
STATE OF NEW MEXICO
Elida Municipal Schools
June 30, 2018

Financial Statements and Supplementary Information
As Of And For The Year Ended June 30, 2018
With Independent Auditor's Report Thereon

Sandra Rush CPA PC

*1101 E Llano Estacado
Clovis, New Mexico 88101*

Introductory Section

STATE OF NEW MEXICO
ELIDA MUNICIPAL SCHOOLS

Official Roster
For the year ended June 30, 2018

Board of Education

Junior Jasso	President
Scott Burton	Vice-President
Garland Creighton	Secretary
Jenny Clemmons	Member
Cody Ferguson	Member

School Officials

Tandee Delk	Superintendent
Annette Kirk	Business Manager

STATE OF NEW MEXICO
ELIDA MUNICIPAL SCHOOLS

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ELIDA MUNICIPAL SCHOOLS

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Financial Section

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Independent Auditor's Report

Brian S. Colón
New Mexico State Auditor
The Governing Body
Elida Municipal Schools
Elida, New Mexico

Report on Financial Statements

I have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information, and the budgetary comparisons of the general fund and major special revenue funds of the Elida Municipal School (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 misstatements, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted my 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 I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

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

Other Matters

Required Supplementary Information

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


Accounting principles generally accepted in the United States of America require that the Schedule of the Proportionate Share of Net Pension Liability and the Schedule of Contributions, the notes to the Required Supplementary Information, the Schedule of the Proportionate Share of Net OPEB Liability, and the Schedule of Employer's Contributions as listed in the table of contents 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. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Information

My audit was conducted for the purpose of forming an opinion on the basic financial statements. The supplemental information as noted in the table of contents required by Section 2.2.2 NMAC is the responsibility of management and was 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 my opinion, the supplemental schedules required by Section 2.2.2 NMAC are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated February 5, 2019 on my consideration of the District's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.


Sandra Rush CPA PC
Clovis, New Mexico
February 5, 2019

Basic Financial Statements

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Government Wide Financial Statements

STATE OF NEW MEXICO
ELIDA MUNICIPAL SCHOOLS

Statement of Net Position
June 30, 2018

	<u>Governmental Activities</u>
<u>ASSETS</u>	
Current assets	
Cash	\$ 531,063
Receivables	
Property taxes	2,152
Due from grantor	71,471
Inventory	<u>2,907</u>
Total current assets	<u>607,593</u>
Noncurrent assets	
Capital assets	6,741,715
Accumulated depreciation	<u>(4,060,709)</u>
Total non current assets	<u>2,681,006</u>
Total assets	<u>3,288,599</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Related to net OPEB and pension liability	<u>1,460,893</u>
Total assets and deferred outflows of resources	<u>\$ 4,749,492</u>
 <u>LIABILITIES AND NET POSITION</u>	
Current liabilities	
Accounts payable	\$ 28,758
Cash deficit	<u>6,053</u>
Total current liabilities	<u>34,811</u>
Noncurrent liabilities	
Net pension liability - ERB	4,296,467
Net OPEB liability - RHC	<u>1,178,422</u>
Total noncurrent liabilities	<u>5,474,889</u>
Total liabilities	<u>5,509,700</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Related to net OPEB and pension liability	<u>392,085</u>
Net Position	
Net investment in capital assets	2,681,006
Restricted for	
General funds	5,576
Special revenue funds	378,980
Capital project funds	85,534
Debt service fund	10,643
Unrestricted	<u>(4,314,032)</u>
Total net position	<u>(1,152,293)</u>
Total liabilities and net position	<u>\$ 4,749,492</u>

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

STATE OF NEW MEXICO
ELIDA MUNICIPAL SCHOOLS

Statement of Activities
For the year ended June 30, 2018

Functions / Programs	Expenses	Program Revenues			Net Program [Expense] Revenues
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities Total
Governmental activities					
Instruction	\$ 1,905,286	\$ 14,533	\$ 150,661	\$ -	\$ (1,740,092)
Support services:					
Students	116,426	-	18,678	-	(97,748)
Instruction	5,293	-	5,293	-	-
General administration	139,113	-	-	-	(139,113)
School administration	97,955	-	-	-	(97,955)
Central services	110,058	-	644	-	(109,414)
Operation & maintenance of plant	301,393	12,340	-	-	(289,053)
Student transportation	196,339	-	196,341	-	2
Other support services	-	-	-	-	-
Food services	101,379	47,727	14,543	-	(39,109)
Community services operation	138,708	-	-	-	(138,708)
Facilities acquisition and construction	28,325	-	42,679	-	14,354
Capital outlay	-	-	46,385	-	46,385
Depreciation	27,504	-	-	-	(27,504)
Total governmental activities	\$ 3,167,779	\$ 74,600	\$ 475,224	\$ -	(2,617,955)
			General revenues		
			Property tax		
				Levied for general purposes	11,415
				Levied for capital projects	39,833
				Levied for debt service	10
				Oil and gas	1,658
				Payment in lieu of taxes	349,600
			Local		
				Interest	39
				Equalization guarantee	1,834,168
				Miscellaneous	14,863
			Total general revenues		2,251,586
			Change in net position		(366,369)
			Net position, beginning		623,844
			Restatement		(1,409,768)
			Net position, beginning restated		(785,924)
			Net position, ending		\$ (1,152,293)

The accompanying notes are an integral part of these financial statements

Fund Financial Statements

STATE OF NEW MEXICO
ELIDA MUNICIPAL SCHOOLS

Balance Sheet
Governmental Funds
June 30, 2018

	General			
	Operational 11000	Teacherage 12000	Transportation 13000	Instructional Materials 14000
<u>ASSETS</u>				
Cash and cash equivalents	\$ 51,453	\$ 2,217	\$ -	\$ 4,233
Accounts receivable				
Taxes	507	-	-	-
Due from grantor	-	-	-	-
Due from other funds	73,903	-	-	-
Inventory	-	-	-	-
Total assets	<u>\$ 125,863</u>	<u>\$ 2,217</u>	<u>\$ -</u>	<u>\$ 4,233</u>
<u>LIABILITIES</u>				
Accounts payable	\$ 27,884	\$ 874	\$ -	\$ -
Deficit cash	-	-	150	-
Due to other funds	-	-	-	-
Total liabilities	<u>27,884</u>	<u>874</u>	<u>150</u>	<u>-</u>
<u>DEFERRED INFLOWS</u>				
Unavailable revenue - state grants	-	-	-	-
<u>FUND BALANCE</u>				
Non-spendable	-	-	-	-
Restricted for				
General funds	-	1,343	-	4,233
Special revenue funds	-	-	-	-
Capital project funds	-	-	-	-
Debt service fund	-	-	-	-
Unassigned				
General funds	97,979	-	(150)	-
Special revenue funds	-	-	-	-
Capital projects funds	-	-	-	-
Total fund balance	<u>97,979</u>	<u>1,343</u>	<u>(150)</u>	<u>4,233</u>
Total liabilities and fund balances	<u>\$ 125,863</u>	<u>\$ 2,217</u>	<u>\$ -</u>	<u>\$ 4,233</u>

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

Special Revenue		Capital Projects		Other Governmental Funds	Total Governmental Funds
Entitlement 24106	Wind Farm Projects 29134	Senate Bill Nine State 31700	Senate Bill Nine Local 31701		
\$ -	\$ 359,757	\$ -	\$ 84,755	\$ 28,648	\$ 531,063
-	-	-	1,645	-	2,152
15,569	-	42,679	-	13,223	71,471
-	-	-	-	-	73,903
-	-	-	-	2,907	2,907
<u>\$ 15,569</u>	<u>\$ 359,757</u>	<u>\$ 42,679</u>	<u>\$ 86,400</u>	<u>\$ 44,778</u>	<u>\$ 681,496</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 28,758
-	-	-	-	5,903	6,053
15,537	-	46,001	-	12,365	73,903
15,537	-	46,001	-	18,268	108,714
-	-	-	-	-	-
-	-	-	-	2,907	2,907
-	-	-	-	-	5,576
32	359,757	-	-	14,648	374,437
-	-	-	86,400	4,216	90,616
-	-	-	-	10,643	10,643
-	-	-	-	-	97,829
-	-	-	-	(5,904)	(5,904)
-	-	(3,322)	-	-	(3,322)
32	359,757	(3,322)	86,400	26,510	572,782
<u>\$ 15,569</u>	<u>\$ 359,757</u>	<u>\$ 42,679</u>	<u>\$ 86,400</u>	<u>\$ 44,778</u>	<u>\$ 681,496</u>

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STATE OF NEW MEXICO
 ELIDA MUNICIPAL SCHOOLS
 Reconciliation of the Balance Sheet
 All Governmental Funds to the
 Statement of Net Position
 June 30, 2018

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

Fund balance - total governmental funds		\$ 572,782
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds		
Capital assets	\$ 6,741,715	
Accumulated depreciation	<u>(4,060,709)</u>	2,681,006
Deferred outflows and inflows of resources related to pensions are applicable to future periods and therefore, are not reported in the funds		
Deferred outflows of resources related to pension - ERB	1,959,682	
Deferred outflows of resources related to OPEB - RHC	23,014	
Deferred inflows of resources related to pension - ERB	2,600,519	
Deferred inflows of resources related to OPEB - RHC	<u>(267,751)</u>	4,315,464
Certain liabilities, including accrued compensated absences, bonds payable, lease purchase notes and net pension liability, are not due and payable in the current period and therefore are not reported in the funds		
Net pension liability - ERB	(7,543,123)	
Net OPEB liability - RHC	<u>(1,178,422)</u>	<u>(8,721,545)</u>
Net position of governmental activities in the statement of net position		<u>\$ (1,152,293)</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
ELIDA MUNICIPAL SCHOOLS

Statement of Revenues, Expenditures, and Changes in
Fund Balances - Governmental Funds
For the year ended June 30, 2018

	General			
	Operational 11000	Teacherage 12000	Transportation 13000	Instructional Materials 14000
Revenues				
Taxes levied / assessed	\$ 11,415	\$ -	\$ -	\$ -
Oil and gas taxes	339	-	-	-
In lieu of taxes	-	-	-	-
Contributions	-	-	-	-
Fees	113	-	-	-
Interest	1	-	-	-
Miscellaneous	14,116	-	-	-
Prior years balances	-	-	-	-
Rents	-	12,340	-	-
State equalization guarantee	1,834,168	-	-	-
State direct grants	-	-	-	-
Transportation	-	-	196,341	-
Instructional materials - credit and cash	-	-	-	4,209
Food service	-	-	-	-
Federal flowthrough grants	-	-	-	-
Federal restricted grants-in-aid	-	-	-	-
Total revenues	1,860,152	12,340	196,341	4,209
Expenditures				
Current				
Instruction	1,074,450	-	-	2,251
Support services				
Students	97,747	-	-	-
Instruction	-	-	-	-
General administration	138,586	-	-	-
School administration	97,955	-	-	-
Central services	109,414	-	-	-
Other support services	-	-	-	-
Operation of non-instructional services				
Operation & maintenance of plant	277,222	24,171	-	-
Facilities acquisition/construction	-	-	-	-
Student transportation	-	-	196,339	-
Food service	28,275	-	-	-
Capital outlay	-	-	-	-
Debt Service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	1,823,649	24,171	196,339	2,251
Excess (deficiency) of revenues over expenditures	36,503	(11,831)	2	1,958
Other financing sources (uses):				
Operating transfers in (out)	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	36,503	(11,831)	2	1,958
Fund balance, beginning	61,210	13,174	(163)	2,275
Prior period adjustment	266	-	11	-
Fund balance, beginning restated	61,476	13,174	(152)	2,275
Fund balance, end of year	\$ 97,979	\$ 1,343	\$ (150)	\$ 4,233

The accompanying notes are an integral part of these financial statements

Special Revenue		Capital Projects		Other Governmental Funds	Total Governmental Funds
Entitlement 24106	Wind Farm Projects 29134	Senate Bill Nine State 31700	Senate Bill Nine Local 31701		
\$ -	\$ -	\$ -	\$ 39,833	\$ 10	\$ 51,258
-	-	-	1,319	-	1,658
-	349,600	-	-	-	349,600
-	-	-	-	-	-
-	-	-	-	62,147	62,260
-	38	-	-	-	39
-	747	-	-	-	14,863
-	-	42,679	-	-	42,679
-	-	-	-	-	12,340
-	-	-	-	-	1,834,168
-	-	-	-	112,226	112,226
-	-	-	-	-	196,341
-	-	-	-	-	4,209
-	-	-	-	14,543	14,543
-	-	-	-	25,280	25,280
47,653	-	-	-	32,293	79,946
<u>47,653</u>	<u>350,385</u>	<u>42,679</u>	<u>41,152</u>	<u>246,499</u>	<u>2,801,410</u>
47,653	170,468	-	-	110,402	1,405,224
-	-	-	-	18,679	116,426
-	-	-	-	5,293	5,293
-	-	-	527	-	139,113
-	-	-	-	-	97,955
-	-	-	-	644	110,058
-	-	-	-	-	-
-	-	-	-	-	301,393
-	-	10,328	3,387	14,610	28,325
-	-	-	-	-	196,339
-	-	-	-	73,104	101,379
-	77,409	32,351	-	46,385	156,145
-	-	-	-	-	-
-	-	-	-	-	-
<u>47,653</u>	<u>247,877</u>	<u>42,679</u>	<u>3,914</u>	<u>269,117</u>	<u>2,657,650</u>
-	102,508	-	37,238	(22,618)	143,760
-	-	(5,082)	5,082	-	-
-	-	(5,082)	5,082	-	-
-	102,508	(5,082)	42,320	(22,618)	143,760
32	257,124	(12,579)	44,080	49,128	414,281
-	125	14,339	-	-	14,741
<u>32</u>	<u>257,249</u>	<u>1,760</u>	<u>44,080</u>	<u>49,128</u>	<u>429,022</u>
<u>\$ 32</u>	<u>\$ 359,757</u>	<u>\$ (3,322)</u>	<u>\$ 86,400</u>	<u>\$ 26,510</u>	<u>\$ 572,782</u>

STATE OF NEW MEXICO
ELIDA MUNICIPAL 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	\$ 143,760
<p>Capital outlays to purchase or build capital assets are reported in the governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities. This is the amount by which depreciation exceeds capital outlays for the period.</p>	
Current year capital expenditures capitalized	156,145
Depreciation expense	(166,212)
<p>Expenditures in the statement of activities that do not provide current financial resources are not reported as expenditures in the funds.</p>	
<p>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:</p>	
Change in deferred outflows and inflows	<u>(500,062)</u>
Change in Net Position of Governmental Activities	<u>\$ (366,369)</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
 ELIDA MUNICIPAL SCHOOLS
 General Fund - Operational - 11000
 Statement of Revenues, Expenditures, and Changes in Cash
 Balance - Budget and Actual (Non - GAAP Budgetary Basis)
 For the year ended June 30, 2018

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues				
Taxes levied / assessed	\$ 9,931	\$ 9,931	\$ 11,552	\$ 1,621
Oil and gas tax	654	654	76	(578)
In lieu of taxes	-	-	-	-
Contributions	-	-	-	-
Fees	-	-	113	113
Interest	-	-	1	1
Prior year balances	-	-	-	-
Miscellaneous	11,197	11,197	14,116	2,919
Rents	-	-	-	-
State equalization guarantee	1,705,772	1,805,772	1,834,168	28,396
State direct grants	-	-	-	-
Transportation	-	-	-	-
Instructional materials - credit and cash	-	-	-	-
Food Service	-	-	-	-
Federal flowthrough grants	-	-	-	-
Federal restricted grants-in-aid	-	-	-	-
Total revenues	1,727,554	1,827,554	1,860,026	32,472
Expenditures				
Current				
Instruction	1,024,181	1,080,727	1,074,891	5,836
Support services				
Students	108,168	109,418	97,747	11,671
General administration	151,638	154,138	139,741	14,397
School administration	99,008	98,948	97,927	1,021
Central services	67,265	92,963	86,061	6,902
Other support services	1,680	1,680	-	1,680
Operation of non-instructional services				
Operation & maintenance of plant	312,920	344,531	281,125	63,406
Facilities acquisition/construction	-	-	-	-
Student transportation	-	-	-	-
Food service	23,177	24,177	28,275	(4,098)
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	1,788,037	1,906,582	1,805,767	100,815
Excess (deficiency) of revenues over(under) expenditures	(60,483)	(79,028)	54,259	133,287
Other financing sources (uses)				
Operating transfers in (out)	-	-	(31,637)	(31,637)
Designated cash	60,483	79,028	-	(79,028)
Total other financing sources (uses)	60,483	79,028	(31,637)	(110,665)
Net change in cash balances	-	-	22,622	22,622
Cash balance, beginning	-	-	28,565	28,565
Prior period adjustment	-	-	266	266
Cash balance, beginning restated	-	-	28,831	28,831
Cash balance, ending	\$ -	\$ -	\$ 51,453	\$ 51,453
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ 22,622	
Adjustment to revenues for accruals & other deferrals			126	
Adjustment to expenditures for payables, prepaids & other accruals			13,755	
Net change in fund balance (GAAP Basis)			\$ 36,503	

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

STATE OF NEW MEXICO
 ELIDA MUNICIPAL SCHOOLS
 General Fund - Teacherage - 12000
 Statement of Revenues, Expenditures, and Changes in Cash
 Balance - Budget and Actual (Non - GAAP Budgetary Basis)
 For the year ended June 30, 2018

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues				
Taxes levied / assessed	\$ -	\$ -	\$ -	\$ -
Oil and Gas Taxes	-	-	-	-
In lieu of taxes	-	-	-	-
Contributions	-	-	-	-
Fees	-	-	-	-
Interest	-	-	-	-
Prior year balances	-	-	-	-
Miscellaneous	-	-	-	-
Rents	15,370	15,370	12,340	(3,030)
State equalization guarantee	-	-	-	-
State direct grants	-	-	-	-
Transportation	-	-	-	-
Instructional materials - credit and cash	-	-	-	-
Food service	-	-	-	-
Federal flowthrough grants	-	-	-	-
Federal restricted grants-in-aid	-	-	-	-
Total revenues	15,370	15,370	12,340	(3,030)
Expenditures				
Current				
Instruction	-	-	-	-
Support Services				
Students	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central Services	-	-	-	-
Other support services	-	-	-	-
Operation of non-instructional services				
Operation & maintenance of plant	30,046	30,046	23,678	6,368
Facilities acquisition/construction	-	-	-	-
Student Transportation	-	-	-	-
Food Services operations	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	30,046	30,046	23,678	6,368
Excess (deficiency) of revenues over(under) expenditures	(14,676)	(14,676)	(11,338)	3,338
Other financing sources (uses)				
Operating transfers in (out)	-	-	-	-
Designated cash	14,676	14,676	-	(14,676)
Total other financing sources (uses)	14,676	14,676	-	(14,676)
Net change in cash balances	-	-	(11,338)	(11,338)
Cash balance, beginning	-	-	13,555	13,555
Prior period adjustment	-	-	-	-
Cash balance, beginning restated	-	-	13,555	13,555
Cash balance, ending	\$ -	\$ -	\$ 2,217	\$ 2,217
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ (11,338)	
Adjustment to revenues for accruals & other deferrals			-	
Adjustment to expenditures for payables, prepaids & other accruals			(493)	
Net change in fund balance (GAAP Basis)			\$ (11,831)	

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

STATE OF NEW MEXICO
 ELIDA MUNICIPAL SCHOOLS
 General Fund - Transportation - 13000
 Statement of Revenues, Expenditures, and Changes in Cash
 Balance - Budget and Actual (Non - GAAP Budgetary Basis)
 For the year ended June 30, 2018

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues				
Taxes levied / assessed	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
In lieu of taxes	-	-	-	-
Contributions	-	-	-	-
Fees	-	-	-	-
Interest	-	-	-	-
Prior year balances	-	-	-	-
Miscellaneous	-	-	-	-
Rents	-	-	-	-
State equalization guarantee	-	-	-	-
State direct grants	-	-	-	-
Transportation	196,341	196,341	196,341	-
Instructional materials - credit and cash	-	-	-	-
Food Service	-	-	-	-
Federal flowthrough grants	-	-	-	-
Federal restricted grants-in-aid	-	-	-	-
Total revenues	196,341	196,341	196,341	-
Expenditures				
Current				
Instruction	-	-	-	-
Support Services				
Students	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central Services	-	-	-	-
Other support services	-	-	-	-
Operation of non-instructional services				
Operation & maintenance of plant	-	-	-	-
Facilities acquisition/construction	-	-	-	-
Student Transportation	196,341	196,341	196,339	2
Food Services operations	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	196,341	196,341	196,339	2
Excess (deficiency) of revenues over(under) expenditures	-	-	2	2
Other financing sources (uses)				
Operating transfers in (out)	-	-	(301)	(301)
Designated cash	-	-	-	-
Total other financing sources (uses)	-	-	(301)	(301)
Net change in cash balances	-	-	(299)	(299)
Cash balance, beginning	-	-	138	138
Prior period adjustment	-	-	11	11
Cash balance, beginning restated	-	-	149	149
Cash balance, ending	\$ -	\$ -	\$ (150)	\$ (150)
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ (299)	
Adjustment to revenues for accruals & other deferrals			-	
Adjustment to expenditures for payables, prepaids & other accruals			301	
Net change in fund balance (GAAP Basis)			\$ 2	

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

STATE OF NEW MEXICO
 ELIDA MUNICIPAL SCHOOLS
 General Fund - Instructional Materials - 14000
 Statement of Revenues, Expenditures, and Changes in Cash
 Balance - Budget and Actual (Non - GAAP Budgetary Basis)
 For the year ended June 30, 2018

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues				
Taxes levied / assessed	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
In lieu of taxes	-	-	-	-
Contributions	-	-	-	-
Fees	-	-	-	-
Interest	-	-	-	-
Prior year balances	-	-	-	-
Miscellaneous	-	-	-	-
Rents	-	-	-	-
State equalization guarantee	-	-	-	-
State direct grants	-	-	-	-
Transportation	-	-	-	-
Instructional materials - credit and cash	6,329	6,329	4,209	(2,120)
Food service	-	-	-	-
Federal flowthrough grants	-	-	-	-
Federal restricted grants-in-aid	-	-	-	-
Total revenues	6,329	6,329	4,209	(2,120)
Expenditures				
Current				
Instruction	6,652	6,652	2,251	4,401
Support Services				
Students	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central Services	-	-	-	-
Other support services	-	-	-	-
Operation of non-instructional services				
Operation & maintenance of plant	-	-	-	-
Facilities acquisition/construction	-	-	-	-
Student Transportation	-	-	-	-
Food Services operations	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	6,652	6,652	2,251	4,401
Excess (deficiency) of revenues over(under) expenditures	(323)	(323)	1,958	2,281
Other financing sources (uses)				
Operating transfers in (out)	-	-	-	-
Designated cash	323	323	-	(323)
Total other financing sources (uses)	323	323	-	(323)
Net change in cash balances	-	-	1,958	1,958
Cash balance, beginning	-	-	2,275	2,275
Prior period adjustment	-	-	-	-
Cash balance, beginning restated	-	-	2,275	2,275
Cash balance, ending	\$ -	\$ -	\$ 4,233	\$ 4,233
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ 1,958	
Adjustment to revenues for accruals & other deferrals			-	
Adjustment to expenditures for payables, prepaids & other accruals			-	
Net change in fund balance (GAAP Basis)			\$ 1,958	

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

STATE OF NEW MEXICO
 ELIDA MUNICIPAL SCHOOLS
 Special Revenue Fund -IDEA - B Entitlement - 24106
 Statement of Revenues, Expenditures, and Changes in Cash
 Balance - Budget and Actual (Non - GAAP Budgetary Basis)
 For the year ended June 30, 2018

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues				
Taxes levied / assessed	\$ -	\$ -	\$ -	\$ -
Oil and gas tax	-	-	-	-
In lieu of taxes	-	-	-	-
Contributions	-	-	-	-
Fees	-	-	-	-
Interest	-	-	-	-
Prior year balances	-	-	-	-
Miscellaneous	-	-	-	-
Rents	-	-	-	-
State equalization guarantee	-	-	-	-
State direct grants	-	-	-	-
Transportation	-	-	-	-
Instructional materials - credit and cash	-	-	-	-
Food Service	-	-	-	-
Federal flowthrough grants	-	-	-	-
Federal restricted grants-in-aid	55,371	55,371	35,322	(20,049)
Total revenues	55,371	55,371	35,322	(20,049)
Expenditures				
Current				
Instruction	63,327	63,327	47,653	15,674
Support services				
Students	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Other support services	-	-	-	-
Operation of non-instructional services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Facilities acquisition / construction	-	-	-	-
Student Transportation	-	-	-	-
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	63,327	63,327	47,653	15,674
Excess (deficiency) of revenues over(under) expenditures	(7,956)	(7,956)	(12,331)	(4,375)
Other financing sources (uses)				
Operating transfers in (out)	-	-	12,299	12,299
Designated cash	-	-	-	-
Total other financing sources (uses)	-	-	12,299	12,299
Net change in cash balances	(7,956)	(7,956)	(32)	7,924
Cash balance, beginning	-	-	32	32
Prior period adjustment	-	-	-	-
Cash balance, beginning restated	-	-	32	32
Cash balance, ending	\$ (7,956)	\$ (7,956)	\$ -	\$ 7,956
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ (32)	
Adjustment to revenues for accruals & other deferrals			12,331	
Adjustment to expenditures for payables, prepaids & other accruals			(12,299)	
Net change in fund balance (GAAP Basis)			\$ -	

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

STATE OF NEW MEXICO
 ELIDA MUNICIPAL SCHOOLS
 Special Revenue Fund - Wind Farm - 29134
 Statement of Revenues, Expenditures, and Changes in Cash
 Balance - Budget and Actual (Non - GAAP Budgetary Basis)
 For the year ended June 30, 2018

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues				
Taxes levied / assessed	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
In lieu of taxes	361,600	361,600	349,600	(12,000)
Contributions	-	-	-	-
Fees	-	-	-	-
Interest	20	20	38	18
Prior year balances	-	-	-	-
Miscellaneous	-	-	747	747
Rents	-	-	-	-
State equalization guarantee	-	-	-	-
State direct grants	-	-	-	-
Transportation	-	-	-	-
Instructional materials - credit and cash	-	-	-	-
Food Service	-	-	-	-
Federal flowthrough grants	-	-	-	-
Federal restricted grants-in-aid	-	-	-	-
Total revenues	<u>361,620</u>	<u>361,620</u>	<u>350,385</u>	<u>(11,235)</u>
Expenditures				
Current				
Instruction	480,546	475,716	255,990	219,726
Support Services				
Students	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central Services	-	-	-	-
Other support services	-	-	-	-
Operation of non-instructional services				
Operation & maintenance of plant	-	4,829	-	4,829
Facilities acquisition/construction	-	-	-	-
Student Transportation	-	-	-	-
Food Services operations	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>480,546</u>	<u>480,545</u>	<u>255,990</u>	<u>224,555</u>
Excess (deficiency) of revenues over(under) expenditures	(118,926)	(118,925)	94,395	213,320
Other financing sources (uses)				
Operating transfers in (out)	-	-	-	-
Designated cash	118,926	118,925	-	(118,925)
Total other financing sources (uses)	<u>118,926</u>	<u>118,925</u>	<u>-</u>	<u>(118,925)</u>
Net change in cash balances	-	-	94,395	94,395
Cash balance, beginning	-	-	265,237	265,237
Prior period adjustment	-	-	125	125
Cash balance, beginning restated	-	-	265,362	265,362
Cash balance, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 359,757</u>	<u>\$ 359,757</u>
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ 94,395	
Adjustment to revenues for accruals & other deferrals			-	
Adjustment to expenditures for payables, prepaids & other accruals			8,113	
Net change in fund balance (GAAP Basis)			<u>\$ 102,508</u>	

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

STATE OF NEW MEXICO
ELIDA MUNICIPAL SCHOOLS

Statement of Fiduciary Assets and Liabilities - Agency Funds
June 30, 2018

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash and cash equivalents	\$ 38,765
Total assets	<u>\$ 38,765</u>
<u>LIABILITIES</u>	
Deposits held for others	\$ 38,765
Total liabilities	<u>\$ 38,765</u>

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

Notes to Financial Statements

NOTE 1 Summary of Significant Accounting Policies

Elida Municipal Schools (District) is a special purpose government corporation governed by an elected five-member Board of Education. The Board of Education is the basic level of government, which has oversight responsibility and control over all activities related to the public-school education of the District. 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.

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 who is responsible for their integrity and objectivity. 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. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The financial statements have incorporated all applicable GASB statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on accounting procedures. The more significant of the government's accounting policies are described below.

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 61. 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. 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 can 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 no component units, and is not a component unit of another governmental agency.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all the non-fiduciary activities of the primary government. For the most part, the effect of inter fund 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.

In the government-wide Statement of Net Position, the governmental activities column is presented on a consolidated basis 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 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 function or segment.

These include fees for meals, lab fees and activity fees for the District. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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

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

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as is the fiduciary fund financial statement. Revenues are recorded when earned 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 for which they are billed. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

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

General Fund 11000, 12000, 13000, 14000

The General Fund consists of four sub funds. The first is the Operational fund of the District and accounts for all revenues and expenditures of the District not encompassed within other funds. The Teacherage Fund is to provide teachers affordable housing to entice them to teach there. The Transportation fund includes a state grant to provide transportation for students in the District. The Instructional Materials fund accounts for a state grant to provide text books for students in the District

IDEA B Entitlement 24106

To account for funds for free appropriate public education to all children with disabilities. The program is funded by Federal Government and pass through the State Department of Education under the individuals with Disabilities Education Act, Part B, Sections 611-617, and Part O, Section 674 as amended, 20 U.S.C. 1711-1417 and 1420.

Wind Farm – Special Revenue Fund 29134

This fund is used to account for wind farm payment in lieu of property taxes revenue. The fund was created by definition.

Capital Improvement SB-9 State 31700

To account for erecting, remodeling, making additions to and furnishing of school buildings, or purchasing or improving school grounds or any combination thereof as identified by the local school board. Pursuant to Chapter 338 of Laws of 2001, a portion of the proceeds from supplemental severance tax bonds are dedicated for the Public School Capital Improvements Act (22-25-1 to 22-25-10 NMSA 1978) as it pertains to the State Match.

Capital Improvement SB-9 Local 31701

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

Additionally, the government reports the following fund types:

Debt Service Funds

The fund is used to account for resources for and the payment of general long-term debt principal interest, and related cost.

Fiduciary Funds

The 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.

Generally, the effect of inter-fund 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.

Program revenues included in the Statement of Activities derive directly from the program itself or from parties outside the District's taxpayer or citizenry, program revenues reduce the cost of the function to be financed from the District's general revenues. Program revenues are categorized as (a) charges for services, which include revenues collected for cafeteria fees and lost books, etc., (b) program specific operating grants, which includes revenues received from state and federal sources such as Title I and IDEA-B to be used as specified within each program grant agreement, and (c) program-specific capital grants and contributions, which include revenues from the state resources such as SB-9 and HB-33 funding to be used for capital projects. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes and other items not properly included among program revenues.

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with the function. The District does not currently employ indirect cost allocation systems. Depreciation expense is specifically identified by function and is included in the direct expense of each function, except for that portion of depreciation that is identified as unallocated in the Statement of Activities. Interest on general long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

D. Assets, Liabilities and Net Position or Equity

Cash and Cash Equivalents: The District's cash and cash equivalents are cash on hand, demand deposits and short-term investments with original maturities of twelve months or less from the date of acquisition.

State statutes authorize the District to invest in Certificates of Deposit, obligations of the U.S. Government, and the State Treasurer's Investment Pool.

Restricted Assets: Restricted assets are those that are set aside for restrictions resulting from enabling legislation for future capital outlay expenditures. The District's restricted assets are made up of all capital project.

Receivables and Payables: Inter-fund activity is reported either as loans, services provided, reimbursements, or transfers. Loans are reported as inter-fund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the

appropriate benefiting fund, and reduces its related costs as a reimbursement. All other inter-fund transactions are treated as transfers. Transfers between governmental or between proprietary 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 Quay and Roosevelt counties. The funds are collected by the County Treasurers and remitted to the District in the following month. Under the modified accrual method of accounting, the amount remitted by the county treasurers in July and August is considered 'measurable and available' and, accordingly, is recorded as revenue in the governmental fund financial statements during the year ended June 30, 2018. Period of availability is deemed to be sixty days (60) 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.

Prepaid Items: Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. As of June 30, 2018, the District does not have any prepaid items.

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

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 are consumed. Inventory is valued at cost. In the General Fund, inventory consists of expendable supplies held for consumption. Inventory in the Food Service Fund consists of U.S.D.A. commodities and other purchased food and non-food supplies.

The cost of purchased inventory is recorded as an expenditure at the time individual inventory items are consumed. 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 applicable governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000, per section 12-6-10 NMSA 1978, and an estimated useful life more than one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Pursuant to the implementation of GASB Statement No. 34, the historical cost of infrastructure assets, (retroactive to 1979) are to be included as part of the governmental capital assets reported in the government wide statements. 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 I 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 assets lives are not capitalized. Library books are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. No interest was included as part of the cost of capital assets under construction during the year ended June 30, 2018.

Capital expenditures made on the District's building construction projects by the New Mexico Public School Facilities Authority are included in the District's capital assets as appropriate. Property, plant, and equipment of the primary government are depreciated using the straight-line method over the following estimated useful lives:

Building and Improvements	30 - 50 Years
Equipment, vehicles, information technology equipment software & library books	5 - 30 Years

Unearned Revenues: Accounting principles generally accepted in the United States of America require that grant revenue be recognized at the time the related expense is made if the expenditure of funds is the prime factor for determining eligibility for reimbursement; therefore, amounts received and not expended in the Special Revenue Funds are shown as unearned revenues. Amounts receivable from the property taxes levied for the current year that are not considered to be "available" under the current financial resources measurement focus are reported as unearned revenues in the governmental fund financial statements.

Deferred inflows/outflows of resources: GASB 63 amended previous guidance on deferred revenues in the Government-Wide Financial Statements to include deferred outflow of resources, which is the consumption of net assets by the government that is applicable to a future reporting period and deferred inflow of resources, which is acquisition of net assets by the government that is applicable to a future reporting period.

Compensated Absences: The District contracts with all employees on an annual basis. Vacation and or sick leave are not paid out upon termination.

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 Plan (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 payment (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Capital Leases: Capital leases are recorded at the inception of the leases as expenditures and other financing sources in governmental fund financial statement at the present value of the future minimum lease payments, using the stated or implicit interest rate in the leases. Lease payments are recorded as expenditures on the due date. Capital leases are recorded as a liability in the government-wide financial statement at the time of inception and the corresponding asset is recorded in the capital asset section on the balance sheet.

Short -Term Debt: Short-term debt results from borrowings characterized by anticipation notes, use of lines of credit, and similar loans. The District does not have any activity in short-term debt.

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 issuance costs are reflected as a current period expense per GASB 65.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the period the bonds are issued. 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 services expenditures. The District does not have any activity in long-term debt.

Fund Balance: Governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent: The following classifications may be used:

Non-Spendable

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

Restricted

Fund balance is reported as restricted when constraints placed on the use of resources are either (1) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or

regulations of other governments or (2) imposed by law through constitutional provisions or enabling legislation.

Committed

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

Assigned

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

Unassigned

The remaining fund balance, after all other classifications, within the general fund is reported as unassigned fund balance. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. In governmental funds other than the general fund, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes, a negative fund balance will be reported as unassigned fund balance.

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

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

Net investment in capital assets

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

Restricted Net Position

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

Unrestricted Net Position

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

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

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

Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain

reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant estimates affecting the District's financials include management's estimate of the useful lives of capital assets.

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.

E. Revenues

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

A school district's program costs are determined using 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 Secretary of the Public Education Department. The District received \$1,834,168 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 \$51,258 ad valorem tax and \$1,658 oil & gas tax revenues in the governmental fund 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.

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 Secretary of the Public Education Department. The funds shall be used only for making payments to each school district for the to-and-from school transportation costs of students in grades K through twelve attending public school within the school district. The District received \$196,341 in transportation distributions during the year ended June 30, 2018.

Instructional Materials: The New Mexico Public Education Department (PED) receives federal mineral leasing funds from which it makes annual allocations to the various school districts for the purchase of educational materials. Of each allocation, fifty percent is restricted to the purchase of materials listed in the PED "Multiple List", while fifty percent of each allocation is available for purchases directly from vendors. Allocations received from the State for the year ended June 30, 2018 totaled \$4,209.

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

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

1. A critical need exists requiring action;
2. The residents of the school districts have provided all available resources to the district to meet its capital outlay requirements;
3. The school district has used its resources in a prudent manner;

4. The school district is in a county or counties which have participated in the reappraisal program and the reappraised values are on the tax rolls, or will be used for the tax year 1979 as certified by the property tax division; and
5. The school district has provided insurance for buildings of the school district in accordance with the provisions of Section 13-5-3 NMSA 1978.

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

Money in the fund shall be disbursed by warrant of the Department of Finance and Administration on vouchers signed by the Secretary of Finance and Administration following certification by the council that the application has been approved. For the year ended June 30, 2018 the District did not received Public School Capital Outlay funds.

SB-9 State Match: The Director shall distribute to any school district that has imposed a tax under the Public School Capital Outlay Improvements Act (22-25-1 to 22-25-10 NMSA 1978) an amount from the public school capital improvements fund that is equal to the amount by which the revenue estimated to be received from the imposed tax as specified in Subsection B of section 22-25-3 NMSA 1978, assuming a 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. Provided, however, if sufficient funds are not available in the public-school capital improvement funds to make the state distribution provided for in this section, the dollar per program unit figure shall be reduced as necessary.

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

The District also receives revenues from Federal departments which are unrestricted to expenditures for special purposes. These revenues are reported in the Operational Fund.

NOTE 2 Stewardship, Compliance and Accountability

Budgetary Information

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

These budgets are prepared on the Non-GAAP (Cash) budgetary basis, excluding encumbrances, and secure appropriation of funds for only one year. Carryover funds must be re-appropriated in the budget of the subsequent fiscal year. 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 a designated portion of the fund balance.

Actual expenditures may not exceed the budget at the function level. Budgets may be amended in two ways. If a budget transfer is necessary within a major category called a 'function,' this may be accomplished with only local Board of Education approval. If a transfer between 'functions' or a budget increase is required, approval must also be obtained from the New Mexico Public Education Department.

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 School Budget and Finance Analysis Bureau (SBFAB) of the New Mexico Public Education Department, a proposed operating budget for the ensuing fiscal year

commencing July 1. The operating budget includes proposed expenditures and the means of financing them. All budgets submitted to the State of New Mexico Public Education Department (PED) by the District shall contain headings and details as described by law and have been approved by the New Mexico Public Education Department.

2. In May or June of each year, the proposed "operating" budget will be reviewed and approved by the SBFAB and certified and approved by the local school board at a public hearing of which notice has been published by the local school board who fixes the estimated budget for the District for the ensuing fiscal year.
3. The school board meeting, while not intended for the public, is open for the 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 SBFAB 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 SBFAB.
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 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 District and approved by the SBFAB.
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 of the District has been amended during the current fiscal year in accordance with these procedures. The budget schedules included in the accompanying financial statements reflect the approved budget and amendments thereto.
10. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, Capital Projects Funds and Debt Service Funds.
11. Budgets for the General, Special Revenue, Capital Projects, and Debt Service Funds are adopted on a basis not consistent with generally accepted accounting principles (GAAP). Encumbrances are treated the same way for GAAP purposes and for budget purposes.

The Board of Education may approve amendments to the appropriated budget, which are required when a change is made affecting budgeted ending fund balance. New Mexico state law prohibits a Governmental Agency from exceeding an individual function.

The accompanying Statements of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual present comparisons of the legally adopted budget with actual data on a budgetary basis.

Since accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with generally accepted accounting principles, a reconciliation of resultant basis, perspective, equity, and timing differences in the excess (deficiency) of revenues and other sources of financial resources for the year ended June 30, 2018, is presented.

The appropriated budget for the year ended June 30, 2018, was not properly amended by the Board of Education throughout the year.

	<u>Original Budget</u>	<u>Final Budget</u>
Major Funds		
Operational - 11000	\$ 1,788,037	\$ 1,906,582
Teacherage - 12000	\$ 30,046	\$ 30,046
Transportation - 13000	\$ 196,341	\$ 196,341
Instructional Material - 14000	\$ 6,652	\$ 6,652
Entitlement - 24106	\$ 63,327	\$ 63,327
Wind Farm - 29134	\$ 480,545	\$ 480,545
Senate Bill 9 - 31700	\$ 27,856	\$ 42,736
Senate Bill 9 - 31701	146,550	146,550
Non major	\$ 222,748	\$ 285,504

The District is required to balance its budgets each year. Accordingly, amounts in 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 is included in the individual budgetary comparison.

NOTE 3 Cash and Temporary Investments

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

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

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

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

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

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

New Mexico State Statutes require collateral pledged for deposits more than the federal deposit insurance to be delivered, or a joint safekeeping receipt be issued, to the District for a least one half of the amount on deposit with the institution. The schedule listed below will meet the State of New Mexico, Office of the State Auditor's requirements in reporting the insured portion of the deposits.

STATE OF NEW MEXICO
 ELIDA MUNICIPAL SCHOOLS
 Notes to the Financial Statements
 June 30, 2018

	J P Stone Community Bank Portales, NM		Type
Total amount on deposit on June 30, 2018			
Elida Municipal Schools	\$ 252,765		Checking - Non Int
Elida Municipal Schools - Activities	42,667		Checking - Int
Elida Municipal Schools	417,190		Checking - Int
Total deposited	<u>712,622</u>		
Less FDIC coverage	(250,000)		
Total uninsured public funds	<u>462,622</u>		
50% collateral requirement as per Section 6-10-17, NMSA 1978	<u>231,311</u>		
Pledged securities			
Schedule below	<u>388,477</u>		
Over (under)	<u>\$ 157,166</u>		

Pledged Collateral

The collateral segregated on the Districts behalf on June 30, 2018 is as follows

Description	CUSIP #	Market Value	Maturity Date	Location
FHLB Qtrly Call Step	3130A8F65	93,749	6/30/2031	TIB, Dallas TX
FHLB Qtrly Call Step	3130AAF60	189,547	12/30/2031	TIB, Dallas TX
Alamogordo NM Muni School Dist #1	011464JF2	55,019	8/1/2018	TIB, Dallas TX
Dona Ana Branch Comnty Cig NM	257578EL4	<u>50,162</u>	8/1/2028	TIB, Dallas TX
		<u>388,477</u>		

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the governments' deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. As of June 30, 2018, none of the District's bank balance of \$712,622 was exposed to custodial credit risk.

Custodial Credit Risk Deposits

Account Balance	\$ 712,622
FDIC Insurance	250,000
Collateral:	:
Collateral held by the pledging bank, not in the District's name	388,477
Uninsured and uncollateralized	<u>74,145</u>
Total Deposits	<u>\$ 712,622</u>

Custodial Credit Risk- Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District does not have an investment policy for custodial credit risk. New Mexico State Statutes require collateral pledged to be delivered for the securities underlying an overnight repurchase agreement, or a joint safekeeping receipt to be issued to the District for at least one hundred and two percent of the fair value of the securities underlying overnight repurchase accounts invested with the institution.

At June 30, 2018, the District had no investment balances therefore there was no custodial credit risk for investments.

NOTE 4 Receivables

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

STATE OF NEW MEXICO
 ELIDA MUNICIPAL SCHOOLS
 Notes to the Financial Statements
 June 30, 2018

	Fund 11000	SB-9 Local Fund 31701	SB-9 Local Fund 31700	Other Governmental Funds
Taxes receivable				
Property taxes	\$ 244	\$ 593	\$ -	\$ -
Oil and gas taxes	263	1,052	-	-
Due from grantor				
IASA Title 1	-	-	-	828
IDEA-B Entitlement	-	-	-	15,569
IDEA-B Pre School	-	-	-	113
Teacher/Principal Training	-	-	-	441
Student Support -	-	-	-	502
Dual Credit	-	-	-	604
NM Reads to Lead	-	-	-	10,091
Recruitment Support	-	-	-	644
SB-9 State	-	-	42,679	-
Totals	<u>\$ 507</u>	<u>\$ 1,645</u>	<u>\$ 42,679</u>	<u>\$ 28,792</u>

The above receivables are deemed 100% collectible.

NOTE 5 Accounts Payables and Accrued Expenses

Accounts payable as of June 30, 2018, was payable to suppliers.

Accounts payable	
Major Funds	
Operational	\$ 27,884
Teacherage	874
Total	<u>\$ 28,758</u>

NOTE 6 Inter-Fund Receivables and Payables

The District records temporary inter-fund receivables and payables to enable the funds to operate until grant monies are received.

The composition of inter-fund balances during the year ended June 30, 2018 is as follows:

	Interfund Receivable	Interfund Payable
11000 Operational	\$ 73,902	\$ -
24101 Title 1	-	(744)
24106 Entitlement	-	(15,537)
27114 NM Reads	-	(9,316)
27149 Pre K	-	(113)
24154 Teacher/Principal Training	-	(441)
24189 Student Support & Academic Enrichment	-	(502)
27103 Dual Credit	-	(604)
27128 Recruitment Support	-	(644)
31700 SB-9 State	-	(46,001)
Totals	<u>\$ 73,902</u>	<u>\$ (73,902)</u>

These funds are part of pooled cash, so the General Fund is deemed to have loaned it money until reimbursements are received. All inter-fund balances are to be paid within one year.

NOTE 7 Risk Management

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

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

NOTE 8 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 is not subject to depreciation.

	Beginning Balances	Increase	Adjustments/ Decrease	Ending Balances
Governmental activities:				
Capital assets not being depreciated				
Land	\$ 9,300	\$ -	\$ -	\$ 9,300
Capital assets being depreciated				
Buildings and Improvements	6,242,521	104,410	(1,500)	6,345,431
Equipment, Vehicles, Information Technology Equipment, Software, & Library Books	418,496	65,804	(97,316)	386,984
Total assets being depreciated	<u>6,670,317</u>	<u>170,214</u>	<u>(98,816)</u>	<u>6,741,715</u>
Less accumulated depreciation				
Buildings and improvements	(3,746,779)	(138,708)	2,018	(3,883,469)
Equipment, Vehicles, Information Technology Equipment, Software, & Library Books	(231,115)	(27,504)	81,379	(177,240)
Total accumulated depreciation	<u>(3,977,894)</u>	<u>(166,212)</u>	<u>83,397</u>	<u>(4,060,709)</u>
Governmental activity capital assets, net	<u>\$ 2,692,423</u>	<u>\$ 4,002</u>	<u>\$ (15,419)</u>	<u>\$ 2,681,006</u>

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

Governmental activities \$2,681,006

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

Facility acquisition	\$ 138,708
Unclassified	27,504
Total Depreciation	<u>\$ 166,212</u>

NOTE 9 Other Required Individual Fund Disclosures

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

- A. Deficit fund balance.
13000 Transportation (\$161), 25233 REAP (\$800), 27107 GO Bonds School Library (\$4,820), 27149 Pre-K Initiative (\$1), and 27195 STEM (\$283)
- B. Excess Expenditures over budget.
11000-1000 Operational (\$4,098), 21000-3100 Food Service (\$3,366), 22000-1000 Athletics (\$678), 25233-1000 REAP (\$14,080), 27114-1000 NM Reads to Lead (\$6,832), 31300-4000 Special Capital Outlay Local (\$14,610) and 31701-2300 SB-9 Local (\$15)
- C. Designated cash appropriations more than available balance:
31700 SB-9 State (\$5,770), 24106 IDEA B Entitlement (\$7,956), 31400 Special Capital Outlay State (\$46,385), and 41000 Debt Service (\$10,456)

NOTE 10 Pension Plan – Education Retirement Board

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

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

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

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

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

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

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

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

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

- The member has service credit totaling 30 years or more.

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

The member's minimum age is 55 and has earned 30 or more years of service credit. Those who retire earlier than age 55, but with 30 years of earned service credit will have a reduction in benefits to the actuarial equivalent of retiring at age 55.

The member's minimum age and earned service credit add up to the sum of 80 or more. Those who retire under the age of 65, and who have fewer than 30 years of earned service credit will receive reduced retirement benefits.

The member's age is 67 and has earned 5 or more years of service credit.

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

Benefit Options – The Plan has three benefit options available.

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

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

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

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

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

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

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

reductions will decrease. The retirees with benefits at or below the median and with 25 or more years of service credit will have a 5% COLA reduction; their average COLA will be 1.7%.

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

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

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

Fiscal Year	Date Range	Wage Category	Member Rate	Employer Rate	Combined Rate	Increase Over Prior Year
2018	7/1/17 to 6/30/18	Over \$20K	10.70%	13.90%	24.60%	0.00%
2018	7/1/17 to 6/30/18	\$20K or less	7.90%	13.90%	21.90%	0.00%
2017	7/1/16 to 6/30/17	Over \$20K	10.70%	13.90%	24.60%	0.00%
2017	7/1/16 to 6/30/17	\$20K or less	7.90%	13.90%	21.90%	0.00%

The contribution requirements are established in statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the New Mexico Legislature. For the fiscal years ended June 30, 2018, the District paid employee and employer contributions of \$289,086, which equal the amount of the required contributions for the fiscal year.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2018, the District reported a liability of \$4,296,467 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016. The total pension liability was rolled-forward from the valuation date to the plan year ending June 30, 2017 using generally accepted actuarial principles. The roll-forward incorporates the impact of the new assumptions adopted by the Board on April 21, 2017. There were no other significant events of changes in benefit provisions that required an adjustment to the roll-forward liabilities as of June 30, 2017. Therefore, the employer's portion was established as of the measurement date of June 30, 2017. The District's proportion of the net pension liability was based on a projection of the Districts long-term share of contributions to the pension plan relative to the projected contributions of all participating educational institutions, actuarially determined. At June 30, 2017, the District's proportion was 0.03866 %, which was a decrease from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the District recognized pension expense of \$657,938. At June 30, 2018, 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
Difference between expected and actuarial experience	\$ 7,713	\$ 66,191
Change in assumptions	1,254,223	
Net difference between projected and actual earnings on plan investments	-	589
Change in proportion and difference between District contribution and proportionate share of contributions	18,066	57,554
Reallocation	-	-
District's contribution subsequent to the measurement date	157,877	-
Totals	<u>\$ 1,437,879</u>	<u>\$ 124,334</u>

\$157,879 reported as deferred outflows of resources related to pensions resulting from District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	
2018	\$ 444,523
2019	460,656
2020	285,867
2021	(35,378)

Actuarial assumptions- The total pension liability in the June 30, 2017 actuarial valuation was determined using the following significant actuarial assumptions, applied to all periods included in the measurement:

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

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

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

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

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Equities	35%	
Fixed Income	28%	
Alternatives	36%	
Cash	1%	
	<u>100%</u>	<u>7.25%</u>

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

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

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

	1% Decrease Rate 4.9%	Current Discount Rate 5.9%	1% Increase Rate 6.9%
District's proportionate share of the net pension liability	\$ 5,592,931	\$ 4,296,467	\$ 3,236,713

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

Payables to the pension plan

At June 30, 2018, the District had outstanding amount of contribution to the plan and therefore had payables in the amount of \$23,353 reported at fiscal year 2018.

NOTE 11 OPEB

Plan description. Employees of the District are provided with OPEB through the Retiree Health Care

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

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

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

Employees covered by benefit terms-At June 30, 2017, the Fund's measurement date, the following employees were covered by the benefit terms:

Plan membership	
Current retirees and surviving spouses	51,208
Inactive and eligible for deferred benefit	11,478
Current active members	97,349
	<u>160,035</u>
Active membership	
State general	19,593
State police and corrections	1,886
Municipal general	21,004
Municipal police	3,820
Municipal FTRE	2,290
Educational Retirement Board	48,756
	<u>97,349</u>

Contributions - Employer and employee contributions to the Fund total 3% for non-enhanced retirement plans and 3.75% of enhanced retirement plans of each participating employee's salary as required by Section 10-7C-15 NMSA 1978. The contributions are established by statute and are not based on an actuarial calculation. All employer and employee contributions are non-refundable under any circumstance, including termination of the employer's participation in the Fund.

Contributions to the Fund from the District was \$23,014 for the year ended June 30, 2018.

At June 30, 2018, the District reported a liability of \$1,178,422 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 actual contributions provided to the Fund for the year ending June 30, 2017. At June 30, 2017, the District's proportion was .02596 percent.

For the year ended June 30, 2018, the District recognized OPEB expense of \$46,771. 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
Difference between expected and actual experience	\$ -	\$ 45,145
Change in assumptions	-	205,682
Difference between projected and actual and projected earnings on OPEB investments	-	16,924
District's contribution made after the measurement date	23,014	-
Totals	<u>\$ 23,014</u>	<u>\$ 267,751</u>

Deferred outflows of resources totaling \$23,014 represent District contributions to the Fund made subsequent to the measurement date and will be recognized as a reduction of net OPEB liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

Year Ended June 30,	
2019	\$ (56,926)
2020	(56,926)
2021	(56,926)
2022	(56,926)
2023	<u>(40,047)</u>
Total	<u>\$ (267,751)</u>

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

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

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

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

Asset Class	Long-Term Rate of Return
U.S. core fixed income	4.10%
U.S. equity - large cap	9.10%
Non U.S. - emerging markets	12.20%
Non U.S. - developed equities	9.80%
Private equity	13.80%
Credit and structured finance	7.30%
Real estate	6.90%
Absolute return	6.10%
U.S. equity - small/mid cap	9.10%

Discount Rate. The discount rate used to measure the Fund's total OPEB liability is 3.81% as of June 30, 2017. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at rates proportional to the actuary determined contribution rates. For this purpose, employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries are not included. Based on those assumptions, the Fund's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members through the fiscal year ending June 30, 2028. Thus, the 7.25% discount rate was used to calculate the net OPEB liability through 2029.

Beyond 2029, the index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher. Thus, 3.81% is the blended discount rate.

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

	1% Decrease 2.81%	Current Discount 3.81%	1% Increase 4.81%
District's proportionate share	\$ 1,426,982	\$ 1,176,422	\$ 979,836

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

	1% Decrease	Current Discount	1% Increase
District's proportionate share	\$ 1,000,628	\$ 1,176,422	\$ 1,313,498

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

Payable Changes in the Net OPEB Liability. At June 30, 2018, the District did not report a payable for outstanding contributions due to NMRHCA for the year ended June 30, 2018.

NOTE 12 Contingent Liabilities

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

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.

NOTE 14 Cash Flows

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

NOTE 15 Subsequent Events

The District has evaluated subsequent events through February 5, 2019, which is the date the financial statements were available to be issued.

NOTE 16 Non-Cash Federal Assistance

The District receives USDA Commodities for use in sponsoring the National School Lunch and Breakfast programs. The value of commodities received for the year ended June 30, 2018 was \$3,938.

NOTE 17 Surety Bond

The officials and certain employees of the District are covered by a surety bond as required by Section 12-6-7, NMSA, and 1978 Compilation.

NOTE 18 Related Party transactions

The District paid \$1,474.74 to My Metal and \$310.00 to Roper Fence for general supplies. Both businesses are owned by the superintendents' family.

NOTE 19 Memorandum of Understanding

A joint powers agreement was entered with the Regional Education Cooperative No. 6 (REC). The purpose of the agreement is to allow the submission of a consolidated application to the State Department of Education for certain funds granted to the State of New Mexico by the United States Department of Education under the Education of the Handicapped Act, Part B, PL 94-142 among others. There are ten schools that participate in the REC, they are Dora, Elida, Floyd, Fort Sumner, Grady, House, Logan, Melrose, San Jon, and Texico. The agreement became effective on July 1, 1995 and is to remain in effect until the end of any fiscal year during which the school gives notice of intent to terminate.

The financial statements for the REC were prepared by another IPA. The audit report is available at the REC located at 1500 South Ave K, Station 9, Portales, New Mexico 88130

NOTE 20 Prior Period Adjustments

The District had a prior period adjustment of (\$1,423,159) of which was required for the implementation of GASB Statement No. 75. The adjustment reflects a beginning net OPED liability of (\$1,178,422) and a beginning deferred outflow of resources and employer contributions subsequent to the measurement date of (\$244,737).

The prior period adjustment also included \$402 for stale dated checks voided, \$14,339 to correct prior years accounts receivable from grantors, \$1,500 to correct capital assets and (\$2,850) accumulated depreciation.

Note 21 GASB 77

The District entered into an agreement that involve tax abatements; the following table outlines the key information regarding the entities involved and the type and amounts of taxes abated during the year ended June 30, 2018.

Other Entities Disclosure - Elida Municipal Schools - Fiscal Year Ended June 30, 2018	
Agency number for Agency making the disclosure (Disclosing Agency)	5003
Disclosing Agency Name	Chaves County
Disclosing Agency Type	County Government
Tax Abatement Agreement Name	Industrial Revenue Bonds Project Agreement
Name of agency affected by abatement agreement (Affected Agency)	Elida Municipal Schools
Agency number of Affected Agency	7026
Agency type of Affected Agency	Public Schools
Tax Abatement Agreement Name	San Juan Mesa Wind Series 2005
Recipient(s) of tax abatement	San Juan Mesa Wind Farm
Tax abatement program (name and brief description)	Industrial Revenue Bonds
Specific Tax Being Abated	Property Tax
Authority under which abated tax is paid to Affected Agency	Industrial Revenue Bond Act, Section 4-59-1 to 4-59-16 NMSA 1978
Gross dollar amount, on an accrual basis, by which the Affected Agency's tax revenues were reduced during the reporting period as a result of the tax abatement agreement	\$15,366
If the Disclosing Agency is omitting any information required in this spreadsheet or by GASB 77, cite the legal basis for such omission	N/A

Agency Number	5022
Agency Name	ROOSEVELT COUNTY, NEW MEXICO
Agency Type	COUNTY GOVERNMENT-POLITICAL SUBDIVISION OF THE STATE OF NEW MEXICO
Tax Abatement Agreement Name	\$358,000,000 ROOSEVELT COUNTY, NEW MEXICO AMENDED AND RESTATED TAXABLE INDUSTRIAL REVENUE BONDS (ROOSEVELT WIND PROJECT) SERIES 2014
Recipient(s) of tax abatement	ROOSEVELT WIND PROJECT, LLC, A DELAWARE LIMITED LIABILITY COMPANY
Parent company(ies) of recipient(s) of tax abatement	ROOSEVELT HOLDCO, LLC (MANAGER); EDF-RE US DEVELOPMENT, LLC (MANAGER); EDF RENEWABLE DEVELOPMENT, LLC (MANAGING MEMBER)
Tax abatement program (name and brief description)	NEW MEXICO CO INDUSTRIAL REV BONDS. AT THE CLOSING OF A NEW MEXICO COUNTY IRB TRANSACTION, THE IRB PROJECT PROPERTY, WHICH MAY BE ANY COMBINATION OF REAL AND PERSONAL PROPERTY, IS CONVEYED FROM THE COMPANY (A PRIVATE ENTITY) TO A NEW MEXICO COUNTY, WHICH IMMEDIATELY LEASES THE PROJECT PROPERTY BACK TO THE COMPANY. THE COUNTY RETAINS OWNERSHIP, AND LEASE CONTINUES, FOR THE TERM OF THE BONDS, WHICH MAY BE ANY PERIOD SPECIFIED BY THE COUNTY, UP TO 30 YEARS. UNDER THE NEW MEXICO CONSTITUTION AND APPLICABLE STATE STATUTES, THIS ARRANGEMENT RESULTS IN TWO SEPERATE TAX SUBSIDIES. FIRST THE PROJECT PROPERTY IS EXEMPT FROM AD VALOREM TAX FOR THE TERM OF THE BONDS, AND SECOND, PURCHASES OF PROJECT PROPERTY THAT IS TANGIBLE, DEPRECIABLE, PERSONAL PROPERTY
Specific Tax(es) Being Abated	AD VALOREM PROPERTY TAX (ALL PROJECT PROPERTY); GROSS RECEIPTS TAX (TANGIBLE, DEPRECIABLE, PERSONAL PROJECT PROPERTY PURCHASED FROM NEW MEXICO VENDORS); AND COMPENSATING TAX (TANGIBLE, DEPRECIABLE, PERSONAL PROJECT PROPERTY PURCHASED FROM OUT-OF-STATE VENDORS. PURSUAN TO NMSA 1978, SEC 4-59-12 (1975)), INTEREST ON THE BOND IS ALSO EXEMPT FROM NEW MEXICO INCOME TAX. SINCE HOWEVER, MOST MODERN IRB'S ARE SOLD TO AFFILIATES OF THE COMPANY, ON A CONSOLIDATED BASIS THERE IS NO INCOME ARISING FROM THE INTEREST, AND THE INCOME TAX EXEMPTION IS MEANINGLESS. (THIS IRB IS HELD
Legal authority under which tax abatement agreement was entered into	COUNTY INDUSTRIAL REVENUE BOND ACT, NMSA 1978, SEC 4-59-1 TO 16 (1975, AS AMENDED THROUGH 2015)
Criteria that make a recipient eligible to receive a tax abatement	THOSE THAT ARE: (1) AN INDUSTRY FOR THE MANUFACTURING, PROCESSING OR ASSEMBLING OF AGRICULTURAL OR MANUFACTURED PRODUCTS; (2) A COMMERCIAL ENTERPRISE THAT HAS RECEIVED A PERMIT FROM THE ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT FOR A MINE THAT HAS NOT BEEN IN OPERATION PRIOR TO THE ISSUANCE OF BONDS FOR THE PROJECT FOR WHICH THE ENTERPRISE WILL BE INVOLVED; (3) A COMMERCIAL ENTERPRISE THAT HAS RECEIVED ANY NECESSARY STATE PERMIT FOR A REFINERY, TREATMENT PLANT OR PROCESSING PLANT OF ENERGY PRODUCTS THAT WAS NOT IN OPERATION PRIOR TO THE ISSUANCE OF BONDS FOR WHICH THE ENTERPRISE WILL BE INVOLVED; (4) A COMMERCIAL ENTERPRISE IN STORING, WAREHOUSING, DISTRIBUTING OR SELLING PRODUCTS OF AGRICULTURE, MINING, OR INDUSTRY, BUT DOES NOT INCLUDE A FACILITY DESIGNED FOR THE SALE OR DISTRIBUTION TO THE PUBLIC OF ELECTRICITY, GAS, TELEPHONE OR OTHER SERVICES COMMONLY CLASSIFIED AS PUBLIC UTILITIES AND (B) ANY ELECTRIC GENERATION FACILITY OTHER THAN ONE FOR WHICH BOTH LOCATION APPROVAL AND A CERTIFICATE OF CONVENIENCE AND NECESSITY ARE REQUIRED PRIOR TO COMMENCING CONSTRUCTION OR OPERATION OF THE FACILITY, PURSUANT TO THE PUBLIC UTILITY ACT; (5) A BUSINESS IN WHICH ALL OR PART OF THE ACTIVITIES OF THE BUSINESS INVOLVE THE SUPPLYING OF SERVICES TO THE GENERAL PUBLIC OR TO GOVERNMENTAL AGENCIES OR TO A SPECIFIC INDUSTRY OR CUSTOMER; (6) A NONPROFIT CORPORATION ENGAGED IN HEALTH CARE SERVICES; (7) A MASS TRANSIT OR OTHER TRANSPORTATION ACTIVITY INVOLVING THE MOVEMENT OF PASSENGERS, AN INDUSTRIAL PARK, AN OFFICE HEADQUARTERS AND RESEARCH FACILITY; (8) A WATER DISTRIBUTION OR IRRIGATION SYSTEM, INCLUDING WITHOUT LIMITATION, PUMPS, DISTRIBUTION LINES, TRANSMISSION LINES, TOWERS, DAMS, AND SIMILAR FACILITIES AND EQUIPMENT; AND (9) A
Taxes reduced? (For example: through a reduction of assessed value)	EXEMPTION FROM PROPERTY TAX; REDUCTION OR EXEMPTION FROM GROSS RECEIPTS TAX AND COMPENSATING TAX; EXEMPTION FROM INCOME TAX
How is the amount of the tax abatement determined? For example, this could be a specific dollar amount, a percentage of the tax liability, etc.	THE AMOUNT OF THE TAX SUBSIDY IS PRIMARILY DETERMINED BY THE NATURE AND VALUE OF THE PROJECT PROPERTY, WHICH IS GENERALLY CORRELATED WITH THE PRINCIPAL AMOUNT OF THE IRB ISSUE. THE AMOUNT OF THE TAX SUBSIDY TYPICALLY VARIES A GREAT DEAL BETWEEN THE CONSTRUCTION PHASE OF THE IRB PROJECT AND THE PERIOD FOLLOWING THE CONSTRUCTION PHASE. DURING THE CONSTRUCTION PHASE, THE COMPANY IS ORDINARILY PURCHASING MOST OF THE EQUIPMENT AND OTHER PERSONAL PROPERTY THAT IS ELIGIBLE FOR GROSS RECEIPTS AND COMPENSATING TAX ABATEMENTS. SUCH ABATEMENTS ARE EFFECTIVE IN FULL, IMMEDIATELY, AND CORRESPOND CURRENTLY TO 5.125% OF THE PRICE (FOR THE COMPENSATING TAX) AND BETWEEN 6.6250% AND 8.1875% DEPENDING ON THE LOCATION IN THE COUNTY (FOR THE GROSS RECEIPTS TAX). EXACTLY HOW MUCH OF THE IRB SUBSIDY TAKES THE FORM OF THESE EXCISE TAX ABATEMENTS DEPENDS ON HOW MUCH OF THE PROJECT PROPERTY CORRESPONDS TO ELIGIBLE DEPRECIABLE PERSONAL PROPERTY. THE IRB PROPERTY TAX EXEMPTION IS EFFECTIVE STARTING IN THE FIRST CALENDAR YEAR FOLLOWING THE ISSUANCE OF THE BONDS, AND CONTINUES UNTIL THE LAST CALENDAR YEAR IN WHICH THE BONDS ARE OUTSTANDING (30 YEARS MAX.). THE ASSESSED VALUE OF MOST REAL PROPERTY THAT IS SUBJECT TO PROPERTY TAXATION IN NEW MEXICO IS BASED ON THE "FAIR VALUE" OF THE PROPERTY (WHICH GENERALLY CORRESPONDS TO ITS FAIR MARKET VALUE). THE VALUE OF THE IRB EXEMPTION ON PROJECTS REAL PROPERTY IS THEREFORE ALSO A FUNCTION OF THE REAL PROPERTY'S FAIR MARKET VALUE. OVER THE TERM OF THE BONDS, SUCH FAIR MARKET VALUE, AND THE CORRESPONDING VALUE OF THE TAX EXEMPTION, MAY EITHER DECREASE OR INCREASE, DEPENDING ON MARKET CONDITIONS, WEAR AND TEAR ON REAL PROPERTY IMPROVEMENTS AND OTHER FACTORS. THE ASSESSED VALUE OF MOST PERSONAL PROPERTY IN NEW MEXICO IS BASED ON THE DEPRECIATED VALUE OF THE PROPERTY, EXCEPT THAT SO LONG AS THE PERSONAL PROPERTY IS USEFUL AND USED IN THE TAXPAYER'S BUSINESS, THE ASSESSED VALUE MAY NOT BE LESS THAN 12.5% OF THE ORIGINAL PRICE. THEREFORE, THE VALUE OF THE IRB EXEMPTION FROM PROPERTY TAX OF PERSONAL PROPERTY WILL BE HIGHEST EARLY IN THE IRB TERM, BUT WILL DECLINE RELATIVELY QUICKLY, OVER THE DEPRECIATION PERIOD, TO THE 12.5% RESIDUAL VALUE.
Are there provisions for recapturing abated taxes? (Yes or No)	YES

<p>If there are provisions for recapturing abated taxes, describe them, including the conditions under which abated taxes become eligible for recapture.</p>	<p>CONTRACT SERVICE WORKERS(COLLECTIVELY,"EMPLOYEES") EMPLOYED BY THE COMPANY AT THE FACILITY. IF THE NUMBER OF EMPLOYEES IS LESS THAN 10 ON THE FIRST DECEMBER 31 FOLLOWING THE CONSTRUCTION COMPLETION DATE (DEC1,2017)THEN THE COMPANY MAY BE REQUIRED TO PAY THE COUNTY 20%(IF LESS THAN 10 EMPLOYEES),50%(IS LESS THAN 8 EMPLOYEES)OR 100% (ID LESS THAN 6 EMPLOYEES) OF THE AD VALOREM TAXES ON THE PROJECT PROPERTY THAT THE COMPANY WOULD HAVE BEEN REQUIRED TO PAY WITH RESPECT TO THE PROPERTY TAX YEAR CORRESPONDING TO THE APPLICABLE DATE OF THE COMPANY'SFAILURE TO EMPLOY THE PROJECTED FTE EMPLOYEES IF THE BONDS HAD NOT BEEN ISSUED AND THE PROJECT PROPERTY HAD BEEN SUBJECT TO AD VALOREM TAXATION,CALCULATED USING MILL LEVIES AND ACTUAL PROPERTY TAX VALUATIONS AND RATES FOR EACH SUCH APPLICABLE TAX YEAR, AND WITHOUT GIVING EFFECT TO ANY OTHER TAX CREDITS OR INCENTIVES THAT MAY HAVE BEEN AVAILABLE TO THE COMPANY. IF THE COMPANY FAILS TO COMPLETE THE PROJECT WITH 5 YEARS OF THE DATE OF ISSUANCE OF THE BONDS, THE COMPANY MUST PAY TO THE COUNTY WITHIN 90 DAYS OF SUCH FAILURE ORCESSATION,100%(IF PRIOR TO COMPLETION OR IN YEARS0-3),80%(IF IN YEAR 4),60%(IF IN YEAR 5) OR 0% (IF IN YEAR 6 AND THEREAFTER) OF THE AD VALOREM TAXES ON REAL AND PERSONAL PROPERTY THAT THE COMPANY WOULDHAVE BEEN REQUIRED TO PAY IF THE BONDS HAD NOT BEEN ISSUED BY THE COUNTY AND THE PROJECT PROPERTY HAD BEEN SUBJECT TO AD VALOREM TAXATION,CALCULATED AS DESCRIBED ABOVE,PLUS THE APPLICABLE PERCENTAGE OF THE AMOUNT OF GROSS RECEIPTS TAX</p>
<p>List each specific commitment made by the recipient of the abatement.</p>	<p>1)COMMITMENT TO PAY PILOT TO ELIDA MUNICIPAL SCHOOL DISTRICT AND DORA CONSOLIDATED SCHOOL DISTRICT,AS DESCRIBED IN ITEM 19,BELOW;2)COMMITMENT TO PAY PILOT TO COUNTYAS DESCRIBED IN ITEM 18,BELOW;3)CONTINGENT COMMITMENT TO REPAYABATED TAXES,AS DESCRIBED IN ITEM14,ABOVE;4) CERTAIN ABLIGATIONS FOR MAINTENANCE AND REPAIR OF COUNTY ROADS, AS DESCRIBED IN THE ROAD MAINTENANCE AGREEMENT DATED AS OF DECEMBER</p>
<p>Gross dollar amount, on an accrual basis, by which the government's tax revenues were reduced during the reporting period as a result of the tax abatement agreement.</p>	<p>LETTER ON A YEAR BY YEAR BASIS OR OTHERWISE,OR TO REPORT THE COST,ACQUISITION DATES AND DEPRECIATION SCHEDULES OF THE ELECTRIC PLANT AND THE OTHER PERSONAL PROPERTY. FOR FUTURE IRB'S, THE COUNTY CAN INCORPORATE PROVISIONS REQUIRING COMPANIES BENEFITTING FROM ITS IRB'S TO REPORT INFORMATION TO THE COUNTY ASSESSOR AND THE PROPERTY TAX BUREAU THAT IS SIMILAR TO THAT CURRENTLY REQUIRED TO BE REPORTED FOR TAXABLE PROPERTY. FOR CURRENT REPORTING PERIOD, HOWEVER, THE COUNTY IS RESTRICTED TO RELATIVELY CRUDE ESTIMATES, AS DESCRIBED BELOW. THE PRINCIPAL AMOUNT OF AN IRB REPRESENTS THE MAXIMUM SUM,AND IT FREQUENTLY SPENDS SIGNIFICANTLY LESS. THE COUNTY ASSUMES THAT THE ACTUAL EXPENDITURE FOR THE IRB WAS, OR WILL BE,APPROXIMATELY 80% OF THE MAXIMUM PRINCIPAL AMOUNT OF THE BOND ISSUE. OF SUCH EXPENDITURES,THE COUNTY ASSUMES THAT 10% CORRESPONDS TO THE VALUE OF THE PROJECT REAL PROPERTY THAT IS NOT INCLUDED IN THE ELECTRIC PLANT,85% WAS SPENT ON THE OTHER 5% WAS SPENT ON OTHER PERSONAL PROPERTY. THE COUNTY FURTHER ASSUMES THAT THE ELECTRIC PLAT AND THE OTHER PERSONAL PROPERTY FOR THIS IRB HAS NOT BEEN FULL DEPRECIATED(ESTIMATES BASED ON FULL VALUE),AND THAT ,IF IT HAD BEEN TAXABLE,10% OF THE ELECTRIC PLANT AND OTHER PERSONAL PROPERTY WOULD HAVE BEEN SUBJECT TO GROSS RECEIPTS TAX, AND 80% WOULD HAVE BEEN SUBJECT NOTCOMPENSATING TAX(NOTE THAT THE COUNTY DOES NOT RECEIVE ANY PORTION OF THE COMPENSATING TAX,ALL OF WHICH ACCRUES TO THE STATE AND THAT CERTAIN CONSTRUCTION EXPENDITURES WILL HAVE BEEN SUBJECT TO GROSS RECEIPTS TAX NOTWITHSTANDING THE EFFECT OF THE IRB'S). THE TOTAL COUNTY MILL LEVY FOR THE REPORTING PERIOD IS 11.765 FOR NON-RESIDENTIAL PROPERTY, AND THE COUNTY GROSS RECEIPTS TAX RATE IS 1.5000%BASED ON THE FOREGOING FACTS AND ASSUMPTIONS, THE REDUCTION IN PROPERTY AND EXCISE TAXES RECEIVED BY THE COUNTY FOR THE IRB MAY BE ESTIMATED AS FOLLOES: TOTAL PROJECT EXPENDITURES=(.8)(358,000,000)=\$286,4000,000; PROJECT REALTY VALUE=(.1)(286,4000,000)=\$28,640,000 FOREGONEAD VALORM TAX (REAL PROPERTY)-</p>
<p>For any Payments in Lieu of Taxes (PILOTs) or similar payments receivable by your agency or another agency in association with the foregone tax revenue, list the authority for and describe the payment, including the agency that is supposed to receive the payment</p>	<p>NMSA 1976,SEC4-59-4(A)(2)(2003) "A COUNTY SHALL NOT ACQUIRE ANY ELECTRICITY GENERATION FACILITY FACILITY PROJECT UNLESS THE AC QUISTION IS APPROVED BY THE LOCAL SCHOOL BOARD OF THE SCHOOL DISTRICT IN WHICH A PROJECT IS LOCATED AND THE BOARD OF COUNTY COMMISSIONERS, THE LOCAL SCHOOL BOARD AND THE PERSON PROPOSING THE PROJECT NEGOTIATE AND DETERMINE THW AMOUNT OF ANNUAL IN LIEU TAX PAYMENT TO BE MADE TO THE SCHOOL DISTRICT BY THE PERSON PROPOSING THE PROJECT,FOR THE PERIOD THAT THE COUNTY OWNES AND LEASES THE PROJECT,AND PROVIDE SUCH APPROVAL SHALL NOT BE UNREASONABLY WITHHELD." NMSA 1978,SEC 4-59-4(B)(2003)(AUTHORIZING COUNTY "TOSELL OR LEASE OR OTHERWISE DIEPOSE OF ANY OR ALL OF ITS PROJECTS UPON SUCH TERMS AND CONDITIONS AS THE (COUNTY) COMMISSION MAY DEEM ADVISABLE AND AS SHALL NO CONFLICT WITH THE PROVISIONS OF THE COUNTY INDUSTRIAL REVENUE BOND ACT(,")</p>
<p>For any Payments in Lieu of Taxes (PILOTs) or similar payments receivable by your agency in association with the foregone tax revenue, list the amount of payments received in the current fiscal year</p>	<p>366,000.00</p>
<p>(PILOTs) or similar payments receivable by a different agency in association with the foregone tax revenue, list the name of the agency and the amount of payments received in the current fiscal year</p>	<p>ELIDA MUNICIPAL SCHOOL DISTRICT& DORA CONSOLIDATED SCHOOL DISTRICT \$215,000(COMBINED AOUNT)- THE AMOUNT OF THE PILOT TO BE PAID TO EACH SCHOOL DISTRICT SHALL BE PRORATED BASED ON NUMBER OF MEGA WATTS OF GENERATION CAPACITY ASSOCIATED WITH THE PORTION OF THE FACILITY LOCATED WITHIN EACH SCHOOL DISTRICT.</p>
<p>List each specific commitment made by your agency or any other government, other than the tax abatement.</p>	<p>NONE, OTHER THAN COVENANTS RELATED TO MAINTENANCE OF THE BONDS AND THE RELATED BOND AGREEMENTS DURING THE TREM OF THE BONDS.</p>
<p>Are any other governments affected by this tax abatement agreement? (Yes or No) If yes, list each affected agency and complete an intergovernmental disclosure for each such agency.</p>	<p>YES; 1) ELIDA MUNICIPAL SCHOOL DISTRICT;2)DORA CONSOLIDATED SCHOOL DISTRICT;(3) STATE OF NEW MEXICO</p>
<p>information required in this spreadsheet or by GASB 77, cite the legal basis for such omission.</p>	<p>N/A</p>

STATE OF NEW MEXICO
 ELIDA MUNICIPAL SCHOOLS
 Notes to the Financial Statements
 June 30, 2018

Agency Number	5022
Agency Name	ROOSEVELT COUNTY, NEW MEXICO
Agency Type	COUNTY GOVERNMENT-POLITICAL SUBDIVISION OF THE STATE OF NEW MEXICO
Tax Abatement Agreement Name	\$112,000,000ROOSEVELT COUNTY,NEW MEXICO TAXABLE INDUSTRIAL REVENUE BOND (SAN JUAN MESA WIND PROJECT) SERIES 2005
Recipient(s) of tax abatement	SAN JUAN MESA WIND PROJECT,LLC,A DELAWARE LIMITED LIABILITY COMPANY
Parent company(ies) of recipient(s) of tax abatement	PADOMA PROJECT HOLDINGS, LLC (SOLE MEMBER)
Tax abatement program (name and brief description)	NEW MEXICO CO INDUSTRIAL REV BONDS- AT THE CLOSING OF A NEX MEXICO COUNTY IRB TRANSACTION, THE IRB PROJECT PROPERTY, WHICH MAY BE ANY COMBINATION OF REAL AND PERSONAL PROPERTY, IS CONVEYED FROM THE COMPANAY(A PRIVATE ENTITY) TO A NEW MEXICO COUNTY, WICH IMMEDIATELY LEASES THE PROJECT PROPERTY BACK TO THE COMPANY. THE COUNTY RETAINS OWNERSHIP, AND LEASE CONTINUES, FOR THE TERM OF THE BONDS, WHICH MAY BE ANY PERIOD SPECIFIED BY THE COUNTY, UP TO 30 YEARS.UNDER THE NEW MEXICO CONSTITUTION AND APPLICABLE STATE STATUES, THIS ARRANGEMENT RESULTS IN TWO SEPERATE TAX SUBSIDIES. FIRST THE PROJECTPROPERTY IS EXEMPT FROM AD VALOREM TAXFOR THE TERM OF THE BONDS,AND SECOND, PURCHASES OF PROJECT PROPERTY THAT IS TANGIBLE, DEPRECIABLE,PERSONAL PROPERTY ARE DEDUCTIBLE OR EXEMPT, AS THE CASEMAY BE, FROM GROSS RECEIPTS, AND COMPENSATING TAXES.
Specific Tax(es) Being Abated	AD VALOREM PROPERTY TAX(ALL PROJECT PROPERTY,GROSS RECEIPTS TAX(TANGIBLE,DEPRECIABLE,PERSONAL PROJECT PROPERTY PURCHASED FROM NEW MEXICO VENDORS); AND COMPENSATING TAX (TANGIBLE,DEPRECIABLE,PERSONAL PROJECT PROPERTY PURCHASED FROM OUT-OF-STATE VENDORS. PURSUAN TO NMSA 1978, SEC4-59-12 (1975),INTEREST ON THE BOND IS ALSO EXEMPT FROM NEW MEXICO INCOME TAX. SINCE HOWEVER, MOST MODERN IRB'S ARE SOLD TO AFFILIATES OF THE COMPANY, ON A CONSOLIDATED BASIS THERE IS NO INCOME ARISING FROM THE INTEREST, ANDTHE INCOME TAX EXEMPTION ISMEANINGLESS. (THIS IRB IS HELD BY AN AFFILIATE OF THE COMPANY)
Legal authority under which tax abatement agreement was entered into	COUNTY INDUSTRIAL REVENUE BOND ACT, NMSA 1978,SEC 4-59-1 TO 16(1975,AS AMENDED THROUGH 2015)
Criteria that make a recipient eligible to receive a tax abatement	BUSINESSES THAT ARE ELIGIBLE TO RECEIVE THE TAX ABATEMENTS DESCRIBED ABOVE INCLUDE THOSE THAT ARE:(1)AN INDUSTRY FOR THEMANUFACTURING,PROCESSING ORASSEMBLING OF AGRICULTURAL OR MANUFACTURED PRODUCTS;(2) A COMMERCIAL ENTERPRISE THAT HAS RECEIVED A PERMIT FROM THE ENERGY,MINERALS AND NATURAL RESOURCESDEPARTMENT FOR A MINE THAT HAS NOT BEEN IN OPERATION PRIOR TO THEISSUANCE OF BONDS FOR THE PROJECT FOR WHICH THE ENTERPRISE WILL BE INVOLVED;(3) A COMERCIAL ENTERPRISE THAT HAS RECEIVED ANY NECESSARY STATE PERMIT FOR A REFINERY,TREATMENT PLANT OR PROCESSING PLANT OF ENERGY PRODUCTS THAT WAS NOT IN OPERATION PRIOR TO THE ISSUANCE OF BONDS FOR WHICH THE ENTERPRISE WILLBE INVOLVED;(4)A COMERCIAL ENTERPRISE IN STORING,WAREHOUSING,DISTRIBUTING OR SELLING PRODUCTS OF AGRICULTURE,MINNING,OR INDUSTRY,BUTDOE SNOT INCLUDE A FACILITY DESIGNED FOR THE SALE OR DISTRIBUTION TO THE PUBLIC OF ELECTRICITY,GAS,TELEPHONE OR OTHER SERVICES COMMONLY CLASSIFIED AS PUBLIC UTILITIES AND (B) ANY ELECTRIC GENERATION FACILITY OTHER THAN ONE FOR WHICH BOTH LOCATION APPROVAL AND A CERTIFICATE OF CONVENIENCE AND NECESSITY ARE REQUIRED PRIOR TO COMMENCING CONSTRUCTION OR OPERATION OF THE FACILITY,PURSUANT TO THE PUBLIC UTILITYACT;(5) A BUSINESS IN WHICH ALL OR PART OF THE ACTIVITIES OF THE BUSINESS INVOLVE THE SUPPLING OF SERVICES TOTHE GENERAL PUBLIC OR TOGOVERNMENTAL AGENCIES OR TO A SPECIFIC INDUSTRY OR CUSTOMER;(6)ACNONPROFIT CORPORATION ENGAGED IN HEALTH CARE SERVICES;(7) A MASS TRANSIT OR OTHER TRANSPORTATION ACTIVITY INVOLVING THE MOVEMENT OF PASSENGERS,AN INDUSTRIAL PARK,AN OFFICE HEADQUARTERS AND RESEARCH FACILITY;(8) A WATER DISTRIBUTION OR IRRIGATION SYSTEM,INCLUDING WITHOUT LIMITATION,PUMPS,DISTRIBUTION LINES,TRANSMISSION LINES,TOWERS,DAMS, AND SIMILAR FACILITIES AND EQUIPMENT; AND(9)A 501(C)(3) CORPORATION.
How are the tax abatement recipient's taxes reduced? (For example: through a reduction of assessed value)	EXEMPTION FROM PROPERTY TAX; REDUCTION OR EXEMPTION FROM GROSS RECEIPTS TAX AND COMPENSATING TAX; EXEMPTION FROM INCOME TAX
How is the amount of the tax abatement determined? For example, this could be a specific dollar amount, a percentage of the tax liability, etc.	OF THE PROJECT PROPERTY,WHICH IS GENERALLY CORRELATED WITH THE PRINCIPAL AMOUNT OF THE IRB ISSUE. THE AMOUNT OF THE TAX SUBSIDY TYPICALLY VARIES A GREAT DEAL BETWEEN THE CONSTRUCTION PHASE OF THE IRB PROJECT AND THE PERIOD FOLOWING THE CONSTRUCTION PHASE. DURING THE CONSTRUCTION PHASE,THE COMPANY IS ORDINARILY PURCHASING MOST OF THE EQUIPMENT AND OTHER PERSONAL PROPERTY THAT IS ELIGIBLE FOR GROSS RECEIPTS AND COMPENSATING TAX ABATEMENTS. SUCH ABATEMENTS ARE EFFECTIVE IN FULL,IMMEDIATELY,AND CORRESPOND CURRENTLY TO 5.125% OF THE PRICE(FOR THE COMPENSATING TAX) AND BETWEEN 6.6250% AND 8.1875% DEPENDING ON THE LOCATION IN THE COUNTY(FOR THE GROSS RECEIPTS TAX). EXACTLY HOW MUCH OF THE IRB SUBSIDY TAKES THE FORM OF THESE EXCISE TAXABATEMENTS DEPENDS ON HOW MUCH OF THE PROJECT PROPERTY CORRESPONDS TO ELIGIBLE DEPRECIABLE PERSONAL PROPERTY. THE IRB PROPERTY TAX EXEMPTION IS EFFECTIVE STARTING IN THE FIRST CALENDAR YEAR FOLLOWING THE ISSUANCE OF THE BONDS,AND CONTINUES UNTIL THE LAST CALENDAR YEAR IN WHICH THE BONDS ARE OUTSTANDING(30 YEARS MAX.). THE ASSESSED VALUE OF MOST REAL PROPERTY THAT IS SUBJECT TO PROPERTY TAXATION IN NE WMEXICO IS BASED ON THE "FAIR VALUE"OF THE PROPERTY(WHICH GENERALLY CORRESPONDS TO ITS FAIR MARKET VALUE). THE VALUE OF THE IRB EXEMPTION ON PROJECTS REAL PROPERTY IS THEREFORE ALSO A FUNCTION OF THE REAL PROPERTY'S FAIR MARKET VALUE. OVER THE TERM OF THE BONDS,SUCH FAIR MARKET VALUE, AND THE CORRESPONDINGVALUE OF THE TAX EXEMPTION,MAY EITHER DECREASE OR INCREASE,DEPENDING ON MARKET CONDITIONS,WEAR AND TEAR ON REAL PROPERTY IMPROVEMENTS AND OTHER FACTORS.THE ASSESSED VALUE OF MOST PERSONAL PROPERTY IN NEW MEXICO IS BASED ON THE DEPRECIATED VALUE OF THE PROPERTY,EXCEPT THAT SO LONG AS THE PERSONAL PROPERTY IS USEFUL AND USED IN THE TAXPAYER'S BUSINESS,THEASSESSED VALUE MAY NOT BE LESS THAN 12.5% OF THE ORIGINAL PRICE. THEREFORE, THE VALUE OF THE IRBEXEMPTION FROM PROPERTY TAX OF PERSONAL PROPERTY WILL BE HIGHEST EARLY IN THE IRB TERM, BUT WILL DECLINE RELATIVELY

STATE OF NEW MEXICO
 ELIDA MUNICIPAL SCHOOLS
 Notes to the Financial Statements
 June 30, 2018

Are there provisions for recapturing abated taxes? (Yes or No)	NO
If there are provisions for recapturing abated taxes, describe them, including the conditions under which abated taxes become eligible for recapture.	N/A
List each specific commitment made by the recipient of the abatement.	1)COMMITMENT TO PAY PILOT TO ELIDA MUNICIPAL SCHOOL DISTRICT,AS DESCRIBED IN ITEM 19,BELOW;2)COMMITMENT TO REBUILD/RESTORE APPROXIMATELY 13.6 MILES OF COUNTY ROADS THAT HAVE DETERIORATED AS A RESULTOF HEAVY TRUCK TRAFFIC RELATED TO THE HEAVY CONSTRUCTION(EXPECTED COST NOT TO EXCEED\$200,000);3)COMMITMENT TO PAY PILOT TO COUNTY,AS DESCRIBEDINITEM 18,BELOW.
Gross dollar amount, on an accrual basis, by which the government's tax revenues were reduced during the reporting period as a result of the tax abatement agreement.	DATES AND DEPRECIATION SCHEDULES OF THE ELECTRIC PLANT AND THE OTHER PERSONAL PROPERTY. FOR FUTURE IRB'S, THE COUNTY CAN INCORPORATE PROVISIONS REQUIRING COMPANIES BENEFITTING FROM ITS IRB'S TO REPORT INFORMATION TO THE COUNTY ASSESSOR AND THE PROPERTY TAX BUREAU THAT IS SIMILAR TO THAT CURRENTLY REQUIRED TO BE REPORTED FOR TAXABLE PROPERTY. FOR CURRENT REPORTING PERIOD, HOWEVER, THE COUNTY IS RESTRICTED TO RELATIVELY CRUDE ESTIMATES, AS DESCRIBED BELOW. THE PRINCIPAL AMOUNT OF AN IRB REPRESENTS THE MAXIMUM SUM,AND IT FREQUENTLY SPENDS SIGNIFICANTLY LESS. THE COUNTY ASSUMES THAT THE ACTUAL EXPENDITURE FOR THE IRB WAS, OR WILL BE,APPROXIMATELY 80% OF THE MAXIMUM PRINCIPAL AMOUNT OF THE BOND ISSUE. OF SUCH EXPENDITURES,THE COUNTY ASSUMES THAT 10% CORRESPONDS TO THE VALUE OF THE PROJECT REAL PROPERTY THAT IS NOT INCLUDED IN THE ELECTRIC PLANT,85% WAS SPENT ON THE OTHER PERSONAL PROPERTY. THE COUNTY FURTHER ASSUMES THAT THE ELECTRIC PLAT AND THE OTHER PERSONAL PROPERTY FOR THIS IRB HAS BEEN FULL DEPRECIATED,AND THAT ,IF IT HAD BEEN TAXABLE,10% OF THE ELECTRIC PLANT AND OTHER PERSONAL PROPERTY WOULD HAVE BEEN SUBJECT TO COMPENSATING TAX(NOTE THAT CERTAIN CONSTRUCTION EXPENDITURES WILL HAVE BEEN SUBJECT TO GROSS RECEIPTS TAX NOTWITHSTANDING THE EFFECT OF THE IRB'S). THE TOTAL COUNTY MILL LEVY FOR THE REPORTING PERIOD IS 11.765 FOR NON-RESIDENTIAL PROPERTY, AND THE COUNTY GROSS RECEIPTS TAX RATE IS 1.5000%BASED ON THE FOREGOING FACTS AND ASSUMPTIONS, THE REDUCTION IN PROPERTY AND EXCISE TAXES RECEIVED BY THE COUNTY FOR THE IRB MAY BE ESTIMATED AS FOLLOES: TOTAL PROJECT EXPENDITURES=(.8)(112,000,000)=\$89,600,000. PROJECT REALTY VALUE=(.1)(89,600,000)=\$8,960,000 FOREGONEAD VALORM TAX (REAL PROPERTY)-(8,960,000/3)(11.765/1000)=\$35,138.13.ELECTRIC PLANT VALUE=(.85)(89,600,000)=\$76,160,000. FORGONE AD VALOREM TAX (ELECTRIC PLANT)=\$76,160,000(2)(1/3)(11.765/1000)=\$59,734.83.OTHER PERSONAL PROPERTY VALUE=(.05)(89,600,000)=\$4,480,000 FOREGONE AD VALOREM TAX(OTHER PERSONAL PROPERTY)=(4,480,000)(1/3)(11.765/1000)=\$22,400.00
For any Payments in Lieu of Taxes (PILOTs) or similar payments receivable by your agency or another agency in association with the foregone tax revenue, list the authority for and describe the payment, including the agency that is supposed to receive the payment	GENERATION FACILITY FACILITY PROJECT UNLESS THE AC QUSITION IS APPROVED BY THE LOCAL SCHOOL BOARD OF THE SCHOOL DISTRICT IN WHICH A PROJECT IS LOCATED AND THE BOARD OF COUNTY COMMISSIONERS, THE LOCAL SCHOOL BOARD AND THE PERSON PROPOSING THE PROJECT NEGOTIATE AND DETERMINE THW AMOUNT OF ANNUAL IN LIEU TAX PAYMENT TO BE MADE TO THE SCHOOL DISTRICT BY THE PERSON PROPOSING THE PROJECT,FOR THE PERIOD THAT THE COUNTY OWNES AND LEASES THE PROJECT,AND PROVIDE SUCH APPROVAL SHALL NOT BE UNREASONABLY WITHHELD." NMSA 1978,SEC 4-
For any Payments in Lieu of Taxes (PILOTs) or similar payments receivable by your agency in association with the foregone tax revenue, list the amount of payments received in the current fiscal year	144,500.00
For any payments in lieu of taxes (PILOTs) or similar payments receivable by a different agency in association with the foregone tax revenue, list the name of the agency and the amount of payments received in the current fiscal year	\$148,000 ELIDA MUNICIPAL SCHOOL DISTRICT
List each specific commitment made by your agency or any other government, other than the tax abatement.	NONE, OTHER THAN COVENANTS RELATED TO MAINTENANCE OF THE BONDS AND THE RELATED BOND AGREEMENTS DURING THE TREM OF THE BONDS.
Are any other governments affected by this tax abatement agreement? (Yes or No) If yes, list each affected agency and complete an intergovernmental disclosure for each such agency.	YES; 1) ELIDA MUNICIPAL SCHOOL DISTRICT;2) STATE OF NEW MEXICO
If your agency is omitting any information required in this spreadsheet or by GASB 77, cite the legal basis for such omission.	N/A

Supplementary Information Related to
Major Governmental Funds

STATE OF NEW MEXICO
 ELIDA MUNICIPAL SCHOOLS
 Capital Project Fund - Senate Bill Nine State - 31700
 Statement of Revenues, Expenditures, and Changes in Cash
 Balance - Budget and Actual (Non - GAAP Budgetary Basis)
 For the year ended June 30, 2018

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues				
Taxes levied / assessed	\$ -	\$ -	\$ -	\$ -
Oil and Gas Taxes	-	-	-	-
In lieu of taxes	-	-	-	-
Contributions	-	-	-	-
Fees	-	-	-	-
Interest	-	-	-	-
Prior year balances	29,695	29,695	14,339	(15,356)
Miscellaneous	-	-	-	-
Rents	-	-	-	-
State equalization guarantee	-	-	-	-
State direct grants	-	-	-	-
Transportation	-	-	-	-
Instructional materials - credit and cash	-	-	-	-
Food service	-	-	-	-
Federal flowthrough grants	-	-	-	-
Federal restricted grants-in-aid	-	-	-	-
Total revenues	29,695	29,695	14,339	(15,356)
Expenditures				
Current				
Instruction	-	-	-	-
Support Services				
Students	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central Services	-	-	-	-
Other support services	-	-	-	-
Operation of non-instructional services				
Operation & maintenance of plant	-	-	-	-
Facilities acquisition/construction	7,856	10,350	10,328	22
Student Transportation	-	-	-	-
Food Services operations	-	-	-	-
Capital Outlay	20,000	32,386	32,351	35
Debt Service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	27,856	42,736	42,679	57
Excess (deficiency) of revenues over(under) expenditures	1,839	(13,041)	(28,340)	(15,299)
Other financing sources (uses)				
Operating transfers in (out)	-	-	17,999	17,999
Designated cash	-	7,271	-	(7,271)
Total other financing sources (uses)	-	7,271	17,999	10,728
Net change in cash balances	1,839	(5,770)	(10,341)	(4,571)
Cash balance, beginning	-	-	7,019	7,019
Prior period adjustment	-	-	3,322	3,322
Cash balance, beginning restated	-	-	10,341	10,341
Cash balance, ending	\$ 1,839	\$ (5,770)	\$ -	\$ 5,770
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ (10,341)	
Adjustment to revenues for accruals & other deferrals			28,340	
Adjustment to expenditures for payables, prepaids & other accruals			(23,081)	
Net change in fund balance (GAAP Basis)			\$ (5,082)	

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

STATE OF NEW MEXICO
 ELIDA MUNICIPAL SCHOOLS
 Capital Project Fund - Senate Bill Nine Local - 31701
 Statement of Revenues, Expenditures, and Changes in Cash
 Balance - Budget and Actual (Non - GAAP Budgetary Basis)
 For the year ended June 30, 2018

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues				
Taxes levied / assessed	\$ 45,619	\$ 45,619	\$ 52,515	\$ 6,896
Oil and gas tax	59	2,616	300	(2,316)
In lieu of taxes	-	-	-	-
Contributions	-	-	-	-
Fees	-	-	-	-
Interest	-	4	-	(4)
Prior year balances	-	-	-	-
Miscellaneous	-	-	-	-
Rents	-	-	-	-
State equalization guarantee	-	-	-	-
State direct grants	-	-	-	-
Transportation	-	-	-	-
Instructional materials - credit and cash	-	-	-	-
Food Service	-	-	-	-
Federal flowthrough grants	-	-	-	-
Federal restricted grants-in-aid	-	-	-	-
Total revenues	<u>45,678</u>	<u>48,239</u>	<u>52,815</u>	<u>4,576</u>
Expenditures				
Current				
Instruction	-	-	-	-
Support Services				
Students	-	-	-	-
General administration	512	512	527	(15)
School administration	-	-	-	-
Central Services	-	-	-	-
Other support services	-	-	-	-
Operation of non-instructional services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Facilities acquisition/construction	146,038	146,038	3,387	-
Student Transportation	-	-	-	-
Food Services operations	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>146,550</u>	<u>146,550</u>	<u>3,914</u>	<u>142,636</u>
Excess (deficiency) of revenues over(under) expenditures	(100,872)	(98,311)	48,901	147,212
Other financing sources (uses)				
Operating transfers in (out)	-	-	5,082	5,082
Designated cash	98,311	98,311	-	(98,311)
Total other financing sources (uses)	<u>98,311</u>	<u>98,311</u>	<u>5,082</u>	<u>(93,229)</u>
Net change in cash balances	(2,561)	-	53,983	53,983
Cash balance, beginning	-	-	30,772	30,772
Prior period adjustment	-	-	-	-
Cash balance, beginning restated	-	-	30,772	30,772
Cash balance, ending	<u>\$ (2,561)</u>	<u>\$ -</u>	<u>\$ 84,755</u>	<u>\$ 84,755</u>
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ 53,983	
Adjustment to revenues for accruals & other deferrals			(11,663)	
Adjustment to expenditures for payables, prepaids & other accruals			-	
Net change in fund balance (GAAP Basis)			<u>\$ 42,320</u>	

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

Required Supplementary Information

STATE OF NEW MEXICO
 ELIDA MUNICIPAL SCHOOLS
 Required Supplementary Information
 Education Retirement Board (ERB) Pension Plan
 Last 10 Fiscal Years*

Schedule of Proportionate Share of the Net Pension Liability

	Fiscal Year	2015	2016	2017	2018
	Measurement Year	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
The Entity's proportion of the net pension liability (asset)		0.04005%	0.04027%	0.03916%	0.03866%
The Entity's proportionate share of the net pension liability (asset)	\$	2,228,081	\$ 2,608,395	\$ 2,818,123	\$ 4,296,467
The Entity's covered-employee payroll	\$	1,076,261	\$ 1,099,500	\$ 1,100,839	\$ 1,135,804
The Entity's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll		207.02%	237.23%	256.00%	378.28%
Plan fiduciary net position as a percentage of the total pension liability		66.54%	63.97%	61.58%	52.95%

Schedule of Contributions

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Contractually required contribution	\$ 159,244	\$ 181,598	\$ 153,016	\$ 157,877
Contributions in relation to the contractually required contribution	<u>159,244</u>	<u>159,111</u>	<u>153,016</u>	<u>157,877</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ 22,487</u>	<u>\$ -</u>	<u>\$ -</u>
The District's covered-employee payroll	\$ 1,076,261	\$ 1,099,500	\$ 1,100,839	\$ 1,135,804
Contributions as a percentage of covered-employee payroll	14.80%	16.52%	13.90%	13.90%

Note: Employee contributions are not included in these schedules.

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

Schedule of Employer's Proportionate Share of the Net OPEB Liability

	<u>2018*</u>
The District's proportion of the net OPEB liability	0.02596%
The District's proportionate share of the net OPEB liability	\$ 1,178,422
The District's covered-employee payroll	\$ 1,150,687
The District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	102.41%
Plan fiduciary net position as a percentage of the total OPEB liability	11.34%

Schedule of Employer's Contributions

	<u>2018*</u>
Contractually required contribution	\$ 21,633
Contributions in relation to the contractually required contribution	<u>21,633</u>
Contribution deficiency (excess)	<u>\$ -</u>
The District's covered-employee payroll	\$ 1,081,626
Contributions as a percentage of covered-employee payroll	2.00%

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

Note: Employee contributions are not included in this schedule.

See notes to required supplementary information

ERB Plan

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

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

RHC Plan

Changes in benefit provisions.

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

Changes in assumptions and methods.

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

Supplementary Information Related to
Nonmajor Governmental Funds

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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

Food Services 21000

To account for revenue and expenditures associated with the school breakfast and lunch program. Funding is provided from fees from patrons and USDA food reimbursements. Authority for creation of this fund is NMSA 22-13-13.

Athletics 22000

To account for revenue and expenditures associated with the District's budgeted athletic activities. (NMAC 6.20.2).

Title I 24101

To account for a program funded by a Federal grant to supplement the regular instructional program for educationally deprived students. Funding authorized by the Elementary and Secondary Act of 1965, Chapter I of Title I, as amended, Public Laws 100-297, 20 U.S.C. 2701. The fund was created by the authority of federal grant provisions.

IDEA B Entitlement 24106

To account for funds for free appropriate public education to all children with disabilities. The program is funded by Federal Government and pass through the State Department of Education under the individuals with Disabilities Education Act, Part B, Sections 611-617, and Part O, Section 674 as amended, 20 U.S.C. 1711-1417 and 1420.

IDEA Preschool 24109

To account for a program funded by a Federal grant to assist the District in providing a free appropriate public education to preschool disabled children aged three through five years. Funding authorized by the Individuals with Disabilities Education Act, Part B, Section 619, as amended, Public Laws 94-142, 99-457, 100-630, 101-497, 101-476, and 102-119. The fund was created by the authority of federal grant provisions.

Teacher Principal Training and Recruiting 24154

The purpose of this fund is to improve the skills of teachers and the quality of instruction in mathematics and science and to increase the accessibility of such instruction to all students. Authority for creation of this fund is Title II of the Elementary and Secondary Education Act of 1965 as amended, Public Law 103-382.

Student Support and Academic Enrichment 24189

To account for a Federal grant - Title IV Student Support and Academic Enrichment Grants - awarded through the Public Education Department. Authorized by the School Board and the New Mexico Public Education Department. No minimum balance required according to legislation.

Rural Education Achievement Program 25233

To provide financial assistance to rural districts to carry out activities to help improve the quality of teaching and learning in their schools. Elementary and Secondary Education Act of 1965 (ESEA), Title VI, Part B, as amended.

Dual Credit Instructional Materials 27103

To provide funding to the District to purchase college books for students attending college classes and obtaining dual credits. The fund was created by grant provisions.

2012 G.O. Bond Student Library 27107

This award allows schools to acquire library books, equipment and library resources for public school library resources for public school libraries statewide. The funding was made available through Senate Bill 66, Laws of 2012, 2nd Session, 2012 Senate and House Bill.

New Mexico Reads to Lead 27114

The purpose of this grant is to provide funding for reading initiative activities for grades K-3. Funds accounted for in this fund are received from the State of New Mexico. The authority for creation of this fund is the School Board and the New Mexico Public Education Department. No minimum balance required according to legislation.

Recruitment Support Fund 27128

The funding under this award must be used for teacher recruitment efforts such as signing bonuses for new teachers, covering the costs of travel to a recruiting/hiring event, updates to your district website with regard to recruitment, or the cost of placing advertisements in a newspaper or external website.

NONMAJOR GOVERNMENTAL FUNDS

Pre-K Initiative 27149

To account for monies received from the State of New Mexico to be used to provide direct services to 4-year-old children in Pre-Kindergarten.

STEM Teacher Initiative 27195

The objective of this program is to provide training for teachers in Science, Technology, Engineering and Math. Funding is provided by the New Mexico Public Education Department. No minimum balance required according to legislation.

Capital Project Funds

Bond Building 31100

The revenues are derived from a School Building Bond Issue. The expenditures are restricted to major capital improvements.

Special Capital Outlay 31300

The revenues are derived from local donations. The expenditures are restricted to major capital improvements on the gym.

Special Capital Outlay- State 31400

To account for special appropriations monies received from the State of New Mexico under Chapter 4, Laws of 1996 for the purpose of specific capital outlay projects. Authority for the creation of this fund is the New Mexico Public Education Department.

Debt Service Funds

Debt Service 41000

To account for the accumulation of resources for, and the payment of, general long-term debt principal and interest. The resources of this fund are generated by a tax levy based upon property values.

Educational Technology Debt Service 43000

The fund is used to account for the resources for, and the payment of, principal, interest, and related cost.

STATE OF NEW MEXICO
ELIDA MUNICIPAL SCHOOLS

All Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2018

	Food Service 21000	Athletics 22000	Title I 24101	IDEA-B Preschool 24109
ASSETS				
Cash and cash equivalents	\$ 8,863	\$ 3,703	\$ -	\$ -
Accounts receivable				
Taxes	-	-	-	-
Other	-	-	-	-
Due from grantor	-	-	828	113
Due from other funds	-	-	-	-
Inventory	2,907	-	-	-
	<u>11,770</u>	<u>3,703</u>	<u>828</u>	<u>113</u>
Total assets	<u>\$ 11,770</u>	<u>\$ 3,703</u>	<u>\$ 828</u>	<u>\$ 113</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Deficit cash	-	-	-	-
Due to other funds	-	-	744	113
	<u>-</u>	<u>-</u>	<u>744</u>	<u>113</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>744</u>	<u>113</u>
DEFERRED INFLOWS				
Unavailable revenue - state grants	-	-	-	-
FUND BALANCE				
Non-spendable	2,907	-	-	-
Restricted for				
General fund	-	-	-	-
Special revenue funds	8,863	3,703	84	-
Capital projects funds	-	-	-	-
Debt service funds	-	-	-	-
Unassigned				
Special revenue funds	-	-	-	-
	<u>11,770</u>	<u>3,703</u>	<u>84</u>	<u>-</u>
Total fund balance	<u>11,770</u>	<u>3,703</u>	<u>84</u>	<u>-</u>
Total liabilities, deferred inflows and fund balance	<u>\$ 11,770</u>	<u>\$ 3,703</u>	<u>\$ 828</u>	<u>\$ 113</u>

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

Teacher/Principal Training & Recruiting 24154	Student Support & Academic Enrichment 24189	Rural Education Achievement Program 25233	Dual Credit Instructional Materials 27103	2012 GOB Public School Library 27107	NM Reads to Lead 27114
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
441	502	-	604	-	10,091
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 441</u>	<u>\$ 502</u>	<u>\$ -</u>	<u>\$ 604</u>	<u>\$ -</u>	<u>\$ 10,091</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	800	-	4,820	-
441	503	-	604	-	9,316
<u>441</u>	<u>503</u>	<u>800</u>	<u>604</u>	<u>4,820</u>	<u>9,316</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	775
-	-	-	-	-	-
-	(1)	(800)	-	(4,820)	-
-	(1)	(800)	-	(4,820)	775
<u>\$ 441</u>	<u>\$ 502</u>	<u>\$ -</u>	<u>\$ 604</u>	<u>\$ -</u>	<u>\$ 10,091</u>

STATE OF NEW MEXICO
 ELIDA MUNICIPAL SCHOOLS

All Nonmajor Governmental Funds
 Combining Balance Sheet
 June 30, 2018

	Recruitment Support 27128	Pre-K Initiative 27149	STEM 27195
<u>ASSETS</u>			
Cash and cash equivalents	\$ -	\$ 1,223	\$ -
Accounts receivable			
Taxes	-	-	-
Other	-	-	-
Due from grantor	644	-	-
Due from other funds	-	-	-
Inventory	-	-	-
	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 644</u>	<u>\$ 1,223</u>	<u>\$ -</u>
<u>LIABILITIES</u>			
Accounts payable	\$ -	\$ -	\$ -
Deficit cash	-	-	283
Due to other funds	644	-	-
	<hr/>	<hr/>	<hr/>
Total liabilities	<u>644</u>	<u>-</u>	<u>283</u>
<u>DEFERRED INFLOWS</u>			
Unavailable revenue - state grants	-	-	-
<u>FUND BALANCE</u>			
Non-spendable	-	-	-
Restricted for			
General fund	-	-	-
Special revenue funds	-	1,223	-
Capital projects funds	-	-	-
Debt service funds	-	-	-
Unassigned			
Special revenue funds	-	-	(283)
	<hr/>	<hr/>	<hr/>
Total fund balance	<u>-</u>	<u>1,223</u>	<u>(283)</u>
	<hr/>	<hr/>	<hr/>
Total liabilities, deferred inflows and fund balance	<u>\$ 644</u>	<u>\$ 1,223</u>	<u>\$ -</u>

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

Bond Building 31100	Capital Project		Debt Service		Total Non-major Governmental Funds
	Special Capital Outlay Local 31300	Special Capital Outlay State 31400	Debt Service 41000	Ed Tech Debt Service 43000	
\$ 2,616	\$ 1,600	\$ -	\$ 10,418	\$ 225	\$ 28,648
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	13,223
-	-	-	-	-	-
-	-	-	-	-	2,907
<u>\$ 2,616</u>	<u>\$ 1,600</u>	<u>\$ -</u>	<u>\$ 10,418</u>	<u>\$ 225</u>	<u>\$ 44,778</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	5,903
-	-	-	-	-	12,365
-	-	-	-	-	18,268
-	-	-	-	-	-
-	-	-	-	-	2,907
-	-	-	-	-	-
-	-	-	-	-	14,648
2,616	1,600	-	-	-	4,216
-	-	-	10,418	225	10,643
-	-	-	-	-	(5,904)
<u>2,616</u>	<u>1,600</u>	<u>-</u>	<u>10,418</u>	<u>225</u>	<u>26,510</u>
<u>\$ 2,616</u>	<u>\$ 1,600</u>	<u>\$ -</u>	<u>\$ 10,418</u>	<u>\$ 225</u>	<u>\$ 44,778</u>

STATE OF NEW MEXICO
ELIDA MUNICIPAL SCHOOLS

All Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the year ended June 30, 2018

	Food Service 21000	Athletics 22000	Title I 24101	IDEA-B Preschool 24109
Revenues				
Taxes levied / assessed	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
In lieu of taxes	-	-	-	-
Contributions	-	-	-	-
Fees	47,727	14,420	-	-
Interest	-	-	-	-
Prior year balances	-	-	-	-
Miscellaneous	-	-	-	-
Rents	-	-	-	-
State equalization guarantee	-	-	-	-
State direct grants	-	-	-	-
Transportation	-	-	-	-
Instructional materials - credit and cash	-	-	-	-
Food service	14,543	-	-	-
Federal flowthrough grants	-	-	-	-
Federal restricted grants-in-aid	-	-	12,763	181
Total revenues	62,270	14,420	12,763	181
Expenditures				
Current				
Instruction	-	12,802	12,763	181
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central Services	-	-	-	-
Other support services	-	-	-	-
Operation of non-instructional services				
Operation & maintenance of plant	-	-	-	-
Facilities acquisition/construction	-	-	-	-
Student transportation	-	-	-	-
Food services	73,104	-	-	-
Capital Outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	73,104	12,802	12,763	181
Excess (deficiency) revenues over expenditures	(10,834)	1,618	-	-
Other financing sources (uses)				
Operating transfers in (out)	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	(10,834)	1,618	-	-
Fund balance, beginning	22,604	2,085	84	-
Prior period adjustment	-	-	-	-
Fund balance, beginning restated	22,604	2,085	84	-
Fund balance, ending	\$ 11,770	\$ 3,703	\$ 84	\$ -

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

Teacher/Principal Training & Recruiting 24154	Student Support & Academic Enrichment 24189	Rural Education Achievement Program 25233	Dual Credit Instructional Materials 27103	2012 GOB Public School Library 27107	NM Reads to Lead 27114
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	604	5,293	42,857
-	-	-	-	-	-
-	-	-	-	-	-
-	-	25,280	-	-	-
671	18,678	-	-	-	-
<u>671</u>	<u>18,678</u>	<u>25,280</u>	<u>604</u>	<u>5,293</u>	<u>42,857</u>
671	-	26,080	604	-	42,082
-	18,679	-	-	-	-
-	-	-	-	5,293	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
671	18,679	26,080	604	5,293	42,082
-	(1)	(800)	-	-	775
-	-	-	-	-	-
-	-	-	-	-	-
-	(1)	(800)	-	-	775
-	-	-	-	(4,820)	-
-	-	-	-	-	-
-	-	-	-	(4,820)	-
\$ -	\$ (1)	\$ (800)	\$ -	\$ (4,820)	\$ 775

STATE OF NEW MEXICO
ELIDA MUNICIPAL SCHOOLS

All Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the year ended June 30, 2018

	Recruitment Support 27128	Pre-K Initiative 27149	STEM 27195
Revenues			
Taxes levied / assessed	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-
In lieu of taxes	-	-	-
Contributions	-	-	-
Fees	-	-	-
Interest	-	-	-
Access board (e-rate)	-	-	-
Royalties	-	-	-
Rents	-	-	-
State equalization guarantee	-	-	-
State direct grants	644	16,443	-
Transportation	-	-	-
Instructional materials - credit and cash	-	-	-
Food service	-	-	-
Federal flowthrough grants	-	-	-
Federal restricted grants-in-aid	-	-	-
	<hr/>	<hr/>	<hr/>
Total revenues	644	16,443	-
Expenditures			
Current			
Instruction	-	15,219	-
Support services			
Students	-	-	-
Instruction	-	-	-
General administration	-	-	-
School administration	-	-	-
Central Services	644	-	-
Other support services	-	-	-
Operation of non-instructional services			
Operation & maintenance of plant	-	-	-
Facilities acquisition/construction	-	-	-
Student transportation	-	-	-
Food services	-	-	-
Capital Outlay	-	-	-
Debt service			
Principal	-	-	-
Interest	-	-	-
	<hr/>	<hr/>	<hr/>
Total expenditures	644	15,219	-
Excess (deficiency) revenues over expenditures	-	1,224	-
Other financing sources (uses)			
Operating transfers in (out)	-	-	-
	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	-	-	-
Net change in fund balances	-	1,224	-
Fund balance, beginning	-	(1)	(283)
Prior period adjustment	-	-	-
	<hr/>	<hr/>	<hr/>
Fund balance, beginning restated	-	(1)	(283)
Fund balance, ending	<u>\$ -</u>	<u>\$ 1,223</u>	<u>\$ (283)</u>

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

Bond Building 31100	Capital Project		Debt Service		Total Non-major Governmental Funds
	Special Capital Outlay Local 31300	Special Capital Outlay State 31400	Debt Service 41000	Ed Tech Debt Service 43000	
\$ -	\$ -	\$ -	\$ 10	\$ -	\$ 10
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	62,147
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	46,385	-	-	112,226
-	-	-	-	-	-
-	-	-	-	-	14,543
-	-	-	-	-	25,280
-	-	-	-	-	32,293
-	-	46,385	10	-	246,499
-	-	-	-	-	110,402
-	-	-	-	-	18,679
-	-	-	-	-	5,293
-	-	-	-	-	-
-	-	-	-	-	644
-	-	-	-	-	-
-	14,610	-	-	-	14,610
-	-	-	-	-	-
-	-	-	-	-	73,104
-	-	46,385	-	-	46,385
-	-	-	-	-	-
-	-	-	-	-	-
-	14,610	46,385	-	-	269,117
-	(14,610)	-	10	-	(22,618)
-	-	-	-	-	-
-	-	-	-	-	-
-	(14,610)	-	10	-	(22,618)
2,616	16,210	-	10,408	225	49,128
-	-	-	-	-	-
2,616	16,210	-	10,408	225	49,128
\$ 2,616	\$ 1,600	\$ -	\$ 10,418	\$ 225	\$ 26,510

Supplementary Information Related to Agency Funds

AGENCY FUNDS

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

The District has the following funds classified as Agency Funds:

Activity - To account for assets held by the District until distributed to various organizations at the schools.

STATE OF NEW MEXICO
 ELIDA MUNICIPAL SCHOOLS
 Agency Funds - Activity
 Statement of Changes in Assets and Liabilities
 June 30, 2018

	Beginning Balance	Additions	Deductions	Ending Balance
ASSETS				
Annual	\$ 2,083	\$ 4,534	\$ 2,937	\$ 3,680
Art	-	135	-	135
Boys basketball	151	3,446	1,261	2,336
Baseball	5,974	2,910	3,606	5,278
Cheerleaders	1,309	819	1,248	880
Elementary computers	-	-	-	-
Golden apple grant	772	-	-	772
FCCLA	2,456	-	-	2,456
FFA	680	52,535	50,152	3,063
Girls basketball	854	4,157	3,403	1,608
Greenhouse	996	-	-	996
Miscellaneous	2,299	10,446	10,299	2,446
National honor society	3,676	4,166	5,696	2,146
FFA food for all	-	-	-	-
Scholarship	-	15,379	8,752	6,627
Student council	318	100	233	185
EPAC	-	1,827	888	939
Zune	-	-	-	-
Football	1,478	2,888	2,346	2,020
Robotics	-	-	-	-
Track	779	2,300	3,048	31
Class of 2016	-	-	-	-
Class of 2017	25	-	-	25
Class of 2018	3,021	-	2,583	438
Class of 2019	326	5,962	5,706	582
Class of 2020	190	1,958	547	1,601
Class of 2021	-	251	-	251
Class of 2022	-	135	-	135
Class of 2023	-	135	-	135
Total assets	<u>\$ 27,387</u>	<u>\$ 114,083</u>	<u>\$ 102,705</u>	<u>\$ 38,765</u>
LIABILITIES				
Due to student groups	<u>\$ 27,387</u>	<u>\$ 114,083</u>	<u>\$ 102,705</u>	<u>\$ 38,765</u>
Total liabilities	<u>\$ 27,387</u>	<u>\$ 114,083</u>	<u>\$ 102,705</u>	<u>\$ 38,765</u>

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

Other Supplemental Information

Cash Reconciliation - All Funds
For the year ended June 30, 2018

	<u>Beginning Cash</u>	<u>Receipts</u>	<u>Distributions</u>	<u>Other</u>	<u>Total Cash</u>
Elida Municipal Schools					
Operational	\$ 28,565	\$ 1,860,026	\$ (1,805,767)	\$ (31,371)	\$ 51,453
Teacherage	13,555	12,340	(23,678)	-	2,217
Transportation	138	196,341	(196,339)	(290)	(150)
Instructional materials	2,275	4,209	(2,251)	-	4,233
Food services	22,604	67,686	(81,427)	-	8,863
Athletics	2,208	14,420	(12,925)	-	3,703
Federal direct	116	65,731	(80,164)	14,317	-
Federal flowthrough	-	25,280	(26,080)	-	(800)
State flowthrough	-	68,527	(63,842)	(8,565)	(3,880)
Wind Farm	265,237	350,385	(255,990)	125	359,757
Bond building	2,616	-	-	-	2,616
Special capital outlay	-	-	-	-	-
Special capital outlay local	16,210	-	(14,610)	-	1,600
Special capital outlay state	-	46,385	(46,385)	-	-
Capital improvement SB-9 state	7,019	14,339	(42,679)	21,321	-
Capital improvement SB-9 local	30,772	52,815	(3,914)	5,082	84,755
Debt service	10,408	10	-	-	10,418
Ed tech debt service	225	-	-	-	225
	<u>401,948</u>	<u>2,778,494</u>	<u>(2,656,051)</u>	<u>619</u>	<u>525,010</u>
Total governmental funds					
Student activities	<u>27,387</u>	<u>114,083</u>	<u>(102,705)</u>	<u>-</u>	<u>38,765</u>
Total Elida Municipal Schools	<u>\$ 429,335</u>	<u>\$ 2,892,577</u>	<u>\$ (2,758,756)</u>	<u>\$ 619</u>	<u>\$ 563,775</u>

The James Polk
Stone Community
Bank
Balances at
Year End

<u>Deposit or investment Account Type</u>	
Elida Municipal School - checking	\$ 252,765
Elida Municipal Schools - checking	417,190
Elida Municipal Schools Activity fund - checking	<u>42,667</u>
Total on deposit	<u>712,622</u>
Reconciling items - outstanding checks	<u>(148,847)</u>
Reconciled balance at year end	<u>\$ 563,775</u>

Reconciliation to financial statements	
Cash and cash equivalents:	
Total cash and cash equivalents per statement of net position	\$ 531,063
Total cash deficit per statement of net position	(6,053)
Total cash and cash equivalents per statement of fiduciary assets and liabilities - agency funds	<u>38,765</u>
Total cash and cash equivalents	<u>\$ 563,775</u>

Compliance Section

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Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Brian S. Colón
New Mexico State Auditor
The Governing Board
Elida Municipal School
Elida, New Mexico

I 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 accompanying financial statements of the governmental activities, each major fund, the aggregate remaining fund information and the budgetary comparisons for the general fund and major special revenue funds of Elida Municipal School (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 and have issued my report thereon dated February 5, 2019.

Internal Control over Financial Reporting

In planning and performing my audit of the financial statements, I 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 my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, I do not express an opinion on the effectiveness of the District's internal control.

My consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, I identified certain deficiencies in internal control that I consider to be either material weaknesses or significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal 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. I consider the deficiency described in the accompanying schedule of findings and responses as items 2018-003, 2018-004, 2018-005, 2018-006, 2018-007, and 2018-009 to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. I consider the deficiencies described in the accompanying schedule of findings and responses as item to be significant deficiencies. 2018-001, 2018-003, 2018-008, and 2018-010.

Compliance and Other Matters

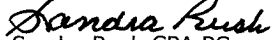
As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and Section 12-6-5 NMSA 1978 as items: 2018-001, 2018-002, 2018-003, 2018-004, 2018-005, 2018-006, 2018-007, 2018-008, 2018-009, 2018-010, 2018-011, 2018-012, and 2018-013.

District's Responses to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of my 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.


Sandra Rush CPA PC
Clovis, New Mexico
February 5, 2019

STATE OF NEW MEXICO
 ELIDA MUNICIPAL SCHOOLS
 Schedule of Findings and Responses
 June 30, 2018

Prior Year Findings:

2018-001 (2014-001)	Budget Violations	Repeated
2018-002 (2014-002)	Cash Appropriations in Excess of Available Cash Balances	Repeated
2016-002	Revenue	Resolved
2018-003 (2017-001)	Financial Statements and Disclosures	Repeated
2018-004 (2017-002)	Design Deficiencies in Internal Control over Financial Reporting	Repeated
2018-005 (2017-003)	Bank Reconciliation Preparation and Stale Dated Checks	Repeated
2018-006 (2017-004)	Capital Asset Listing / Depreciation Schedule	Repeated
2018-007 (2017-005)	Inadequate Review of Manual Journal Entries	Repeated
2017-006	Timely Deposits	Resolved
2018-008 (2017-007)	PED Cash Report	Repeated
2018-009 (2017-008)	Expenditures	Repeated
2017-009	Request for Reimbursements	Resolved
2018-010 (2017-010)	Unauthorized Temporary Inter-Fund Loans	Repeated
2018-013 (2017-011)	Audit Report Late	Repeated

Current Year Finding

2018-001 (2014-001) Budget Violations Significant Deficiency - Internal Control & Compliance

Condition

The District over expended its budget in the following funds:

11000-1000	Operational	\$	4,098
21000-3100	Food Service	\$	3,366
22000-1000	Athletics	\$	678
25233-1000	REAP	\$	14,080
27114-1000	NM Reads to Lead	\$	6,832
31300-4000	Special Capital Outlay Local	\$	14,610
31701-2300	SB-9 Local	\$	15

No progress has been made in correcting this finding.

Criteria

Budgetary controls, which include the timely adoption of budget adjustments, should prevent any expenditure in excess of the approved budget. (NMSA 6-6-6(I))

Effect

Any expenditure in excess of the approved budget indicates a lack of controls in the purchasing process which leads to unauthorized purchases being made with District money.

Cause

The District over expended its budget in the above funds because of inadequate monitoring of the budget.

Recommendation

I recommend the District establish policies and procedures governing the budgetary process and monitoring of the budget to properly prepare and adjust the budget to properly authorize all expenditures.

Response

Correct coding of expenditures will be used. Business manager will call Visions to correct software set up. With the expenditure codes corrected, the district will implement an approval process to verify that expenditures do not exceed the budget.

Responsible for Implementation: Superintendent and Business Manager
 Time Frame: February 18, 2019- June 30, 2019

2018-002 (2014-002) Cash Appropriations in Excess of Available Cash Balances Significant Deficiency - Internal Control & Compliance

Condition

The District maintained a deficit budget in excess of available cash balances in the following funds: 31700 SB-9 State (\$5,770), 24106 IDEA B Entitlement (\$7,956), 31400 Special Capital Outlay State (\$46,385), and 41000 Debt Service (\$10,456)

No progress has been made correcting this finding.

Criteria

Section 2.2.210. (P) (1), NMAC, requires all school district funds, with the exception of agency funds, to be budgeted by the local governing body and submitted to the PED for approval. Cash balances re-budgeted to make up the deficit budgeted revenues that do not cover the budgeted expenditures, cannot exceed the actual cash balance available at the end of the prior year.

Effect

The District will be required to supplement this budget deficit in this fund with cash reserves from other funds. This supplement may lead to financial difficulties and deplete the budget in other funds.

Cause

The District lacks a proper procedure to ensure that sufficient beginning cash balances exist to absorb budget deficits later in the fiscal year.

Recommendation

The District should not have a deficit budget balance, in fact, the budget must be balanced. The District should implement a procedure to compare the year end carryover cash balances with the estimated cash balances in the budget and if the actual cash balance is less than estimated, BARS should be submitted reducing budgeted expenditures to balance the budget.

Response

The district will review fund expenditures from previous years and develop a budget for the 2019-2020 fiscal year. The district's business manager will have a full year of experience and will receive training in setting school budgets, accounting practices, and budget monitoring practices through NMASBO credit training. The district will ensure that all accounts are reconciled as mandated by law. Reconciliations will be reviewed and approved by the Superintendent.

Responsible for Implementation: Superintendent and Business Manager
Time Frame: February 18, 2019- June 30, 2019

2018-003 (2017-001) Financial Statements and Disclosures

Material Weakness - Internal Control

Condition

The District relies upon their independent auditor to prepare the financial statements in accordance with generally accepted accounting principles (GAAP). The accounting staff lacks the knowledge to prepare such statements, as well as the ability to detect accuracy and completeness of all required notes that explain financial activity contained in the financial statements. The District requires the independent auditor gather all necessary information to convert their cash basis accounting information into financial statements prepared in accordance with GAAP. Presently the business manager is unable to prepare the financial statements in accordance with GAAP. No progress has been made correcting this finding.

Criteria

Auditing standards adopted in the United States of America in particular Statement on Auditing Standards (SAS) 115, paragraph 3 states the following: "Internal control is a process – effected by those charged with governance, management, and other personnel – designed to provide reasonable assurance about the achievement of the entity's objectives with regard to reliability of financial reporting, effectiveness and efficiency of operations, and compliance with laws and regulations. Internal control over safeguarding of assets against unauthorized acquisition, use, or disposition may include control relating to financial reporting and operations objectives. Generally, controls that are relevant to an audit of financial statements are those that pertain to the entity's objective of reliable financial reporting."

Appropriate internal control procedures over financial reporting include the ability to prepare financial statements in accordance with GAAP or at a minimum, management should have the ability to comprehend the requirements for financial reporting. Financial statements prepared in accordance with GAAP include all required statements of financial position, statements of changes in financial position, changes in cash flow, and notes.

SAS 115 paragraph 5 provides an explanation of a deficiency in internal control as either a deficiency in design or in operation. Paragraph 6 states "A material weakness is a deficiency, or 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." SAS 115 paragraph 15 provides a list of indicators of a material weakness in internal control. One such example is "Ineffective oversight of the entity's financial reporting and internal control by those charged with governance."

Effect

Since the District personnel lack the ability to prepare, and did not prepare, the financial statements, there is an increased risk that a misstatement of the District's financial statements, that is more than inconsequential, will not be prevented or detected. Further, since the District's business manager lacks the proper knowledge or training regarding the requirements of GAAP financial reporting, there is more than a remote possibility that a material misstatement of the financial statements will not be prevented or detected.

Cause

The District's business manager lacks the proper ability to prepare financial statements and the associated disclosures. When audit services are sought, there is a requirement that the auditor will prepare the financial statements. In the past this may have been sufficient; however, the accounting profession, by issuance of SAS 115, now requires recognition and reporting of significant deficiencies in internal control when there is an ineffective oversight of the financial reporting and internal control by those charged with governance.

Recommendation

I recommend the business manager of the District attend seminars on governmental financial reporting to increase their knowledge and abilities.

Response:

The district's new business manager has been in place for the 2018-19 school year. The new business manager has and will continue to seek training credit hours on the preparation of GAAP financial statements and disclosures through NMASBO.

Responsible for Implementation: Superintendent and Business Manager
Time Frame: February 18, 2019- June 30, 2019

2018-004 (2017-002) Design Deficiencies in Internal Control over Financial Reporting Material Weakness - Internal Control

Condition

The District's internal control structure is inadequate. The District does not have a comprehensive documented internal control system over financial information. The District does not maintain proper oversight or monitoring in regards to the District's accounting activities and has not taken the proper measures to monitor and mitigate the risk for fraud, misappropriation of assets, or misstatement of financial statements. During my audit, I noted the following internal control deficiencies:

- There is a lack of internal control over journal entries. Manual journal entries are prepared and posted by the business manager without independent review.
- There are inadequate internal controls over bank reconciliations.
- There is a lack of internal control over capital assets. Capital asset reports were not reconciled to the general ledger or the prior year's schedule. The schedule was not updated to properly report dollar amounts of additions and to ensure that all assets were being depreciated in accordance with the District's policies. The District did not certify capital assets at the end of the year.
- The general ledger cash balances did not agree with the reconciled bank account balances or the PED quarterly reports.

Limited progress has been made correcting this finding.

Criteria

NMAC 6.20.2.11 states: Every school district shall establish and maintain an internal control structure to provide management with reasonable assurance that assets are safe-guarded 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, and that state and federal programs are managed in compliance with applicable laws and regulations. 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.

An internal control structure is required to demonstrate the District's ability to record, process, summarize and report financial data consistent with the following financial statement assertions:

- (1) rights and ownership;
- (2) existence and occurrence;
- (3) valuation and allocations;
- (4) completeness; and,
- (5) presentation and disclosure.

The internal control structure shall demonstrate that the District identifies applicable laws and regulations, and that procedures are designed to provide reasonable assurance that the District complies with those laws and regulations. Internal control procedures shall be established, documented and implemented. Appropriate internal control procedures shall be adopted by school board to safeguard its assets, check the accuracy and reliability of its accounting data, promote operational efficiency, and encourage adherence to prescribed managerial policies. The internal control structure shall address all District transactions.

Effect

Because certain internal controls have weaknesses in design, key controls are not in place to properly safeguard assets and prevent or detect material misstatements due to errors or fraud.

Cause

The District has not performed a formalized and documented risk assessment process for those key controls in place to prevent and detect errors or fraud.

Recommendation

The District should ensure that a comprehensive internal control structure over financial information is designed, documented, and implemented. Management should follow and ensure that all staff follows the District's documented internal control procedures. The School Board is charged with governance and should provide effective oversight of the internal control and financial reporting process.

Response

The district has replaced the business manager for the 2018-19 school year. The PED has placed the district on monthly reporting since March of 2018, to ensure reports are accurate. The new business manager will receive training on capital assets to insure they are added to the subsidiary ledger correctly and that ledger is reconciled, and end of year inventory is completed accurately.

Responsible for Implementation: Superintendent and Business Manager
Time Frame: February 18, 2019- June 30, 2019

STATE OF NEW MEXICO
 ELIDA MUNICIPAL SCHOOLS
 Schedule of Findings and Responses
 June 30, 2018

2018-005 (2017-003) Bank Reconciliation Preparation and Stale Dated Checks Material Weakness - Internal Control

Condition:

The District had not reconciled the operational checking, or wind farm savings accounts to the general ledger as of June 30, 2018. The reconciled total of the budgeted funds checking, and savings account was \$525,010, the general ledger showed ending cash balances totaling \$536,963, a difference of \$11,953. The reconciled bank balance for the activities fund checking was \$38,902, the general ledger balance was \$38,963, a difference of \$871.

The operational checking account had 2 checks totaling \$402.32 that were more than 1 year old. The list of outstanding checks provided to the auditor had 15 checks totaling \$58,057.86 that were voided in prior years.

The general ledger beginning cash balances do not agree with the prior years audited cash balances in the following funds:

	Audited Cash Balance 6/30/2017	General Ledger Cash Balance 7/1/2017	Difference
11000 Operational	\$ 68,234	\$ 28,565	\$ 39,669
13000 Transportation	(163)	138	(301)
24106 IDEA B Entitlement	(3,206)	32	(3,238)
27107 2012 GO Bond Student Library	(4,820)	0	(4,820)
27149 Pre-K Initiative	(1)	0	(1)
27195 STEM	(566)	0	(566)
31700 SB-9 State	(12,579)	7,019	(19,598)
Total	\$ 46,899	\$ 35,754	\$ 11,145

The following funds in the pooled operating bank account have deficit cash balances:

12000 Teacorage	\$ (4,659)
13000 Transportation	(150)
25233 REAP	(800)
27107 2012 GO Library	(4,820)
27195 STEM	(283)
29134 Wind Farm	(42,859)
	<u>\$ (53,571)</u>

No progress has been made correcting this finding.

Criteria

Per 6.20.2.14: All bank accounts shall be reconciled on a monthly basis. Reconciled bank statements are to be reviewed by the business manager and/or assistant superintendent for business administration. The bank statement, deposit slips, and canceled checks shall be made available to the district's auditor during the annual audit.

Section 7-8A NMSA 1978 and related regulations require the District provide information about the payee and the related funds to Unclaimed Property Division of the New Mexico Taxation and Revenue Department for checks that were distributed but not cashed within one year.

Effect

The District is not in compliance with 6.20.2.14. Adequate controls are not in place to prevent or detect misstatements of accounting information. Also, cash is subject to errors, fraud, or abuse.

The District is in violation of Section 7-8A NMSA 1978, and related regulations. Also, carrying numerous bank reconciling items could result in a misstatement in the accounting records or related misappropriation of funds.

Cause

There is no policy and procedure in place requiring the bank accounts be reconciled timely and reviewed by someone other than the preparer.

Recommendation

I recommend the District implement policies and procedures that require the bank accounts be prepared monthly and reviewed by someone other than the preparer. The bank reconciliation should include the issue date and payee of all outstanding checks.

The District should implement a procedure to review the outstanding check list for all bank accounts and track stale dated checks. If checks on the outstanding check list are greater than one-year-old take appropriate steps to ensure the funds are reported to the Unclaimed Property Division of the New Mexico Taxation and Revenue Department.

Response

The business manager will provide the check number, issue date, payee, and check amount for all outstanding checks on the bank reconciliation. Outstanding checks will be reviewed monthly to determine if they are actual liabilities of the District. At year end stale dated checks will either be voided or remitted to the Unclaimed Property Division of the New Mexico Taxation and Revenue Department.

Responsible for Implementation: Superintendent and Business Manager
Time Frame: February 18, 2019- June 30, 2019

2018-006 (2017-004) Capital Asset Listing / Depreciation Schedule
Control

Material Weakness - Internal

Condition

The District did not provide a reconciled capital asset listing and depreciation schedule for the fiscal year ending June 30, 2018.

The test of capital assets and depreciation revealed all new assets had not been added to the schedule and the four assets that was added in the prior year the wrong acquisition date still had the wrong acquisition date. The business manager relied on the auditor to provide a list of assets that needed to be added to and deleted from the schedule.

Also, the District did not conduct an annual inventory of movable chattel and equipment on the inventory list at the end of the physical year, nor did the board certify the correctness of the inventory after the physical inventory. No progress has been made correcting this finding.

Criteria

The Audit Act (12-6-10 NMSA 1978) requires agencies to capitalize only chattels and equipment that cost over five thousand dollars (\$5,000). All agencies shall maintain a capitalization policy that complies with the law. Older assets that were capitalized and added to the inventory listing under previous lower capitalization thresholds shall remain on the listing until they are disposed of.

Agencies shall conduct an annual physical inventory of movable chattels and equipment on the inventory list at the end of each fiscal year in accordance with the requirements of 12-6-10 NMSA 1978. The agency shall certify the correctness of the inventory after the physical inventory. This certification shall be provided to the agency's auditors.

Cause

There are no procedures in place to ensure that all capital assets are accounted for in a capital asset inventory listing. For the current year the business manager did not maintain the capital asset inventory and depreciation schedules. The entity was unable to provide a schedule that contained current year depreciation and capital asset information compliant with GASB 34.177a and 3.30.1.12 NMAC 1978.

Adequate records are not being kept that ensure all information is complete and accurate at any given point in time.

Effect

Lack of sufficient records results in assets that are not properly safeguarded. Asset identification and location are essential in the prevention of theft and loss of assets due to fraudulent activity. Capital assets cannot be correctly depreciated due to lack of information being maintained. The financial statements of the District may not comply with GASB 34 and Section 12-6-10(A) NMSA 1978.

The board was unable to conduct and certify a physical inventory at the end of the year due to the schedules not being current.

Recommendation

The business manager should attend training to become familiar with the preparation of a capital asset inventory and depreciation schedule that is GASB 34 compliant.

A physical inventory should be conducted at year end and certified as correct and provided to the auditor.

Response

Response: The business manager has and will continue to seek training through NMASBO and other avenues on the preparation of a capital asset inventory and depreciation schedule that is GASB 34 compliant.

Responsible for Implementation: Superintendent and Business Manager
Time Frame: February 18, 2019- June 30, 2019

2018-007 (2017-005) Inadequate Review of Manual Journal Entries Material Weakness - Internal Control & Compliance

Condition

During the 2018 fiscal year, the District did not have procedures in place for authorization and review of manual journal entries. Multiple journal entries were posted to reconcile revenues and expenditures of the District without supporting documents and management review. The District hired a new business manager and has implemented policies and procedures to correct this finding.

Criteria

Good accounting practices requires that manual adjusting entries be reviewed and authorized by someone other than the person initiating the adjusting entry.

Fund balance is the equity account, it should not be used to adjust current year expenditures.

Effect

Without a proper review processes, there is a greater risk that improper adjustments could be made. Improper adjustments result in balances being materially misstated. Also, the risk of fraudulent acts increases without proper review and approval.

Cause

The District is unaware of the significance of internal controls needed for manual journal entries.

Recommendation

I recommend all journal entries require a second person's review and approval prior to posting to the accounting records.

Response

The district has implemented a policy that requires all revenue to be entered into the general ledger as a deposit and all expenditures entered as a check. Journal entries will only as needed to correct errors and will be reviewed by the superintendent.

Responsible for Implementation: Superintendent and Business Manager
Time Frame: February 18, 2019- June 30, 2019

2018-008 (2017-007) PED Cash Reports

Significant Deficiency - Internal Control & Compliance

Condition

The District's PED Cash Report at July 1, 2017 did not properly reflect the audited cash balance at June 30, 2017. The total beginning cash per the PED Cash Report was \$429,334, the June 30, 2017 audited cash balances was \$429,335 a difference of \$1.

The District's PED Cash Report at June 30, 2018 did not properly reflect the audited cash balance at June 30, 2018. The total ending cash per the PED Cash Report was \$565,111, the June 30, 2018 audited cash balances was \$563,775 a difference of \$1,336.

The District hired a new business manager and has implemented policies and procedures to correct this finding.

Criteria

6.20.2.11 (B) (6) NMAC and Regulation SBE-6 the reports sent to the New Mexico Public Education Department (PED) must agree to the District's general ledger and must be submitted quarterly and annually by July 31.

Effect

The information that is reported to PED is incomplete and could lead to inappropriate funding for the District. The District's general ledger cash accounts did not properly reflect the cash available to each fund.

Cause

The District does not have policies and procedures in place to assure the correct balances are reported to PED. Nor do they have policies and procedures in place to assure the general ledger cash is correct. Nor does the District have policies and procedures in place that require all reports be reviewed and approved by someone other than the preparer.

Recommendation

I recommend the District develop policies and procedures that assure all reports are reviewed and agreed to the general ledger prior to submission.

Response

The PED has the district on monthly reports since March 2018. The business manager will work with the district's PED budget analyst to ensure that the bank accounts, general ledger, and PED reports reconcile each month prior to submission to PED.

Responsible for Implementation: Superintendent and Business Manager

Time Frame: February 18, 2019- June 30, 2019

2018-009 (2017-008) Expenditures

Material Weakness - Internal Control & Compliance

Condition

During the review of the internal controls over disbursements, the following was noted:

- There were 28 out of 38 instances in which the vendor invoice predated the purchase order and or purchase requisition date. The invoices totaled \$115,784.59.
- There was 1 credit card statement with 1 missing receipt \$120.00 and a receipt attached not on the statement \$150.00.
- There was 1 credit card statement missing 11 receipts totaling \$664.61.
- There was 1 credit card statement missing 11 receipts totaling \$821.40.
- There was 1 credit card statement missing 9 receipts totaling \$446.48.
- There was 1 payment to the credit card company without a statement attached, the receipts attached to the check copy totaled \$1,663.11, the payment was \$2,773.24. The total of the attached receipts was \$1,110.132 less than the payment amount.
- There was one payment with no PO attached totaling \$46,275.00.
- There was one payment without a vendor statement or invoice attached totaling \$11,467.88.

The District hired a new business manager and has implemented policies and procedures to correct this finding.

Criteria

Good internal controls and sound business practice require that the District develop policies and procedures for internal controls over revenue. Good internal controls and sound business practice also require that the District establish and implement internal control procedures over cash receipts. The District should ensure that pre numbered receipts are issued for all revenue. The receipts should be agreed to the general ledger daily.

Additionally, Section 6-5-8 NMSA 1978, states that purchases for goods and services, other than personnel, must be accompanied by supporting invoices and documentation, and the New Mexico Procurement Code (13-1-28 to 13-1-199 NMSA 1978) states that purchase orders should be approved by management prior to purchases, including purchase order revisions as necessary.

6.20.2.14, NMAC 1978 states the school district shall verify that there is sufficient cash and budget prior to the disbursement of cash.

Effect

The lack of enforcing Section 6-6-3 NMSA 1978 and Section 6-5-8 NMSA 1978 may result in the un-authorized purchases and/or purchases that exceed available resources. The district is in violation of Section 6-5-8 NMSA 1978, and New Mexico Procurement Code (13-1-28 to 13-1-199 NMSA 1978)

Cause

The District does not have policies and procedures in place to verify procurement requirement are followed.

Recommendation

The District should adopt and enforce policies and procedures for the purchase of goods and/or services. The policies and procedures should ensure purchase orders are authorized prior to the purchase of goods and services, and invoices are only paid when all the required documents are in hand, and they should also verify sufficient cash and budget is available prior to making disbursements.

Response

The district has implemented for the 2018-19 school year that expenditures will not be authorized without an approved purchase order in place. The purchase order approval process will require verification that adequate budget is available prior to approval.

Responsible for Implementation: Superintendent and Business Manager
Time Frame: February 18, 2019- June 30, 2019

2018-010 (2017-010) Unauthorized Temporary Inter-Fund Loans & Compliance

Significant Deficiency - Internal Control

Condition

As of June 30, 2018, there were funds that overspent their cash balance that was pooled with other funds. This resulted in the funds borrowing from the operational fund without the approval of the local governing board. The following funds had unauthorized loans:

	Interfund Receivable	Interfund Payable
11000 Operational	\$ 73,902	\$ -
24101 Title 1	-	(744)
24106 Entitlement	-	(15,537)
27114 NM Reads	-	(9,316)
27149 Pre K	-	(113)
24154 Teacher/Principal Training	-	(441)
24189 Student Support & Academic Enrichment	-	(502)
27103 Dual Credit	-	(604)
27128 Recruitment Support	-	(644)
31700 SB-9 State	-	(46,001)
Totals	<u>\$ 73,902</u>	<u>\$ (73,902)</u>

The District hired a new business manager and has implemented policies and procedures to correct this finding.

Criteria

PASB Supplement 7 states "Temporary transfers require local board approval only. Districts/charter schools may make a loan from the operational fund to another fund based on the maximum expected need during the year to minimize the cycles of board approval, making a loan and repaying it several times during the year, with a goal of having the loan repaid at year end." Internal control should exist to provide reasonable assurance that no disbursement is made that would result in a deficit cash balance within a fund. Program specific revenues cannot be used to fund other programs without the proper approval of the awarding agency. The local Board of Education is required to approve all inter-fund loans.

Cause: The state system requires that the federal funds should be spent before the schools get the money from the funding source, allowing the funding source to review and approve expenditures before reimbursement. The other cause was the school did not make the appropriate loan from the Operating Fund creating a deficit cash balance in the fund.

Effect

The District is not following the procedures of PASB Supplement 7.

Recommendation

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

Response

The district has implemented policies and procedures that provide reasonable assurance that disbursements are not made that result in deficit cash balance within a fund. All temporary loans require board approval.

Responsible for Implementation: Superintendent and Business Manager
 Time Frame: February 18, 2019- June 30, 2019

2018-011 Compliance with the Anti-Donation Clause and Mileage and Per diem Act Compliance Other

Condition

During the audit, it was noted the District provided meals to a non-employee in violation of Article 9, Section 14 of the New Mexico Constitution, also referred to as the Anti-Donation Clause. The meal was provided to a coaches' wife on a trip to receive a national coaching award. The cost of the wife's meals was \$101.76. Also, the request for reimbursement showed two of seven days meal reimbursement exceeded the \$30.00 a day limit and 3 of the 12 receipts were not itemized receipts.

Criteria

Article 9, Section 14 of the New Mexico Constitution states that "neither the state nor any county, school district or municipality shall directly or indirectly lend or pledge its credit or make any donation to or in aid of any person, association or public or private corporation...". The various exemptions included in this section do not address the hosting of public events as an exemption from the Anti-Donation clause.

The New Mexico Department of Finance and Administration (DFA) have issued regulations in the form of Title 2, Chapter 42, Part 2, Travel and Per Diem Regulations Governing the Per Diem and Mileage Act of the New Mexico Administrative Code. The rule was issued in accordance with Section 10-8-1 to 10-8-8 NMSA 1978.

Effect

The District violated the provisions of Article 9, Section 14 of the New Mexico Constitution and Section 10-8-1 to 10-8-8 NMSA 1978.

Cause

The District lacks a policy that requires strict compliance with Article 9, Section 14 of the New Mexico Constitution and Section 10-8-1 to 10-8-8 NMSA 1978.

Recommendations

I recommend the District establish policies that comply with Article 9, Section 14 of the New Mexico Constitution and Section 10-8-1 to 10-8-8 NMSA 1978.

Response

The district has replaced the business manager for the 2018-2019 school year. The District has developed a policy requiring strict compliance with Article 9, Section 14 of the New Mexico Constitution and Section 10-8-1 to 10-8-8 NMSA 1978.

Responsible for Implementation: Superintendent and Business Manager
Time Frame: February 18, 2019- June 30, 2019

2018-012

Education Retirement Board

Compliance Other

Condition

During the audit, it was noted the District had not include the business managers contracted earnings as wages subject to ERB contributions. The District was required to purchase non-reporting contributions in the amount of \$23,353.11 including \$1,499.97 interest. The business manager was required to purchase non-reporting contributions in the amount of \$17,976.67 including \$1,154.64 interest.

Criteria

The District was unable to provide documents to prove the business manager completed the NMERB Independent Contractor Determination Application and submit it to ERB for review and approval.

Non-Reported Service must be purchased per Section 2.82.3.12.

Educational Retirement Act, Sections 22-11-1 to 22-11-55 NMSA 1978 requires one hundred percent of payroll be reported to ERB. Membership is mandatory, unless membership is specifically excluded.

Cause

The business manager did not report herself as a Regular member on the Work Report earnings to ERB.

Effect

The District was not in compliance with Educational Retirement Act, Sections 22-11-1 to 22-11-55 NMSA 1978 and was assessed interest in the amount of \$1,499.97. Also, the District was required to spend \$23,353.11 that was not budgeted.

Recommendation

The District should develop policies and procedures that require strict compliance with Educational Retirement Act, Sections 22-11-1 to 22-11-55 NMSA 1978.

Response

The district has replaced the business manager for the 2018-2019 school year. In the future 100% of wages will be included in the ERB contribution unless specifically excluded.

Responsible for Implementation: Superintendent and Business Manager

Time Frame: February 18, 2019- June 30, 2019

2018-013 (2017-011) Audit Report Filed Late

Compliance Other

Condition

The June 30, 2018 audit report was not submitted to the State Auditor's office timely. There was no progress correcting this finding in the current year, but the district anticipates submitting the audit timely next year.

Criteria

According to State Auditor Rule NMAC 2.2.2.9, the audited financial statements were due November 15 of the fiscal year audited.

Cause

The audit was submitted to the New Mexico State Auditor on February 5, 2019.

Effect

The District is not in compliance with State Auditor Rule 2.2.2.9 for the fiscal year ended June 30, 2018.

Recommendation

The audit needs to be submitted timely.

Response

The district has replaced the business manager for the 2018-2019 school year. The Superintendent and School Board agree that the audit should be submitted timely. The district is working diligently to correct the findings in this audit. Also, the district is implementing internal control policies and procedures to safeguard the Districts assets and assure accurate records are maintained.

Responsible for Implementation: Superintendent and Business Manager

Time Frame: February 18, 2019- June 30, 2019

Financial Statement Preparation

Although it would be preferred and desirable for the District to prepare its own GAAP-basis financial statements, it is felt that the District's personnel did not have the time to prepare them. Therefore, the outside auditor prepared the GAAP basis financial statements and footnotes for inclusion in the annual audit report from the original books and records provided to them by the management of the District. Management of the District has reviewed and approved these financial statements and related notes and believes they are adequately supported by the books and records of the government.

Exit Conference

The contents of this report were discussed with, Tandee Delk, Superintendent, Emiliano Jasso, Jr., Board President, Scott Burton, Board Member, Annette Kirk, Business Manager, and Sandra Rush, CPA, in an exit conference on February 6, 2019.

