA 1978 Contributions shall be deducted from the salaries of members by the local administrative units as the salaries are paid. These contributions shall be forwarded monthly to the director for deposit in the fund. The members hire date will be included in the first months contributions report.

*Effect:* The District did not report the new employee properly to ERB, which could result in errors in that employee's start date and service credit with ERB.

*Cause:* The District's payroll department collected the proper forms from the employee at the beginning of employment, but the employee was not correctly included in the District's ERB upload file for their first pay period.

*Auditors' Recommendations:* We recommend that the District implement procedures to ensure that new employees are properly included in the ERB report beginning in the period that they first become eligible employees. A review of this file should occur and be documented via a signature before the file is uploaded to ERB.

*Management Response:* New software was implemented to properly account for new employees.

*Current Status/Plan of Action:* : Electronic comparison of the ERB M1 file to the new hire date in Employee Maintenance screen of Infinite Visions.

*Responsible Official:* Payroll

**NM 2017-002 Annual Inventory Certification – Other noncompliance**

*Condition:* The District has not performed an annual capital asset inventory certification of their fixed asset listing timely.

*Progress on resolution of prior year finding:* New software was implemented July 1, 2018 which includes a fixed asset module that will assist in inventory certification.

**Deming Public Schools**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2018**

**SECTION IV – NEW MEXICO STATE AUDIT RULE SECTION 12-6-5 NMSA 1978 FINDINGS (Continued)**

**NM 2017-002 Annual Inventory Certification – Other noncompliance (Continued)**

*Criteria:* According to State Audit Rule 2.2.2.10 V Capital Asset Inventory: (2) Section 12-20-1-16 NMSA 1978 requires each agency to conduct an annual physical inventory of movable chattels and equipment on the inventory list at the end of each fiscal year. The agency shall certify the correctness of the inventory after the physical inventory. This certification should be provided to the agency's auditors. In addition according to NMAC 2.20.1.16 (E) the results of the physical inventory shall be recorded in a written inventory report, certified as to correctness and signed by the governing authority of the agency.

*Effect:* Items could be present on the capital assets listing that do not exist or items could exist that are not on the listing. As well as the listing could be misstated.

*Cause:* The District was aware of the requirement, but due to turnover within management the due date for the annual certification was overlooked.

*Auditors' Recommendations:* We recommend that once the annual inventory has been completed, the District has it certified by the District's Board of Education.

*Management Response:* New software was implemented July 1, 2018 which includes a fixed asset module that will assist in inventory certification.

*Current Status/Plan of Action:* Fixed asset process and procedure is currently being implemented.

*Responsible Officials:* Chief Finance Officer

**NM 2018-001 Conflict of Interest – Other noncompliance**

*Condition:* The District's members, officer, or employees were not disclosing in writing and noting in the board meeting minutes conflicts of interest.

*Criteria:* Section 6-21-24 NMSA 1978 requires the if any member, officer or employee of the authority has an interest , either direct or indirect, in any contract to which the authority is or is to be a party, such interest shall be disclosed to the authority in writing and shall be set forth in the minutes of the authority. The member, officer or employee having such interest shall not participate in any action by the authority with respect to such contract.

*Effect:* The District's conflict of interest policy could be violated.

*Cause:* While the District has a written conflict of interest policy, the District was not documenting the compliance with that policy.

**Deming Public Schools**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2018**

**SECTION IV – NEW MEXICO STATE AUDIT RULE SECTION 12-6-5 NMSA 1978 FINDINGS (Continued)**

**NM 2018-001 Conflict of Interest – Other noncompliance (Continued)**

*Auditors' Recommendations:* While no conflicts of interest were found, we recommend that the District acknowledge during each board meeting that the members of the board present have no conflict of interests related to the items presented at the meeting. We also recommend that District obtain annual conflict of interest statements from all District employees.

*Management Response:* A new conflict of interest policy will be implemented in FY19.

*Current Status/Plan of Action:* A new policy is currently being prepared for Board of Education review and approval.

*Responsible Officials:* Chief Finance Officer

**Component Unit**

**CU NM 2017-002 Posting of Financial Reporting - Other Noncompliance (repeated and modified)**

*Condition:* The Charter has not posted the fourth quarter 2018 financial reports on the Charter's website.

*Progress on resolution of prior year finding:* The charter's website is online and contains a financial reporting page containing all approved financial reports.

*Criteria:* Per NMSA 22-8-13.2. Financial reporting. (A) Each local superintendent or person in charge of the fiscal management of a charter school shall provide quarterly reports on the financial position of the school district or charter school, as applicable, to the local school board of the school district or the governing body of the charter school for use in reviewing the financial status of the school district or charter school. The department shall develop the forms to be used for the financial reporting required under this section. The forms shall provide for at least the following: (1) a report on the budget status of the local school district or charter school, including the approved operating budget for revenues and expenses compared with year-to-date actual revenue and expenses; (2) a statement of any budget adjustment requests; (3) cash reports, including revenue, expenses, temporary loans and cash balances for operational, state and federal grants, capital outlay and debt service funds; (4) voucher reports, including a list of issued warrants or checks; (5) reports listing procurement, travel or gas card expenses; and (6) investment reports. (B) School districts and charter schools shall post the reports required under Subsection A of this section on the school district's or charter school's web site.

*Effect:* There is a lack of transparency related to public information.

*Cause:* The Charter failed to ensure that fourth quarter 2018 financial reports were made available on the Charter's website.



**Deming Public Schools**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2018**

**SECTION IV – NEW MEXICO STATE AUDIT RULE SECTION 12-6-5 NMSA 1978 FINDINGS (Continued)**

**CU NM 2017-002 Posting of Financial Reporting - Other Noncompliance (repeated and modified)**  
**(Continued)**

*Auditor Recommendation:* We recommend that the Charter ensure that all of the required reports that are reviewed by the governing body be posted on the Charter's website once approved.

*Management Response:* The final financial reports for the 2017-18 school year have been posted to the charter's website.

*Current Status/Plan of Action:* All approved financial reports and check listing reports are on the charter's website.

*Responsible Officials:* Business Manager

**CU NM 2017-004 Travel and Per Diem – Other noncompliance (repeated and modified)**

*Condition:* The Charter reimbursed employees without receiving receipts for "actual expenses" in the amount of \$90 in 4 out of 5 transaction tested.

*Progress on resolution of prior year finding:* The GSA rates are no longer being used for out-of-state travel.

*Criteria:* NMAC 6.20.2.19 requires the Charter to comply with the Per Diem and Mileage Act, Sections 10-8-1 through 10-8-4, for all per diem and reimbursement rates.

*Effect:* The Charter has overpaid monies for reimbursements using public funds and is not in compliance with the Per Diem and Mileage Act.

*Cause:* The Charter was unaware that per diem rate for lodging included meals and was reimbursing per diem rates for lodging plus the per diem rates for meals on each trip.

*Auditors' Recommendation:* We recommend the Charter follow the Per Diem and Mileage Act when paying per diem and travel reimbursements.

*Management Response:* The Business Manager will ensure that Per Diem and Mileage Act is followed when reimbursements for travel are applicable. The Business Manager will ensure that receipts are maintained with any allowable reimbursement.

*Current Status/Plan of Action:* A new form will be implemented in January 2019 that specifies the requirements for travel reimbursement. Staff handling travel and Governing Council members will receive training on Per Diem and Mileage Act requirements.

*Responsible Officials:* Director, Business Manager, Administrative Assistant

**Deming Public Schools  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2018**

**SECTION IV – NEW MEXICO STATE AUDIT RULE SECTION 12-6-5 NMSA 1978 FINDINGS (Continued)**

**CU NM 2018-001 Budgetary Conditions – Other noncompliance**

*Condition:* The District has over expended its budget in the following funds:

<b>Fund and Function</b>	
Fund 24101 Title I IASA - Instruction	\$ 12,408
Fund 31200 Public School Capital Outlay - Capital Outlay	90,301
<hr/>	
Total Governmental Funds	\$ 102,709

*Criteria:* NMAC 6.20.2.10 states that all Charter funds, with the exception of agency funds, are to be budgeted by the local governing body and submitted to the State of New Mexico Public Education Department for approval. Once adopted, any claims or warrants in excess of budget are a violation of New Mexico State Statute 6-6-6, 1978 Compilation.

*Effect:* The Charter had expenditures in two fund functions that were not properly budgeted.

*Cause:* The Charter did not request the budget adjustments at year-end to alleviate these budget overruns.

*Auditors' Recommendations:* We recommend that the Charter monitor its budgets closely and prepare budget adjustments as necessary.

*Management Response:* The Business Manager will work to ensure that budget adjustment requests are submitted and positioned to be approved by PED. The Business Manager will work closely with Deming Public Schools for appropriate BAR actions and budget items where Deming Public Schools is the flow-through agency.

*Current Status/Plan of Action:* The Business Manager has communicated with PSCOC related to the budget status and issues with BAR approval. By December 2018, the Business Manager will communicate with the Executive Director of Finance for Deming Public Schools to formalize a process for budget and BAR entry and approval.

*Responsible Officials:* Business Manager

**CU NM 2018-002 – ERB Employee Reporting – Other noncompliance**

*Condition:* The Charter did not report the correct social security number for one employee during the completion of their monthly report to ERB during the year of the valuation of the Charter's net pension liability.

**Deming Public Schools**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2018**

**SECTION IV – NEW MEXICO STATE AUDIT RULE SECTION 12-6-5 NMSA 1978 FINDINGS (Continued)**

**CU NM 2018-002 – ERB Employee Reporting – Other noncompliance (Continued)**

*Criteria:* Per 11-22-11 A NMSA 1978 Contributions shall be deducted from the salaries of members by the local administrative units as the salaries are paid. These contributions shall be forwarded monthly to the director for deposit in the fund.

*Effect:* The Charter did not report the correct social security number for an employee to ERB, which could result in errors in that employee's service credit with ERB.

*Cause:* The Charter's payroll department collected the proper forms from the employee at the beginning of employment, but the employee's social security number was incorrect in the Charter's ERB upload file for their first pay period.

*Auditors' Recommendations:* We recommend that the Charter implement procedures to ensure that new employee's information is correct in the ERB report beginning in the period that they first become eligible employees. A review of this file should occur and be documented via a signature before the file is uploaded to ERB.

*Management Response:* Resolution to the cited individual was finalized during thing 2017-18 school year. The Business Manager will verify all social security numbers entered by administrative staff upon placement into the payroll system.

*Current Status/Plan of Action:* Resolution to the cited individual was finalized during thing 2017-18 school year. Process and procedure for verification will begin December 2018.

*Responsible Official:* Business Manager

**SECTION V – PRIOR YEAR FINDINGS**

**Primary Government**

**FS 2016-002 Monitoring of Grant Expenses (Significant Deficiency) -Resolved**

**FS 2016-008 Improper Cash Account Controls and Cash Reconciliation (Material Weakness) - Resolved**

**FS 2016-009 Lack of Internal Controls (Material Weakness) – Repeated and modified**

**FS 2016-011 Adjustments to Client Provided Information (Material Weakness) - Resolved**

**FA 2016-018 Written Policies & Procedures for Uniform Guidance Requirements (Significant Deficiency) - Resolved**

**Deming Public Schools**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2018**

**SECTION V – PRIOR YEAR FINDINGS (Continued)**

**FA 2016-020** Reporting (Material Noncompliance) - Repeated and modified

**NM 2016-001** Procurement Code (Other noncompliance) - Resolved

**NM 2016-003** PED Reporting (Material noncompliance) - Repeated and modified

**NM 2016-010** Activity Cash Receipts (Other noncompliance) - Resolved

**NM 2016-014** Indirect Cost (Other noncompliance) - Resolved

**NM 2016-015** Fund Accounting Reconciliations (Finding that Does not Rise to the Level of Significant Deficiency) - Resolved

**NM 2016-016** Budgetary Conditions (Other noncompliance) - Repeated and modified

**NM 2017-001** ERB Employee Reporting (Other noncompliance) – Repeated and modified

**NM 2017-002** Annual Inventory Certification (Other noncompliance) – Repeated and modified

**NM 2017-003** Travel and Per Diem (Other noncompliance) - Resolved

**NM 2017-004** Cash Appropriations in Excess of Available Cash Balances (Other noncompliance) - Resolved

**NM 2017-005** Pledged Collateral (Other noncompliance) - Resolved

**Component Unit**

**CU FS 2017-001** Design Deficiencies in Internal Control (Significant Deficiency) – Resolved

**CU NM 2016-006** Cash Disbursements (Other Noncompliance) - Resolved

**CU NM 2017-001** Employee Contract Variance (Other Noncompliance) - Resolved

**CU NM 2017-002** Posting of Financial Reporting (Other Noncompliance) – Repeated and modified

**CU NM 2017-003** Cash Appropriations in Excess of Available Cash Balances (Other noncompliance) - Resolved

**CU NM 2017-004** Travel and Per Diem (Other noncompliance) – Repeated and modified

**EXIT CONFERENCE**

An exit conference was held on November 13, 2018. In attendance were the following:

**Representing Deming Public Schools:**

Arsenio Romero – Superintendent  
Lesley Doyle – Executive Director of Finance  
Joe Adcock - Controller  
Bayne Anderson – Board Member  
Matt Robinson – Board Member  
Crystal Pena – Audit Committee Member  
Terry Tufts – Audit committee member

**Representing Cesar Chavez High School Charter Schools:**

Stan Lyons – Director  
Chris Masters – Business Manager  
Antoinette Zunich – Governing Council Member  
Tony Guerrero – Governing Council Member

**Representing Carr, Riggs & Ingram, LLC:**

Ray Roberts, CPA – Partner-In-Charge of the Southwest Practice Unit  
Vicki Dallas, CPA – Manager

**AUDITOR PREPARED FINANCIAL STATEMENTS**

Carr, Riggs & Ingram, LLC prepared the GAAP-basis financial statements and footnotes of Deming Public Schools from the original books and records provided to them by the management of the District. The responsibility for the financial statements remains with the District.