

**STATE OF NEW MEXICO  
FLOYD MUNICIPAL SCHOOLS**

**Audited Financial Statements  
and Other Financial Information**

**June 30, 2018**



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**FLOYD MUNICIPAL SCHOOLS  
OFFICIAL ROSTER**

BOARD OF EDUCATION

Leon Nall	President
Jeff Essary	Vice President
Vicki Banister	Secretary
Clovis Gray	Member
Steven Cain	Member

SCHOOL OFFICIALS

Damon Terry	Superintendent
Margie Plummer	Business Manager

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## **FINANCIAL SECTION**

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## **Independent Auditors' Report**

To Wayne Johnson  
New Mexico State Auditor

Board of Education  
Floyd Municipal Schools

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, the aggregate remaining fund information and the budgetary comparisons for the general fund and major special revenue funds of Floyd Municipal Schools (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***

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

### ***Auditor's Responsibility***

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

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

statements.

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

### ***Opinions***

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

### ***Other Matters***

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the *Schedules of the District's Proportionate Share of the Net Pension Liability and Net OPEB Liability*, and *Schedules of District Contributions* on pages 56 - 59 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements, the combining and individual fund financial statements, and the budgetary comparisons that collectively comprise the District's basic financial statements. The other schedules required by 2.2.2 NMAC as noted in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other schedules required by 2.2.2 NMAC as noted in the table of contents, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 25, 2018 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.



Pattillo, Brown & Hill, L.L.P.  
Albuquerque, New Mexico  
October 25, 2018

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## **BASIC FINANCIAL STATEMENTS**

**STATE OF NEW MEXICO**  
**FLOYD MUNICIPAL SCHOOLS**  
**STATEMENT OF NET POSITION**  
**June 30, 2018**

(Page 1 of 2)

	<u>GOVERNMENTAL ACTIVITIES</u>
<b>ASSETS</b>	
Current Assets	
Cash	\$ 328,571
Property taxes receivable	634
Due from other agencies	76,706
Other receivables	79,042
Inventory	713
<i>Total current assets</i>	<u>485,666</u>
Noncurrent Assets	
Capital assets, non-depreciable	
Land	5,000
<i>Total capital assets, non-depreciable</i>	<u>5,000</u>
Capital assets, net of accumulated depreciation	
Buildings and improvements	3,791,205
Equipment	191,121
Land improvements	494,803
Vehicles	483,923
Less: accumulated depreciation	(3,249,826)
<i>Total capital assets, net of accumulated depreciation</i>	<u>1,711,226</u>
<i>Total noncurrent assets</i>	<u>1,716,226</u>
<i>Total assets</i>	<u>2,201,892</u>
<b>DEFERRED OUTFLOWS</b>	
Pension related	2,281,063
OPEB related	34,322
<i>Total deferred outflows</i>	<u>2,315,385</u>

STATE OF NEW MEXICO  
 FLOYD MUNICIPAL SCHOOLS  
 STATEMENT OF NET POSITION  
 June 30, 2018

(Page 2 of 2)

	GOVERNMENTAL ACTIVITIES
<b>LIABILITIES</b>	
Current liabilities	
Accounts payable	6,818
Compensated leave	4,167
<i>Total current liabilities</i>	<u>10,985</u>
Noncurrent Liabilities	
Compensated leave	17,431
Net pension liability	6,615,848
Net OPEB liability	1,794,996
<i>Total noncurrent liabilities</i>	<u>8,428,275</u>
<i>Total liabilities</i>	<u>8,439,260</u>
<b>DEFERRED INFLOWS</b>	
Pension related	193,627
OPEB related	408,536
<i>Total deferred inflows</i>	<u>602,163</u>
<b>NET POSITION</b>	
Investment in capital assets	1,716,226
Restricted for:	
Instruction	37,555
Capital projects	320,772
Unrestricted	(6,598,699)
<i>Total net position</i>	<u>\$ (4,524,146)</u>

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STATE OF NEW MEXICO  
FLOYD MUNICIPAL SCHOOLS  
STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2018

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Assets
					Total Governmental Activities
Primary government					
Governmental activities					
Instruction	\$ 2,469,431	1,200	206,306	-	(2,261,925)
Support services					
Students	254,880	9,947	95,034	-	(149,899)
Instruction	190,357	-	-	-	(190,357)
General administration	234,781	-	-	-	(234,781)
School administration	74,079	-	-	-	(74,079)
Central services	54,747	-	-	-	(54,747)
Operation & maintenance of plant	672,647	-	-	-	(672,647)
Student transportation	142,274	-	117,356	-	(24,918)
Food services-operations	187,835	11,593	96,982	-	(79,260)
Capital outlay	23,566	-	-	82,193	58,627
<i>Total governmental activities</i>	<u>\$ 4,304,597</u>	<u>22,740</u>	<u>515,678</u>	<u>82,193</u>	<u>(3,683,986)</u>
<b>General Revenues</b>					
Property taxes					
Levied for general purpose					8,159
Levied for capital projects					33,110
Rent					25,085
State Equalization Guarantee Revenue					2,428,916
Miscellaneous					300,854
<i>Total general revenues</i>					<u>2,796,124</u>
<b>Change in net position</b>					<u>(887,862)</u>
Net position - beginning as previously stated					(1,504,111)
Prior period restatement (Note 16)					<u>(2,132,173)</u>
Net position - beginning as restated					<u>(3,636,284)</u>
<b>Net position - ending</b>					<u>\$ (4,524,146)</u>

**STATE OF NEW MEXICO**  
**FLOYD MUNICIPAL SCHOOLS**  
**BALANCE SHEETS - GOVERNMENTAL FUNDS**  
**June 30, 2018**

	GENERAL 11000-14000	FOOD SERVICES 21000
	<u>                    </u>	<u>                    </u>
<b>ASSETS</b>		
<i>Current assets</i>		
Cash	\$ 58,888	-
Accounts receivable		
Due from other governments	-	-
Property taxes	123	-
Other	-	-
Interfund receivables	122,388	-
Inventory	-	713
<i>Total assets</i>	<u>\$ 181,399</u>	<u>713</u>
 <b>LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES</b>		
<i>Current liabilities</i>		
Accounts payable	\$ 1,117	-
Interfund payables	-	46,501
<i>Total liabilities</i>	<u>1,117</u>	<u>46,501</u>
<i>Deferred Inflows</i>		
Unavailable revenue	-	-
<i>Total deferred inflows</i>	<u>-</u>	<u>-</u>
<i>Fund balances (deficit)</i>		
Nonspendable	-	713
Restricted	10,452	-
Unassigned	169,830	(46,501)
<i>Total fund balance (deficit)</i>	<u>180,282</u>	<u>(45,788)</u>
<i>Total liabilities, deferred inflows, and fund balance (deficit)</i>	<u>\$ 181,399</u>	<u>713</u>

IDEA-B ENTITLEMENT 24106	READS TO LEAD 27114	SENATE BILL 9 31700	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
-	-	196,329	73,354	328,571
22,723	20,901	184	32,898	76,706
-	-	511	-	634
-	-	79,042	-	79,042
-	-	-	-	122,388
-	-	-	-	713
<u>22,723</u>	<u>20,901</u>	<u>276,066</u>	<u>106,252</u>	<u>608,054</u>
-	-	5,066	635	6,818
<u>22,723</u>	<u>20,901</u>	<u>-</u>	<u>32,263</u>	<u>122,388</u>
<u>22,723</u>	<u>20,901</u>	<u>5,066</u>	<u>32,898</u>	<u>129,206</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	713
-	-	271,000	73,354	354,806
-	-	-	-	123,329
-	-	271,000	73,354	478,848
<u>22,723</u>	<u>20,901</u>	<u>276,066</u>	<u>106,252</u>	<u>608,054</u>

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**STATE OF NEW MEXICO  
 FLOYD MUNICIPAL SCHOOLS  
 GOVERNMENTAL FUNDS  
 RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION  
 June 30, 2018**

	<u>GOVERNMENTAL FUNDS</u>
Amounts reported for governmental activities in the statement of net position are different because:	
Fund balances - total governmental funds	\$ 478,848
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	1,716,226
Defined benefit pension plan deferred outflows are not financial resources and, therefore, are not reported in the funds.	2,281,063
OPEB plan deferred outflows are not financial resources and, therefore, are not reported in the funds.	34,322
Long term liabilities are not due and payable in the current period and therefore are not reported in the funds	
Compensated absences	(21,598)
Net pension liability	(6,615,848)
Net OPEB liability	(1,794,996)
Defined benefit pension plan deferred inflows are not due and payable in the current period and, therefore, are not reported in the funds	(193,627)
OPEB plan deferred inflows are not due and payable in the current period and, therefore, are not reported in the funds	<u>(408,536)</u>
<b>Net position of governmental activities</b>	<b>\$ <u><u>(4,524,146)</u></u></b>

**STATE OF NEW MEXICO  
FLOYD MUNICIPAL SCHOOLS  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2018**

	GENERAL 11000-14000	FOOD SERVICES 21000
<b>Revenues</b>		
Residential/non-residential taxes	\$ 8,159	-
Rent and leases	25,085	-
Fees-activities	-	-
Fees-users	1,200	11,593
State grants	2,552,886	-
Federal grants	-	91,957
Interest income	56	-
Miscellaneous	295,956	-
<i>Total revenues</i>	<u>2,883,342</u>	<u>103,550</u>
<b>Expenditures</b>		
Current		
Instruction	1,531,254	-
Support services		
Students	109,404	-
Instruction	127,275	-
General administration	173,578	-
School administration	52,045	-
Central services	54,747	-
Operations & maintenance of plant	631,039	-
Student transportation	117,356	-
Food services-operations	58,207	101,208
Capital outlay	-	-
<i>Total expenditures</i>	<u>2,854,905</u>	<u>101,208</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>28,437</u>	<u>2,342</u>
<b>Other financing sources (uses)</b>		
Operating transfers	<u>32,596</u>	-
<i>Total other financing sources (uses)</i>	<u>32,596</u>	-
<b>Net change in fund balances</b>	61,033	2,342
<b>Fund balances, beginning of year</b>	<u>119,249</u>	<u>(48,130)</u>
<b>Fund balances, end of year</b>	<u>\$ 180,282</u>	<u>(45,788)</u>

IDEA-B ENTITLEMENT 24106	READS TO LEAD 27114	SENATE BILL 9 31700	OTHER GOVERNMENTAL FUNDS	TOTAL
-	-	985	32,125	41,269
-	-	-	-	25,085
-	-	-	9,947	9,947
-	-	-	-	12,793
-	110,342	82,193	42,969	2,788,390
65,401	-	-	81,039	238,397
-	-	-	-	56
-	-	4,767	75	300,798
<u>65,401</u>	<u>110,342</u>	<u>87,945</u>	<u>166,155</u>	<u>3,416,735</u>
23,888	110,342	-	90,876	1,756,360
41,513	-	-	29,633	180,550
-	-	-	9,589	136,864
-	-	-	326	173,904
-	-	-	-	52,045
-	-	-	-	54,747
-	-	-	-	631,039
-	-	-	-	117,356
-	-	-	5,025	164,440
-	-	12,983	18,303	31,286
<u>65,401</u>	<u>110,342</u>	<u>12,983</u>	<u>153,752</u>	<u>3,298,591</u>
-	-	74,962	12,403	118,144
-	-	(36,276)	3,680	-
-	-	(36,276)	3,680	-
-	-	38,686	16,083	118,144
-	-	232,314	57,271	360,704
<u>-</u>	<u>-</u>	<u>271,000</u>	<u>73,354</u>	<u>478,848</u>

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**STATE OF NEW MEXICO  
 FLOYD 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**

	<u>GOVERNMENTAL FUNDS</u>
Amounts reported for governmental activities in the statements of activities are different because:	
Net change in fund balances - total governmental funds	\$ 118,144
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current year.	(164,758)
Change in accrued compensated absences	(9,460)
Change in net pension liability	(794,751)
Change in OPEB liability	<u>(37,037)</u>
<b>Change in net position</b>	<b>\$ <u><u>(887,862)</u></u></b>

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STATE OF NEW MEXICO  
FLOYD MUNICIPAL SCHOOLS  
GENERAL FUND - 11000, 12000, 13000, 14000  
STATEMENT OF REVENUES AND EXPENDITURES -  
BUDGET (NON-GAAP BASIS) AND ACTUAL  
For the Year Ended June 30, 2018

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
<b>Revenues</b>				
Residential/non-residential taxes	\$ 8,274	8,274	8,036	(238)
Rent and leases	20,000	20,000	25,085	5,085
Fees-users	1,200	1,200	1,200	-
State grants	2,454,082	2,454,082	2,552,886	98,804
Interest income	30	30	56	26
Miscellaneous	42,100	275,432	295,956	20,524
<i>Total revenues</i>	<u>2,525,686</u>	<u>2,759,018</u>	<u>2,883,219</u>	<u>124,201</u>
Cash balance budgeted	<u>119,249</u>	<u>119,249</u>	<u>-</u>	<u>(119,249)</u>
<i>Total revenues and cash</i>	<u>2,644,935</u>	<u>2,878,267</u>	<u>2,883,219</u>	<u>4,952</u>
<b>Expenditures</b>				
Current				
Instruction	1,559,882	1,589,354	1,534,143	55,211
Support services				
Students	115,720	117,271	109,404	7,867
Instruction	144,395	144,395	127,275	17,120
General administration	179,151	190,762	173,578	17,184
School administration	52,735	52,735	52,045	690
Central services	55,100	64,600	54,747	9,853
Operations & maintenance of plant	374,789	462,345	631,039	(168,694)
Student transportation	117,356	117,356	113,350	4,006
Other support services	925	925	-	925
Food service - operations	39,208	233,139	58,207	174,932
<i>Total expenditures</i>	<u>2,639,261</u>	<u>2,972,882</u>	<u>2,853,788</u>	<u>119,094</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>5,674</u>	<u>(94,615)</u>	<u>29,431</u>	<u>124,046</u>
<b>Other financing sources</b>				
Operating transfers	-	-	32,596	(32,596)
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>32,596</u>	<u>(32,596)</u>
<b>Net change in fund balances</b>	<u>5,674</u>	<u>(94,615)</u>	<u>62,027</u>	<u>62,027</u>
<b>Cash or fund balance June 30, 2017</b>	<u>-</u>	<u>-</u>	<u>119,249</u>	<u>119,249</u>
<b>Cash or fund balance June 30, 2018</b>	<u>\$ 5,674</u>	<u>(94,615)</u>	<u>181,276</u>	<u>181,276</u>
Reconciliation to GAAP Basis:				
Adjustments to revenues			123	
Adjustments to expenditures			(1,117)	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ 61,033</u>	

STATE OF NEW MEXICO  
 FLOYD MUNICIPAL SCHOOLS  
 FOOD SERVICES SPECIAL REVENUE FUND - 21000  
 STATEMENT OF REVENUES AND EXPENDITURES -  
 BUDGET (NON-GAAP BASIS) AND ACTUAL  
 For the Year Ended June 30, 2018

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
<b>Revenues</b>				
Fees-users	\$ 9,985	9,985	11,593	1,608
Federal grants	91,000	91,000	91,957	957
<i>Total revenues</i>	100,985	100,985	103,550	2,565
Cash balance budgeted	(49,878)	(49,878)		
<i>Total revenues and cash</i>	51,107	51,107		
<b>Expenditures</b>				
Current				
Food service - operations	100,985	100,985	100,173	812
<i>Total expenditures</i>	100,985	100,985	100,173	812
<b>Excess (deficiency) of revenues over (under) expenditures</b>	(49,878)	(49,878)	3,377	3,377
<b>Other financing sources</b>				
Operating transfers	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<b>Net change in fund balances</b>	(49,878)	(49,878)	3,377	3,377
<b>Cash or fund balance June 30, 2017</b>	-	-	(48,130)	(48,130)
<b>Cash or fund balance June 30, 2018</b>	\$ (49,878)	(49,878)	(44,753)	(44,753)
Reconciliation to GAAP Basis:				
Adjustments to revenues			-	
Adjustments to expenditures			(1,035)	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			\$ 2,342	

STATE OF NEW MEXICO  
 FLOYD MUNICIPAL SCHOOLS  
 IDEA-B ENTITLEMENT SPECIAL REVENUE FUND - 24106  
 STATEMENT OF REVENUES AND EXPENDITURES -  
 BUDGET (NON-GAAP BASIS) AND ACTUAL  
 For the Year Ended June 30, 2018

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
<b>Revenues</b>				
Federal grants	\$ 76,366	76,366	63,540	(12,826)
<i>Total revenues</i>	76,366	76,366	63,540	(12,826)
Cash balance budgeted	-	-		
<i>Total revenues and cash</i>	76,366	76,366		
<b>Expenditures</b>				
Current				
Instruction	19,842	39,762	23,888	15,874
Support services				
Students	56,524	70,943	41,513	29,430
<i>Total expenditures</i>	76,366	110,705	65,401	45,304
<b>Excess (deficiency) of revenues over (under) expenditures</b>	-	(34,339)	(1,861)	32,478
<b>Other financing sources</b>				
Operating transfers	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<b>Net change in fund balances</b>	-	(34,339)	(1,861)	(1,861)
<b>Cash or fund balance June 30, 2017</b>	-	-	-	-
<b>Cash or fund balance June 30, 2018</b>	\$ -	(34,339)	(1,861)	(1,861)
Reconciliation to GAAP Basis:				
Adjustments to revenues			1,861	
Adjustments to expenditures			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			\$ -	

STATE OF NEW MEXICO  
FLOYD MUNICIPAL SCHOOLS  
READS TO LEAD SPECIAL REVENUE FUND - 27114  
STATEMENT OF REVENUES AND EXPENDITURES -  
BUDGET (NON-GAAP BASIS) AND ACTUAL  
For the Year Ended June 30, 2018

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
<b>Revenues</b>				
State grants	\$ 90,718	90,718	89,441	(1,277)
<i>Total revenues</i>	90,718	90,718	89,441	(1,277)
Cash balance budgeted	-	-		
<i>Total revenues and cash</i>	90,718	90,718		
<b>Expenditures</b>				
Current				
Instruction	90,718	90,718	87,699	3,019
<i>Total expenditures</i>	90,718	90,718	87,699	3,019
<b>Excess (deficiency) of revenues over (under) expenditures</b>	-	-	1,742	1,742
<b>Other financing sources</b>				
Operating transfers	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<b>Net change in fund balances</b>	-	-	1,742	1,742
<b>Cash or fund balance June 30, 2017</b>	-	-	-	-
<b>Cash or fund balance June 30, 2018</b>	\$ -	-	1,742	1,742
Reconciliation to GAAP Basis:				
Adjustments to revenues			20,901	
Adjustments to expenditures			(22,643)	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			\$ -	

**STATE OF NEW MEXICO**  
**FLOYD MUNICIPAL SCHOOLS**  
**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES - AGENCY FUNDS**  
**June 30, 2018**

	<u>AGENCY FUNDS</u>
<b>ASSETS</b>	
<i>Current assets</i>	
Cash	\$ <u>61,970</u>
<i>Total assets</i>	\$ <u><u>61,970</u></u>
 <b>LIABILITIES</b>	
<i>Current liabilities</i>	
Deposits held in trust for others	\$ <u>61,970</u>
<i>Total liabilities</i>	\$ <u><u>61,970</u></u>

**STATE OF NEW MEXICO  
FLOYD MUNICIPAL SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2018**

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

**Reporting Entity**

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

In evaluating how to define the District, for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB Statements No. 14, *The Financial Reporting Entity*, No. 39, *Determining Whether Certain Organizations Are Component Units*, and No. 80, *Blending Requirements for Certain Component Units*. 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 additional criteria of GASB Statement No. 80 also requires blending of a component unit incorporated as a not-for profit corporation in which the primary government is the sole corporate member.

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

Based upon the application of these criteria, the District has no component units, and is not a component unit of another governmental agency.

The summary of significant accounting policies of the District is presented to assist in the understanding of the District's financial statements. The financial statements and notes are the representation of Floyd Municipal School District's management who is responsible for their integrity and objectivity. The financial statements of the District conform to generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.



**STATE OF NEW MEXICO  
FLOYD MUNICIPAL SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2018**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the non-fiduciary activities of the school district.

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

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

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

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

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

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

**STATE OF NEW MEXICO  
FLOYD MUNICIPAL SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2018**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

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

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

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

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

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

Under the requirements of GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, 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):

*FOOD SERVICES* – To account for funding for the school hot lunch program. Funding is provided by fees from patrons and USDA food reimbursements, under the National School Lunch Act of 1946, as amended, New Mexico Statutes Annotated, State Law 22-13-13.

*IDEA-B ENTITLEMENT*– To account for a federal grant restricted for the operation and maintenance of meeting the special education needs of children with disabilities. Authority for the creation of this fund is the Individuals with Disabilities Act, Part B, Sec. 611, as amended; Public Laws 91-230, 93-380, 94-142, 98-199, 99-457, 100-630, and 101-476; 20 U.S.C. 1401-1419, Public Law 105-17.

*READS TO LEAD* – To account for funds received to 1) increase the quality of reading instruction; 2) provide a screening assessment for use in planning data-driven instruction; 3) provide quality professional development for administrators, reading coaches, and teachers; 4) ensure that districts/charter schools have a comprehensive plan for addressing literacy instruction; and 5) reach

**STATE OF NEW MEXICO  
FLOYD MUNICIPAL SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2018**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

out to parents and families with free resources in English and Spanish to support children's reading at home. Authority for the creation of this fund is New Mexico House Bill 2.

*SENATE BILL-9* – To account for a 2.0 mill levy restricted by board resolution for erecting, remodeling, making additions to, providing equipment for, and furnishing school buildings, improving school grounds and maintenance of school buildings and grounds, exclusive of salary expense of employees. Authority for the creation of this fund is NMSA 22-25-1 to 22-25-10. Reported as a capital projects fund.

The government also reports the following fund types:

Governmental funds:

*Nonmajor Special Revenue Funds* - The District accounts for resources restricted to, or designated for, a specific purpose by the District or a grantor in a special revenue fund.

*Nonmajor Capital Projects Fund* - The proceeds from long-term debt financing and revenues and expenditures related to authorized construction and other capital asset acquisitions are accounted for in a capital projects fund.

Fiduciary funds:

*Agency Funds* - The District accounts for resources held for others in a custodial capacity in agency funds. The District's Agency Fund is the Student Activity Fund.

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

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. Also, in addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time.

Program revenues included in the Statement of Activities derive directly from the program itself or from parties outside the District's taxpayers or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the District's general revenues. Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. General revenues include all taxes.

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

**STATE OF NEW MEXICO  
FLOYD MUNICIPAL SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2018**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. The District does not currently employ indirect cost allocation systems. Depreciation expense is specifically identified by function and is included in the direct expense of each function.

**Assets, Liabilities, and Net Position or Equity**

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

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

Deposits of funds may be made in interest or non-interest bearing checking accounts in one or more banks or savings and loan associations within the geographical boundaries of the school 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 State Board of Finance shall set the rate of interest on non-demand interest-bearing accounts, 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 date 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.

Investments for the District are reported at fair value. The State Treasurer's Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

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

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

**STATE OF NEW MEXICO  
FLOYD MUNICIPAL SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2018**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**Inventories:** The food inventories are valued at cost using the first-in/first-out (FIFO) method. USDA Commodities are recorded at estimated costs. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

**Capital Assets:** Capital assets, which include property, plant, and equipment, are reported in the applicable governmental-wide financial statements. The District defines capital assets as assets with an initial, individual cost of more than \$5,000 per Section 12-6-10 NMSA 1978, and an estimated useful life extending beyond a single reporting period. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Construction expenditures paid by the New Mexico Public Facilities Authority are included in the District's disclosures and financial statements when appropriate.

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

Buildings & Improvements	25-75 years
Equipment & Vehicles	5-50 years

**Unearned Revenue:** The District recognizes grant revenue at the time the related expense is made if the expenditure of funds is the prime factor for determining eligibility for reimbursement; therefore, amounts received and not expended in the Special Revenue Funds are shown as unearned revenues.

**Compensated Absences:** The District has provided a compensated leave program to its twelve month employees. Upon severance, a qualifying employee may receive payment for unused leave up to the amount accrued in each of the two prior years.

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

**Salaries and Wages:** The District pays all salaries and wages due to teachers on or before June 30th of each year.

**STATE OF NEW MEXICO  
FLOYD MUNICIPAL SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2018**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Net Position or Fund Equity:** In the fund financial statements, governmental funds report reservations of fund balance that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. These designations are established to earmark resources for specific future use and to indicate that the fund equity does not represent available spendable resources.

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

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

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

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

The Government-wide Statement of Net Position reports \$354,806 of restricted net position of which \$354,806 is restricted by enabling legislation.

The District’s policy is to apply restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

*Fund Balance* – the difference between assets and liabilities in the governmental fund financial statements. Fund balance is among the most widely and frequently used information in state and local government financial reports. GASB developed Statement No. 54 to address the diversity of practice and the resulting lack of consistency that had evolved in fund balance reporting. To reduce confusion, the new standards establish a hierarchy of fund balance classifications based primarily on the extent to which a government is bound to observe spending constraints imposed upon how resources reported in governmental funds may be used.

Statement No. 54 distinguishes fund balances based on the relative strength of the constraints that control the purposes for which specific amounts can be spent. Beginning with the most binding constraints, fund balance amounts are reported in the following classifications:

**STATE OF NEW MEXICO  
FLOYD MUNICIPAL SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2018**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*Nonspendable* – portion of net resources that cannot be spent because of their form or because they must remain intact.

*Restricted* – amounts constrained by external parties, constitutional provision, or enabling legislation.

*Committed* – amounts constrained by a government using its highest level of decision-making authority. The Board of Education is the highest level of decision making authority.

*Assigned* – amounts a government intends to use for a particular purpose.

*Unassigned* – amounts that are not constrained at all will be reported in the general fund.

Statement No. 54 also clarifies the definitions of individual governmental fund types. It interprets certain terms within the definition of special revenue fund types, while further clarifying the debt service and capital projects fund type definitions. The final standard also specifies how economic stabilization or “rainy-day” amounts should be reported.

**Interfund Transactions:** Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund from expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that it reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements are reported as transfers. Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

**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.

**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 8-25, NMSA 1978) is at least equal to the school district's program cost".

A school district's program costs are determined through the use of various formulas using 'program units' which take into consideration 1) early childhood education; 2) basic education; 3) special education; 4) bilingual-multicultural education, 5) size, etc. Payment is made from the public school fund under the authority of the Director of Public School Finance. The District received \$2,428,916 in

**STATE OF NEW MEXICO  
FLOYD MUNICIPAL SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2018**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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 capital outlay purposes. Tax revenues are recognized when they are in the hands of the collecting agency.

The District records only the portion of the taxes considered to be 'measurable' and 'available'. The District recognized \$41,269 in tax revenues during the year ended June 30, 2018. Descriptions of the individual capital outlay funds contained in these financial statements include information regarding the authority for the collection and use of these taxes.

Property taxes attach an enforceable lien on property as of January 1. Tax notices are sent to property owners by November 1<sup>st</sup> of each year to be paid in whole or in two installments by November 10<sup>th</sup> and April 10<sup>th</sup> of each year. Roosevelt County collects County, City, and School taxes and distributes them to each fund once per month except in June when taxes are distributed twice to close out the fiscal year.

**Transportation Distribution:** School districts in the State of New Mexico receive student transportation distributions. The transportation distribution is allocated to each school district in accordance with formulas developed by the State Transportation Director and the Director of Public School Finance. The funds shall be used only for the purpose of making payments to each school district for the "to and from" school transportation costs of students in grades K through twelve attending public school within the school district. The District received \$117,356 in transportation distributions during the year ended June 30, 2018.

**Instructional Materials:** The New Mexico Public Education Department (PED) received federal material leasing funds from which it makes annual allocations to the various school districts for the purchase of educational materials. Of each allocation, fifty percent is restricted to the requisition of materials listed in the State Board of Education "State Adopted Instructional Material" list, while the other 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 \$6,614.

**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 reimbursement under the National School Lunch Program for its food services operations.

**Pensions:** For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Educational Retirement Plan (ERP) and additions to/deductions from ERP's fiduciary net position have been determined on the same basis as they are reported by ERP. For this purpose,



**STATE OF NEW MEXICO  
 FLOYD MUNICIPAL SCHOOLS  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2018**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

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

**NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between net changes in fund balances - total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains, "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The detail of this \$164,758 difference is as follows:

Capital Outlay	\$ 7,720
Depreciation Expense	<u>(172,478)</u>
Net adjustments to increase net changes in fund balances – total government funds to arrive at changes in net position of governmental activities	<u>\$ (164,758)</u>

**NOTE 3. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**Budgetary Information**

Budgets for the General, Special Revenue, and Capital Projects Funds are prepared by management and are approved by the local Board of Education and the Public School Budget and Planning Unit of the Department of Education. Auxiliary student activity accounts and the state directed activities fund are not budgeted. Additionally, the State Directed Activities fund (27200) was not budgeted.

These budgets are prepared on the Non-GAAP cash basis, excluding encumbrances, and secure appropriation of funds for only one year. Carryover funds must be appropriated in the budget of the subsequent fiscal year. The budget process in the State of New Mexico requires that the beginning cash balance be appropriated in the budget of the subsequent fiscal year. Such appropriated balance is legally restricted and is therefore presented as a reserved portion of fund balance.

Actual expenditures may not exceed the budget on function basis, i.e., each budgeted expenditure function must be within budgeted amounts. Budgets may be amended in two ways. If a budget transfer

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NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2018**

**NOTE 3. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)**

is necessary within a major category called a 'series', this may be accomplished with only local Board of Education approval. If a transfer between 'series' or a budget increase is required, approval must also be obtained from Public School Finance Division.

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

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

- In April or May, the Superintendent submits to the Board of Education a proposed operating budget of the fiscal year commencing the following July. The operating budget includes proposed expenditures and the means of financing them, and has approval by the Department of Education.
- In May or June, the budget is approved by the Board of Education.
- The school board meeting, while not intended for the general public, is open for the general public unless a closed meeting has been called.
- The Superintendent is authorized to transfer budgeted amounts between departments within any fund; however, the local Board of Education and the State of New Mexico Department of Education must approve any revisions that alter the total expenditures of any fund.
- Budgets for the General, Special Revenue, Capital Projects, and Debt Service Funds are adopted on a basis not consistent with generally accepted accounting principles (GAAP). Encumbrances are treated the same way for GAAP purposes and for Budget purposes.
- The Board of Education may approve amendments to the appropriated budget, which are required when a change is made affecting budgeted ending fund balance. The appropriated budget for the year ended June 30, 2017 was properly amended by the Board through the year. New Mexico state law prohibits a Governmental Agency to exceed an individual line item.

**NOTE 4. CASH AND TEMPORARY INVESTMENTS**

At June 30, 2018, the carrying amount of the District's deposits was \$390,541 and the bank balance was \$620,976. Of this balance \$250,000 was covered by federal depository insurance and \$338,141 was covered by collateral held in joint safekeeping by a third party in the entity's name.

NM State Statutes require collateral pledged for deposits in excess of the federal deposit insurance to be delivered, or a joint safekeeping receipt be issued, to the District for at least one half of the amount on deposit with the institution.

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**NOTE 4. CASH AND TEMPORARY INVESTMENTS (CONTINUED)**

The collateral pledged is shown as listed in the table of contents of this report and as listed below. 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.

<b>Type</b>	<b>James Polk Stone Community Bank</b>
Total deposits	\$ 620,976
Less: FDIC coverage	(250,000)
Total uninsured public funds	<u>\$ 370,976</u>
Collateral requirement (50%)	\$ 185,488
Pledged securities	338,141
(Over) under collateralized	<u>\$ (152,653)</u>

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

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

**NOTE 5. CUSTODIAL CREDIT RISK - DEPOSITS**

The State Treasurer monitors pledged collateral related to most state agency bank accounts. Pledged collateral information specific to the District is not available because the bank commingles pledged collateral for all state funds it holds.

Custodial risk is the risk that in the event of bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of June 30, 2018, \$32,835 of the District's deposits totaling \$620,976 were exposed to custodial credit risk.

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**NOTE 5. CUSTODIAL CREDIT RISK – DEPOSITS (CONTINUED)**

Custodial Credit Risk Deposits	
Account balance	\$ <u>620,976</u>
FDIC insurance	\$ 250,000
Collateral held by pledging bank's trust department not in the District's name	338,141
(Over) under collateralized	<u>32,835</u>
Total	\$ <u>620,976</u>

**NOTE 6. DUE TO AND FROM OTHER FUNDS**

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

Due to Operational Fund	
Food Services	\$ 46,501
Title I	14,103
IDEA-B Entitlement	22,723
Reads to Lead	20,901
Preschool IDEA-B	2,546
USDA Equipment Assistance	5,025
Dual Credit Textbook	75
2012 GO Bonds Library	9,589
Teacher Recruitment Initiative	<u>925</u>
<b>Total due to Operational Fund</b>	<b>\$ <u>122,388</u></b>

The balance of \$122,388 resulted from loans made to establish working capital for the individual funds. All loans are considered to be repaid within one year.

Net operating transfers made to close out funds, to supplement other funding sources, and to repay previous transfers were as follows:

<u>Governmental Funds</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Operational Fund (11000)	\$ 32,596	-
Senate Bill 9 (31700)	-	36,276
Pre-K Initiative (27149)	-	29,075
State Directed Activities (27200)	-	3,521
SB-9 Capital Improvements Local (31701)	<u>36,276</u>	<u>-</u>
<b>Total</b>	<b>\$ <u>68,872</u></b>	<b><u>68,872</u></b>

Governmental funds reported deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year there was no deferred revenue.

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**NOTE 7. RECEIVABLES**

Due from other governments:	
Title I	\$ 14,738
IDEA-B Entitlement	22,723
Reads to Lead	20,901
Senate Bill 9	184
Preschool IDEA-B	2,546
USDA Equipment Assistance	5,025
Dual Credit Textbooks	75
2012 GO Bonds Library	9,589
Teacher Recruitment Initiative	<u>925</u>
<b>Total due from other governments</b>	<b>\$ <u>76,706</u></b>

**NOTE 8. CAPITAL ASSETS**

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

	Balance <u>6/30/2017</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>6/30/2018</u>
Capital assets, not depreciated				
Land	\$ <u>5,000</u>	<u>-</u>	<u>-</u>	<u>5,000</u>
<b>Total not depreciated</b>	<b><u>5,000</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>5,000</u></b>
Capital assets, depreciated				
Buildings & Improvements	3,791,205	-	-	3,791,205
Equipment	183,401	7,720	-	191,121
Land Improvements	494,803	-	-	494,803
Vehicles	<u>624,535</u>	<u>-</u>	<u>(140,612)</u>	<u>483,923</u>
<b>Total depreciated</b>	<b><u>5,093,944</u></b>	<b><u>7,720</u></b>	<b><u>(140,612)</u></b>	<b><u>4,961,052</u></b>
Accumulated depreciation for				
Buildings & Improvements	2,422,035	94,437	-	2,516,472
Equipment	75,570	16,148	-	91,718
Land Improvements	346,126	14,726	-	360,852
Vehicles	<u>374,229</u>	<u>47,167</u>	<u>(140,612)</u>	<u>280,784</u>
<b>Total accumulated depreciation</b>	<b><u>3,217,960</u></b>	<b><u>172,478</u></b>	<b><u>(140,612)</u></b>	<b><u>3,249,826</u></b>
<b>Total capital assets, depreciated net</b>	<b>\$ <u>1,880,984</u></b>	<b><u>(164,758)</u></b>	<b><u>-</u></b>	<b><u>1,716,226</u></b>

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**NOTE 8. CAPITAL ASSETS (CONTINUED)**

Depreciation expense for the year ended June 30, 2018 was charged to governmental activities as follows:

Instruction	\$ 133,018
Support Services – Students	13,112
Support Services – Instruction	9,939
Support Services – General Administration	12,629
Support Services – School Administration	<u>3,780</u>
<b>Total depreciation expense</b>	<b><u>\$ 172,478</u></b>

**NOTE 9. COMPENSATED ABSENCES**

During the year ended June 30, 2018, the following changes occurred in accrued compensated absences:

Balance June 30, 2017	Leave Used	Leave Accrued	Balance June 30, 2018	Amount Due in One Year
\$ <u>12,138</u>	<u>1,283</u>	<u>10,743</u>	<u>21,598</u>	<u>4,167</u>

**NOTE 10. RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injury to employees; and natural disasters. The New Mexico Public Schools Insurance Authority (NMPSIA) was formed on April 5, 1985 under the New Mexico Public Schools Insurance Authority Act, Chapter 22, Section 2 of the New Mexico Statutes Annotated (NMSA 978), as amended, as an insurance fund to provide health, disability and life insurance coverage (benefits coverage), and property, casualty and workers' compensation insurance coverage (risk coverage) to participating public schools, school board members, public school employees, and retirees within the State of New Mexico. The District is one of 91 members that participate in NMPSIA. Participation in NMPSIA is mandatory for all K-12 public schools except those with enrollment exceeding 60,000 students. Participation is voluntary for other public education institutions. The District pays an annual premium to the pool for its general insurance coverage. The agreement for formation of NMPSIA provides that the pool will be self-sustaining through member premiums. NMPSIA establishes self-insured retentions by line of coverage and procures insurance or reinsurance, where indicated, in excess of the self-insured retention on a per occurrence basis. Annual financial reports can be obtained from NMPSIA or viewed on their website at <https://nmpsia.com/information.html>.

**NOTE 11. CONTINGENT LIABILITIES**

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

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**NOTE 12. PENSION PLAN – EDUCATIONAL RETIREMENT BOARD**

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

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**NOTE 12. PENSION PLAN – EDUCATIONAL RETIREMENT BOARD (CONTINUED)**

- 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.



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**NOTE 12. PENSION PLAN – EDUCATIONAL RETIREMENT BOARD (CONTINUED)**

**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 year ended June 30, 2018 and 2017 educational employers contributed to the Plan based on the following rate schedule.

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**NOTE 12. PENSION PLAN – EDUCATIONAL RETIREMENT BOARD (CONTINUED)**

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

The contribution requirements 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 and 2017, the District paid employee and employer contributions of \$418,755 and \$408,585, which equal the amount of the required contributions for each fiscal year.

***Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions*** – At June 30, 2018, the District reported a liability of \$2,281,063 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 District’s 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 0.05953 %, which was an increase of 0.00207% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the District recognized pension expense of \$794,877. At June 30, 2018, District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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**NOTE 12. PENSION PLAN – EDUCATIONAL RETIREMENT BOARD (CONTINUED)**

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 11,876	101,923
Changes in assumptions	1,931,296	-
Net difference between projected and actual earnings on pension plan investments	-	908
Changes in proportion and differences between contributions and proportionate share of contributions	100,045	90,796
Employer contributions subsequent to the measurement date	237,846	-
<b>Total</b>	<b>\$ 2,281,063</b>	<b>193,627</b>

\$237,846 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. 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	\$ 682,207
2019	748,180
2020	473,859
2021	(54,656)
2022	-
Thereafter	-

*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.

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**NOTE 12. PENSION PLAN – EDUCATIONAL RETIREMENT BOARD (CONTINUED)**

Average of Expected  
 Remaining Service Lives

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

**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.

**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.

**Disabled males:** RP-2000 Disabled Mortality Table for males, set back three years, projected to 2016 with Scale BB.

**Disabled females:** RP-2000 Disabled Mortality Table for females, no set back, projected to 2016 with Scale BB.

**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.

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

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**NOTE 12. PENSION PLAN – EDUCATIONAL RETIREMENT BOARD (CONTINUED)**

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 Real Rate of Return
Equities	33%	
Fixed income	26%	
Alternatives	40%	
Cash	1%	
<b>Total</b>	<b>100%</b>	<b>7.25%</b>

**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 Floyd Municipal Schools’ 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 (4.90%)	Current Discount Rate (5.90%)	1% Increase (6.90%)
Floyd Municipal Schools’ proportionate share of the net pension liability	\$ 8,612,188	6,615,848	4,984,002

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**NOTE 12. PENSION PLAN – EDUCATIONAL RETIREMENT BOARD (CONTINUED)**

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

**Payables to the pension plan.** The District did not accrue any payables for the pension plan at June 30, 2018. All 10-month teacher contracts for the school year are paid by fiscal year end.

**NOTE 13. POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN**

**Plan Description** - Employees for 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
	<hr/>
	160,035
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
	<hr/>
	97,349
	<hr/>

**STATE OF NEW MEXICO  
FLOYD MUNICIPAL SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2018**

**NOTE 13. POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN  
(CONTINUED)**

**Contributions** – Employer and employee contributions to the Fund total 3% for non-enhanced retirement plans and 3.75% of enhanced retirement plans of each participating employee’s salary as required by Section 10-7C-15 NMSA 1978. The contributions are established by statute and are not based on an actuarial calculation. All employer and employee contributions are non-refundable under any circumstance, including termination of the employer’s participation in the Fund. Contributions to the Fund from the District were \$51,483 for the year ended June 30, 2018.

**OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB** - At June 30, 2018, the District reported a liability of \$1,794,996 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 the 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 0.03961 percent.

For the year ended June 30, 2018, the District recognized OPEB expense of \$71,363. At June 30, 2018 the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	68,882
Changes in assumptions	-	313,832
Net difference between projected and actual earnings on OPEB plan investments	-	25,822
Employer contributions subsequent to the measurement date	<u>34,322</u>	<u>-</u>
<b>Total</b>	<b>\$ <u>34,322</u></b>	<b><u>408,536</u></b>

Deferred outflows of resources totaling \$34,322 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:

**STATE OF NEW MEXICO  
 FLOYD MUNICIPAL SCHOOLS  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2018**

**NOTE 13. POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN  
 (CONTINUED)**

	Year ended June 30:	
	2019	\$ (86,858)
	2020	(86,858)
	2021	(86,858)
	2022	(86,858)
	2023	(61,104)
	Total	\$ <u>(408,536)</u>

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
Inflation	2.50% for ERB; 2.25% for PERA
Projected payroll increases	3.50%
Investment rate of return	7.25%, net of OPEB plan investment expense and margin for adverse deviation including inflation
Health care cost trend rate	8% graded down to 4.5% over 14 years for Non-Medicare medical plan costs and 7.5% graded down to 4.5% over 12 years for Medicare medical plan costs

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



**STATE OF NEW MEXICO  
FLOYD MUNICIPAL SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2018**

**NOTE 13. POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN  
(CONTINUED)**

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

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

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

<u>1% Decrease (2.81%)</u>	<u>Current Discount Rate (3.81%)</u>	<u>1% Increase (4.81%)</u>
\$ <u>2,177,302</u>	<u>1,794,996</u>	<u>1,495,042</u>

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:

STATE OF NEW MEXICO  
 FLOYD MUNICIPAL SCHOOLS  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2018

NOTE 13. POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN  
 (CONTINUED)

	<u>1% Decrease</u>	<u>Current Trend Rates</u>	<u>1% Increase</u>
\$	<u>1,526,767</u>	<u>1,794,996</u>	<u>2,004,147</u>

**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.

**Payables changes in the net OPEB liability.** At June 30, 2018, the District did not accrue any payables for OPEB. All 10-month teacher contracts for the school year are paid by fiscal year end.

NOTE 14. DEFICIENT FUND BALANCE

The following fund had a deficient fund balance at June 30, 2018:

Food Services 21000	\$ (45,788)
---------------------	-------------

The District is addressing the negative fund balance and is planning on taking the appropriate actions to eliminate the negative balance.

NOTE 15. FUND BALANCES, GOVERNMENTAL FUNDS

On the Balance Sheets – Governmental Funds, the fund balances are reported in the aggregate using the classifications defined by GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Fund balances by classification for the year ended June 30, 2018 were as follows:

<u>Fund Balance</u>	<u>General Fund</u>	<u>Food Services</u>	<u>Senate Bill 9</u>	<u>Other Governmental Funds</u>
<b>Non-spendable</b>				
Inventory	\$ -	713	-	-
<b>Restricted</b>				
Instructional Materials	10,452	-	-	-
Athletics	-	-	-	23,582
State Directed Activities	-	-	-	-
Senate Bill 9	-	-	271,000	-
Senate Bill 9 – Local	-	-	-	49,772
<b>Unassigned</b>	<u>169,830</u>	<u>(46,501)</u>	<u>-</u>	<u>-</u>
	<u>\$ 180,282</u>	<u>(45,788)</u>	<u>271,000</u>	<u>73,354</u>

**STATE OF NEW MEXICO  
FLOYD MUNICIPAL SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2018**

**NOTE 16. PRIOR YEAR RESTATEMENT**

Beginning net position at June 30, 2018 was restated in the amount of \$2,132,173. This restatement was due to the implementation of GASB 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

**NOTE 17. RECENT ACCOUNTING PRONOUNCEMENTS**

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multi-Employer Plans*, for OPEB. This statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee services. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed. GASB Statement No. 75 was effective for periods after June 15, 2017. The District has adopted this statement for the year ending June 30, 2018.

In March 2016, the GASB issued Statement No. 81, *Irrevocable Split-Interest Agreements*. This statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interest. This statement requires that a government recognize revenue when the resources become applicable to the reporting period. GASB Statement No. 81 was effective for periods beginning after December 15, 2016. The District adopted this statement; however, there are no irrevocable split-interest agreements and the implementation of this statement had no effect on the District's financial statements.

In March 2017, the GASB issued Statement No. 85, *Omnibus 2017*. This statement addresses practice issues that have been identified during the implementation and application of certain GASB Statements. This statement addresses a variety of topics including issues related to blending component units, good will, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). GASB Statement No. 85 was effective for periods beginning after June 15, 2017. The adoption of GASB Statement No. 85 did not have a significant impact of the District's Financial Statements.

In May 2017, the GASB issued Statement No. 86, *Certain Debt Extinguishment issues*. This statement establishes essentially the same requirements as GASB Statement No.7, for when a government places cash and other monetary assets acquired with only existing resources in an irrevocable trust to extinguish debt. However, in financial statements using the economic resources measurement focus, governments should recognize any difference between the reacquisition price (the amount required to be placed in the trust) and the net carrying amount of the debt defeased in substance using only existing

**STATE OF NEW MEXICO  
FLOYD MUNICIPAL SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2018**

**NOTE 17. RECENT ACCOUNTING PRONOUNCEMENTS (CONTINUED)**

resources as a separately identified gain or loss in the period of defeasance. Governments that defease debt using only existing resources should provide a general description of the transaction in the notes to the financial statements in the period of defeasance. In all periods following an in-substance defeasance of debt using only existing resources, the amount of that debt that remains at period-end should be disclosed. GASB Statement No. 86 was effective for periods beginning after June 15, 2017. The District adopted this statement; however, there were no debt extinguishments and the implementation of this statement had no effect on the District's financial statements.

**NOTE 18. NEW ACCOUNTING PRONOUNCEMENTS**

The following GASB pronouncements have been issued, but are not yet effective at June 30, 2018.

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

GASB Statement No. 84, *Fiduciary Assets*

GASB Statement No. 87, *Leases*

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

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

The District will implement the new GASB pronouncements in the fiscal year no later than the required effective date. The District believes that the above listed new GASB pronouncements will not have a significant financial impact to the District or in issuing its financial statements.

**NOTE 19. TAX ABATEMENTS**

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

**NOTE 20. SUBSEQUENT EVENTS**

The date to which events occurring after June 30, 2018, the date of the most recent statement of net position, has been evaluated for possible adjustment to the financial statements or disclosures is October 23, 2018 which is the date on which the financial statements were issued.

**REQUIRED SUPPLEMENTARY INFORMATION**

**STATE OF NEW MEXICO  
PUBLIC EDUCATION DEPARTMENT  
FLOYD MUNICIPAL SCHOOLS  
SCHEDULE OF THE SCHOOL'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
June 30, 2018**

**New Mexico Educational Retirement Board Pension Plan  
For Last 10 Fiscal Years\*  
(Dollars in Thousands)**

	30-Jun				
	Fiscal Year	2018	2017	2016	2015
Measurement Date	2017	2016	2015	2014	2014
School's Proportion of the Net Pension Liability (Asset)	0.06%	0.06%	0.06%	0.06%	0.06%
School's Proportionate Share of Net Pension Liability (Asset)	\$ 6,616	4,378	3,897	3,470	
School's Covered-Employee Payroll	\$ 1,716	1,695	1,643	1,676	
School's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Its Covered-Employee Payroll	385.55%	258.29%	237.19%	207.04%	
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	52.95%	61.58%	63.97%	66.54%	

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

**STATE OF NEW MEXICO  
 FLOYD MUNICIPAL SCHOOLS  
 SCHEDULE OF SCHOOL CONTRIBUTIONS  
 June 30, 2018**

New Mexico Educational Retirement Board Pension Plan Last Ten Fiscal Years* (Dollars in Thousands)	2018	2017	2016	2015
Contractually Required Contribution	\$ 236	236	271	220
Contributions in Relation to the Contractually Required Contribution	239	228	238	220
Contribution Deficiency (Excess)	\$ (3)	8	33	-

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

**STATE OF NEW MEXICO  
PUBLIC EDUCATION DEPARTMENT  
FLOYD MUNICIPAL SCHOOLS  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY  
June 30, 2018**

**New Mexico Retiree Health Care Authority  
For Last 10 Fiscal Years\***

	<b>Fiscal Year Measurement Date</b>	<b>30-Jun 2018 2017</b>
District's Proportion of the Net OPEB liability (Asset)		0.04%
District's Proportionate Share of Net OBEB Liability (Asset)		\$ 1,794,996
District's Covered-Employee Payroll		\$ 1,650,013
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Its Covered-Employee Payroll		108.79%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability		11.34%

*\*This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the District will present information for available years.*



**STATE OF NEW MEXICO  
 FLOYD MUNICIPAL SCHOOLS  
 SCHEDULE OF DISTRICT CONTRIBUTIONS  
 June 30, 2018**

**New Mexico Retiree Health Care Authority  
 Last Ten Fiscal Years\***

	<u>2018</u>
Contractually Required Contribution	\$ 125,780
Contributions in Relation to the	<u>63,128</u>
Contribution Deficiency (Excess)	<u>\$ 62,652</u>
Employer's covered-employee payroll	\$ 1,650,013
Contributions as a percentage of covered- employee payroll	3.83%

*\*This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the District will present information for available years.*

**STATE OF NEW MEXICO  
FLOYD MUNICIPAL SCHOOLS  
REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2018**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

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

*Changes in NMERB 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%.

*Changes of benefit terms.* The Retiree Health Care Authority (RHCA) COLA and age eligibility benefits changes in recent years are described in the Notes to the RHCA FY18 audit available at <http://saonm.org/> using the Audit Search function for agency 11118.

*Changes of assumptions.* The Retiree Health Care Authority (RHCA) of New Mexico Biennial Actuarial Valuation as of June 30, 2017 report is available at <http://saonm.org/> using the Audit Search function for agency 11118.

## **SUPPLEMENTARY INFORMATION**

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**COMBINING GENERAL FUND**

STATE OF NEW MEXICO  
 FLOYD MUNICIPAL SCHOOLS  
 COMBINING BALANCE SHEET-GENERAL FUND  
 June 30, 2018

	OPERATIONAL 11000	TEACHERAGE 12000
	<u>                    </u>	<u>                    </u>
<b>ASSETS</b>		
<i>Current assets</i>		
Cash	\$ 38,212	10,224
Accounts receivable		
Property taxes	123	-
Interfund receivables	<u>122,388</u>	<u>-</u>
<i>Total assets</i>	<u>\$ 160,723</u>	<u>10,224</u>
 <b>LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES</b>		
<i>Current liabilities</i>		
Accounts payable	<u>\$ 1,117</u>	<u>-</u>
<i>Total liabilities</i>	<u>1,117</u>	<u>-</u>
 <i>Deferred Inflows</i>		
Unavailable revenue	<u>-</u>	<u>-</u>
<i>Total deferred inflows</i>	<u>-</u>	<u>-</u>
 <i>Fund balances (deficit)</i>		
Restricted	-	-
Unassigned	<u>159,606</u>	<u>10,224</u>
<i>Total fund balance (deficit)</i>	<u>159,606</u>	<u>10,224</u>
 <i>Total liabilities, deferred inflows, and fund balance (deficit)</i>	<u>\$ 160,723</u>	<u>10,224</u>

TRANSPORTATION 13000	INSTRUCTIONAL MATERIALS 14000	TOTALS
-	10,452	58,888
-	-	123
-	-	122,388
-	10,452	181,399
-	-	1,117
-	-	1,117
-	-	-
-	-	-
-	10,452	10,452
-	-	169,830
-	10,452	180,282
-	10,452	181,399

**STATE OF NEW MEXICO  
FLOYD MUNICIPAL SCHOOLS  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - GENERAL FUND  
For the Year Ended June 30, 2018**

	OPERATIONAL 11000	TEACHERAGE 12000
<b>Revenues</b>		
Residential/non-residential taxes	\$ 8,159	-
Rent and leases	11,368	13,717
Fees-users	1,200	-
State grants	2,428,916	-
Interest income	56	-
Miscellaneous	295,956	-
<i>Total revenues</i>	<u>2,745,655</u>	<u>13,717</u>
<b>Expenditures</b>		
Current		
Instruction	1,530,771	-
Support services		
Students	109,404	-
Instruction	127,275	-
General administration	173,578	-
School administration	52,045	-
Central services	54,747	-
Operations & maintenance of plant	615,946	15,093
Student transportation	-	-
Food services-operations	58,207	-
<i>Total expenditures</i>	<u>2,721,973</u>	<u>15,093</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>23,682</u>	<u>(1,376)</u>
<b>Other financing sources (uses)</b>		
Operating transfers	32,596	-
<i>Total other financing sources (uses)</i>	<u>32,596</u>	<u>-</u>
<b>Net change in fund balances</b>	56,278	(1,376)
<b>Fund balances, beginning of year</b>	<u>103,328</u>	<u>11,600</u>
<b>Fund balances, end of year</b>	<u>\$ 159,606</u>	<u>10,224</u>



TRANSPORTATION 13000	INSTRUCTIONAL MATERIALS 14000	TOTALS
-	-	8,159
-	-	25,085
-	-	1,200
117,356	6,614	2,552,886
-	-	56
-	-	295,956
<u>117,356</u>	<u>6,614</u>	<u>2,883,342</u>
-	483	1,531,254
-	-	109,404
-	-	127,275
-	-	173,578
-	-	52,045
-	-	54,747
-	-	631,039
117,356	-	117,356
-	-	58,207
<u>117,356</u>	<u>483</u>	<u>2,854,905</u>
-	6,131	28,437
-	-	32,596
-	-	32,596
-	6,131	61,033
-	4,321	119,249
-	10,452	180,282

STATE OF NEW MEXICO  
FLOYD MUNICIPAL SCHOOLS  
OPERATIONAL FUND - 11000  
STATEMENT OF REVENUES AND EXPENDITURES -  
BUDGET (NON-GAAP BASIS) AND ACTUAL  
For the Year Ended June 30, 2018

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
<b>Revenues</b>				
Residential/non-residential taxes	\$ 8,274	8,274	8,036	(238)
Rent and leases	3,800	3,800	11,368	7,568
Fees-users	1,200	1,200	1,200	-
State grants	2,328,035	2,328,035	2,428,916	100,881
Interest income	30	30	56	26
Miscellaneous	42,100	275,432	295,956	20,524
<i>Total revenues</i>	<u>2,383,439</u>	<u>2,616,771</u>	<u>2,745,532</u>	<u>128,761</u>
Cash balance budgeted	<u>103,328</u>	<u>103,328</u>		
<i>Total revenues and cash</i>	<u>2,486,767</u>	<u>2,720,099</u>		
<b>Expenditures</b>				
Current				
Instruction	1,553,008	1,579,411	1,529,654	49,757
Support services				
Students	115,720	117,271	109,404	7,867
Instruction	144,395	144,395	127,275	17,120
General administration	179,151	190,762	173,578	17,184
School administration	52,735	52,735	52,045	690
Central services	55,100	64,600	54,747	9,853
Operations & maintenance of plant	351,535	439,091	615,946	(176,855)
Other support services	925	925	-	925
Food service - operations	39,208	233,139	58,207	174,932
<i>Total expenditures</i>	<u>2,491,777</u>	<u>2,822,329</u>	<u>2,720,856</u>	<u>101,473</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(5,010)</u>	<u>(102,230)</u>	<u>24,676</u>	<u>230,234</u>
<b>Other financing sources</b>				
Operating transfers	-	-	32,596	(32,596)
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>32,596</u>	<u>(32,596)</u>
<b>Net change in fund balances</b>	<u>(5,010)</u>	<u>(102,230)</u>	<u>57,272</u>	<u>57,272</u>
<b>Cash or fund balance June 30, 2017</b>	<u>-</u>	<u>-</u>	<u>103,328</u>	<u>103,328</u>
<b>Cash or fund balance June 30, 2018</b>	<u>\$ (5,010)</u>	<u>(102,230)</u>	<u>160,600</u>	<u>160,600</u>
Reconciliation to GAAP Basis:				
Adjustments to revenues			123	
Adjustments to expenditures			(1,117)	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ 56,278</u>	

STATE OF NEW MEXICO  
FLOYD MUNICIPAL SCHOOLS  
TEACHERAGE FUND - 12000  
STATEMENT OF REVENUES AND EXPENDITURES -  
BUDGET (NON-GAAP BASIS) AND ACTUAL  
For the Year Ended June 30, 2018

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
<b>Revenues</b>				
Rent and leases	\$ 16,200	16,200	13,717	(2,483)
<i>Total revenues</i>	16,200	16,200	13,717	(2,483)
Cash balance budgeted	11,600	11,600		
<i>Total revenues and cash</i>	27,800	27,800		
<b>Expenditures</b>				
Current				
Support services				
Operations & maintenance of plant	23,254	23,254	15,093	8,161
<i>Total expenditures</i>	23,254	23,254	15,093	8,161
<b>Excess (deficiency) of revenues over (under) expenditures</b>	4,546	4,546	(1,376)	5,678
<b>Other financing sources</b>				
Operating transfers	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<b>Net change in fund balances</b>	4,546	4,546	(1,376)	(1,376)
<b>Cash or fund balance June 30, 2017</b>	-	-	11,600	11,600
<b>Cash or fund balance June 30, 2018</b>	\$ 4,546	4,546	10,224	10,224
Reconciliation to GAAP Basis:				
Adjustments to revenues			-	
Adjustments to expenditures			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			\$ (1,376)	

STATE OF NEW MEXICO  
 FLOYD MUNICIPAL SCHOOLS  
 TRANSPORTATION FUND - 13000  
 STATEMENT OF REVENUES AND EXPENDITURES -  
 BUDGET (NON-GAAP BASIS) AND ACTUAL  
 For the Year Ended June 30, 2018

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
<b>Revenues</b>				
State grants	\$ 117,356	117,356	117,356	-
<i>Total revenues</i>	<u>117,356</u>	<u>117,356</u>	<u>117,356</u>	<u>-</u>
Cash balance budgeted	-	-		
<i>Total revenues and cash</i>	<u>117,356</u>	<u>117,356</u>		
<b>Expenditures</b>				
Current				
Support services				
Student transportation	117,356	117,356	117,356	-
<i>Total expenditures</i>	<u>117,356</u>	<u>117,356</u>	<u>117,356</u>	<u>-</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Other financing sources</b>				
Operating transfers	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balances</b>	-	-	-	-
<b>Cash or fund balance June 30, 2017</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Cash or fund balance June 30, 2018</b>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
Reconciliation to GAAP Basis:				
Adjustments to revenues			-	
Adjustments to expenditures			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ -</u>	

STATE OF NEW MEXICO  
 FLOYD MUNICIPAL SCHOOLS  
 INSTRUCTIONAL MATERIALS FUND - 14000  
 STATEMENT OF REVENUES AND EXPENDITURES -  
 BUDGET (NON-GAAP BASIS) AND ACTUAL  
 For the Year Ended June 30, 2018

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
<b>Revenues</b>				
State grants	\$ 8,691	8,691	6,614	(2,077)
<i>Total revenues</i>	8,691	8,691	6,614	(2,077)
Cash balance budgeted	4,321	4,321		
<i>Total revenues and cash</i>	13,012	13,012		
<b>Expenditures</b>				
Current				
Instruction	6,874	9,943	483	9,460
<i>Total expenditures</i>	6,874	9,943	483	9,460
<b>Excess (deficiency) of revenues over (under) expenditures</b>	6,138	3,069	6,131	7,383
<b>Other financing sources</b>				
Operating transfers	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<b>Net change in fund balances</b>	6,138	3,069	6,131	6,131
<b>Cash or fund balance June 30, 2017</b>	-	-	4,321	4,321
<b>Cash or fund balance June 30, 2018</b>	\$ 6,138	3,069	10,452	10,452
Reconciliation to GAAP Basis:				
Adjustments to revenues			-	
Adjustments to expenditures			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			\$ 6,131	

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**NONMAJOR GOVERNMENTAL FUNDS**

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**SPECIAL REVENUE FUNDS**

**STATE OF NEW MEXICO  
FLOYD MUNICIPAL SCHOOLS  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2018**

**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:

**ATHLETICS (22000)** – To account for revenues received from non-instructional activities for use in the District's athletic and other non-instructional programs. Required by the New Mexico State Department of Education Manual of Procedures for New Mexico School Districts to be accounted for as a separate fund. Authority for this fund is the New Mexico Administrative Code 6.20.2.

**IASA TITLE I (24101)** – To account for funding for remedial instruction in language arts for educationally deprived students in low- income areas. Funds are received from the Federal Government through the New Mexico State Department of Education under the Elementary and Secondary Education Act of 1965, Title I, Chapter I, part A, 20 U.S.C. 2701 ef seq.

**PRESCHOOL IDEA-B (24109)** – To account for a federal grant restricted for the operation and maintenance of meeting the special education needs of children with disabilities. Authority for the creation of this fund is the Individuals with Disabilities Education Act, Part B, Sec. 611, as amended; Public Law 105-17.

**TEACHER/PRINCIPAL TRAINING (24154)** – To provide grants to State Education Agencies on a formula basis to increase student academic achievement through strategies such as improving teacher and principal quality and increasing the number of highly qualified teachers in the classroom and highly qualified principals and assistant principals in schools and hold local educational agencies and schools accountable for improvements in student academic achievement. The authority for the creation of this fund is the Elementary and Secondary Education Act of 1965 as amended; Title II, Part A, Public Law 107-110.

**USDA EQUIPMENT ASSISTANCE PROGRAM (24183)** – For providing equipment to improve school food services. Authorization (040): Richard B. Russell National School Lunch Act, as amended, 42 U.S.C. 1751, 1758, 1759a, 1761, 1765, 1766, 1769, 1772, 1773, 1779; School Breakfast Program (SBP); Child Nutrition Act of 1966, as amended, Public Laws 108-265, 104-193, 100-435, 99-661, 97-35; Special Milk Program (SMP); Child Nutrition Act of 1966, as amended; Child and Adult Care Food Program (CACFP); 89 Stat. 522-525, Summer Food Service Program (SFSP); Public Law 111-5. The 2010 Agriculture Appropriations Act (Public Law 111-80).

**RURAL EDUCATION (25233)** – To provide financial assistance to rural districts to carry out activities to help improve the quality of teaching and learning in rural schools. The authority for the creation of this fund is the Elementary and Secondary Education Act of 1965 (ESEA), Title VI, Part B, as amended.

**DUAL CREDIT TEXTBOOKS (27103)** – To purchase college textbooks for students who dual enroll in college credit courses while still attending high school. Authority for the creation of this fund is New Mexico state statute.

**STATE OF NEW MEXICO  
FLOYD MUNICIPAL SCHOOLS  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2018**

**SPECIAL REVENUE FUNDS (CONTINUED)**

**2012 GO BONDS LIBRARY (27107)** – To account for funds provided for the purpose of acquiring library books, equipment, and library resources for public school and state-supported school libraries statewide. Authority for the creation of this fund is the New Mexico Public Education Department.

**TEACHER RECRUITMENT INITIATIVE (27128)** – To account for monies received for teacher recruitment efforts such as signing bonuses for new teachers, covering the costs of travel to a recruiting/hiring event, updates to the District website with regard to recruitment, or the cost of placing advertisements in a newspaper or external website. Funding authorized by the New Mexico Public Education Department, Special Appropriation Fund.

**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 programs.

**STATE DIRECTED ACTIVITIES (27200)** – To account for a program funded by a state grant to assist in providing free appropriate public education to all handicapped children. Funding authorized by the Individuals with Disabilities Education Act.

**CAPITAL PROJECTS FUNDS**

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

**SENATE BILL 9 LOCAL (31701)** – To account for erecting remodeling, making additions to, and furnishing of school buildings, or purchasing or improving school grounds or any combination thereof, as identified by the local school board. Financing is provided by a special tax levy as authorized by the Public School District Capital Improvements Act. Authority for the creation of this fund is Section 22-25-1 to 22-25-10 NMSA 1978.

STATE OF NEW MEXICO  
 FLOYD MUNICIPAL SCHOOLS  
 COMBINING BALANCE SHEET-NONMAJOR GOVERNMENTAL FUNDS  
 SPECIAL REVENUE FUNDS  
 June 30, 2018

	ATHLETICS 22000	TITLE I 24101	PRESCHOOL IDEA-B 24109	TEACHER/ PRINCIPAL TRAINING 24154
<b>ASSETS</b>				
<i>Current assets</i>				
Cash	\$ 23,582	-	-	-
Accounts receivable				
Due from other governments	-	14,738	2,546	-
<i>Total assets</i>	<u>\$ 23,582</u>	<u>14,738</u>	<u>2,546</u>	<u>-</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<i>Current liabilities</i>				
Accounts payable	-	635	-	-
Interfund payables	-	14,103	2,546	-
<i>Total liabilities</i>	<u>-</u>	<u>14,738</u>	<u>2,546</u>	<u>-</u>
<i>Fund balances (deficit)</i>				
Nonspendable	-	-	-	-
Restricted	23,582	-	-	-
Unassigned	-	-	-	-
<i>Total fund balance (deficit)</i>	<u>23,582</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total liabilities and fund balance (deficit)</i>	<u>\$ 23,582</u>	<u>14,738</u>	<u>2,546</u>	<u>-</u>

<u>USDA EQUIPMENT ASSISTANCE PROGRAM 24183</u>	<u>RURAL EDUCATION 25233</u>	<u>DUAL CREDIT TEXTBOOKS 27103</u>	<u>2012 GO BONDS LIBRARY 27107</u>	<u>TEACHER RECRUITMENT INITIATIVE 27128</u>
-	-	-	-	-
<u>5,025</u>	<u>-</u>	<u>75</u>	<u>9,589</u>	<u>925</u>
<u>5,025</u>	<u>-</u>	<u>75</u>	<u>9,589</u>	<u>925</u>
-	-	-	-	-
<u>5,025</u>	<u>-</u>	<u>75</u>	<u>9,589</u>	<u>925</u>
<u>5,025</u>	<u>-</u>	<u>75</u>	<u>9,589</u>	<u>925</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>5,025</u>	<u>-</u>	<u>75</u>	<u>9,589</u>	<u>925</u>

STATE OF NEW MEXICO  
 FLOYD MUNICIPAL SCHOOLS  
 COMBINING BALANCE SHEET-NONMAJOR GOVERNMENTAL FUNDS  
 SPECIAL REVENUE FUNDS  
 June 30, 2018

(Page 3 of 4)

	PRE-K INITIATIVE 27149	STATE DIRECTED ACTIVITIES 27200	TOTAL NONMAJOR SPECIAL REVENUE FUNDS	SB-9 CAPITAL IMPROVEMENTS LOCAL 31701
<b>ASSETS</b>				
<i>Current assets</i>				
Cash	\$ -	-	23,582	49,772
Accounts receivable				
Due from other governments	-	-	32,898	-
<i>Total assets</i>	<u>\$ -</u>	<u>-</u>	<u>56,480</u>	<u>49,772</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<i>Current liabilities</i>				
Accounts payable	\$ -	-	635	-
Interfund payables	-	-	32,263	-
<i>Total liabilities</i>	<u>-</u>	<u>-</u>	<u>32,898</u>	<u>-</u>
<i>Fund balances (deficit)</i>				
Nonspendable	-	-	-	-
Restricted	-	-	23,582	49,772
Unassigned	-	-	-	-
<i>Total fund balance (deficit)</i>	<u>-</u>	<u>-</u>	<u>23,582</u>	<u>49,772</u>
<i>Total liabilities and fund balance (deficit)</i>	<u>\$ -</u>	<u>-</u>	<u>56,480</u>	<u>49,772</u>

<u>TOTAL NONMAJOR CAPITAL PROJECTS</u>	<u>TOTAL NONMAJOR GOVERNMENTAL FUNDS</u>
49,772	73,354
-	32,898
<u>49,772</u>	<u>106,252</u>
-	635
-	32,263
-	32,898
-	-
49,772	73,354
-	-
<u>49,772</u>	<u>73,354</u>
<u>49,772</u>	<u>106,252</u>

STATE OF NEW MEXICO  
 FLOYD MUNICIPAL SCHOOLS  
 COMBINING STATEMENT OF REVENUE, EXPENDITURES  
 AND CHANGES IN FUND BALANCE  
 NONMAJOR GOVERNMENTAL FUNDS  
 Year Ended June 30, 2018

	ATHLETICS 22000	TITLE I 24101	PRESCHOOL IDEA-B 24109	TEACHER/ PRINCIPAL TRAINING 24154
<b>Revenues</b>				
Residential/non-residential taxes	\$ -	-	-	-
Fees-activities	9,947	-	-	-
State grants	-	3,509	-	-
Federal grants	-	39,844	12,276	4,861
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>9,947</u>	<u>43,353</u>	<u>12,276</u>	<u>4,861</u>
<b>Expenditures</b>				
Current				
Instruction	11,040	43,353	12,276	4,861
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
Food services-operations	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>11,040</u>	<u>43,353</u>	<u>12,276</u>	<u>4,861</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(1,093)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Other financing sources (uses)</b>				
Operating transfers	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balances</b>	(1,093)	-	-	-
<b>Fund balances, beginning of year</b>	<u>24,675</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balances, end of year</b>	<u>\$ 23,582</u>	<u>-</u>	<u>-</u>	<u>-</u>



USDA EQUIPMENT ASSISTANCE PROGRAM 24183	RURAL EDUCATION 25233	DUAL CREDIT TEXTBOOKS 27103	2012 GO BONDS LIBRARY 27107	TEACHER RECRUITMENT INITIATIVE 27128
-	-	-	-	-
-	-	-	-	-
-	-	238	9,589	-
5,025	19,033	-	-	-
-	-	75	-	-
<u>5,025</u>	<u>19,033</u>	<u>313</u>	<u>9,589</u>	<u>-</u>
-	19,033	313	-	-
-	-	-	-	-
-	-	-	9,589	-
-	-	-	-	-
5,025	-	-	-	-
-	-	-	-	-
<u>5,025</u>	<u>19,033</u>	<u>313</u>	<u>9,589</u>	<u>-</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

STATE OF NEW MEXICO  
 FLOYD MUNICIPAL SCHOOLS  
 COMBINING STATEMENT OF REVENUE, EXPENDITURES  
 AND CHANGES IN FUND BALANCE  
 NONMAJOR GOVERNMENTAL FUNDS  
 Year Ended June 30, 2018

(Page 3 of 4)

	PRE-K INITIATIVE 27149	STATE DIRECTED ACTIVITIES 27200	TOTAL NONMAJOR SPECIAL REVENUE FUNDS	SB-9 CAPITAL IMPROVEMENTS LOCAL 31701
<b>Revenues</b>				
Residential/non-residential taxes	\$ -	-	-	32,125
Fees-activities	-	-	9,947	-
State grants	-	29,633	42,969	-
Federal grants	-	-	81,039	-
Miscellaneous	-	-	75	-
<i>Total revenues</i>	<u>-</u>	<u>29,633</u>	<u>134,030</u>	<u>32,125</u>
<b>Expenditures</b>				
Current				
Instruction	-	-	90,876	-
Support services				
Students	-	29,633	29,633	-
Instruction	-	-	9,589	-
General administration	-	-	-	326
Food services-operations	-	-	5,025	-
Capital outlay	-	-	-	18,303
<i>Total expenditures</i>	<u>-</u>	<u>29,633</u>	<u>135,123</u>	<u>18,629</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>-</u>	<u>-</u>	<u>(1,093)</u>	<u>13,496</u>
<b>Other financing sources (uses)</b>				
Operating transfers	<u>(29,075)</u>	<u>(3,521)</u>	<u>(32,596)</u>	<u>36,276</u>
<i>Total other financing sources (uses)</i>	<u>(29,075)</u>	<u>(3,521)</u>	<u>(32,596)</u>	<u>36,276</u>
<b>Net change in fund balances</b>	<u>(29,075)</u>	<u>(3,521)</u>	<u>(33,689)</u>	<u>49,772</u>
<b>Fund balances, beginning of year</b>	<u>29,075</u>	<u>3,521</u>	<u>57,271</u>	<u>-</u>
<b>Fund balances, end of year</b>	<u>\$ -</u>	<u>-</u>	<u>23,582</u>	<u>49,772</u>

<u>TOTAL NONMAJOR CAPITAL PROJECTS</u>	<u>TOTAL NONMAJOR GOVERNMENTAL FUNDS</u>
32,125	32,125
-	9,947
-	42,969
-	81,039
-	75
<u>32,125</u>	<u>166,155</u>
-	90,876
-	29,633
-	9,589
326	326
-	5,025
<u>18,303</u>	<u>18,303</u>
<u>18,629</u>	<u>153,752</u>
<u>13,496</u>	<u>12,403</u>
<u>36,276</u>	<u>3,680</u>
<u>36,276</u>	<u>3,680</u>
49,772	16,083
-	57,271
<u>49,772</u>	<u>73,354</u>

**STATE OF NEW MEXICO  
FLOYD MUNICIPAL SCHOOLS  
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES-- AGENCY FUNDS  
For the Year Ended June 30, 2018**

	BALANCE 6/30/2017	ADDITIONS	DEDUCTIONS	BALANCE 6/30/2018
EPAC	\$ 150	-	-	150
Student Council	875	1,092	755	1,212
Yearbook	5,307	4,514	2,981	6,840
FFA	499	11,611	10,910	1,200
FCA	2,462	1,300	877	2,885
Cheerleaders	917	4,538	4,134	1,321
Book Fair	4,044	1,500	2,209	3,335
Poster	323	81	-	404
National Honor Society	437	2,630	1,840	1,227
Elementary Cheerleaders	356	278	297	337
HS Basketball-Girls	2,420	377	650	2,147
Football	280	589	-	869
Activity Account Super	11,673	12,860	11,942	12,591
Volleyball	2,140	4,045	2,798	3,387
HS Basketball-Boys	803	625	600	828
Elementary Basketball	11	-	-	11
Track	169	181	-	350
Junior High Basketball	421	-	-	421
Baseball	390	-	-	390
Booster Club	7,938	4,579	6,201	6,316
Sunshine	267	-	267	-
Elementary Fund	905	1,585	2,544	(54)
Relay for Life	47	-	-	47
Class of 2018	2,877	3,423	6,300	-
Class of 2019	3,002	14,225	13,994	3,233
Class of 2020	2,115	2,694	1,170	3,639
Class of 2021	3,037	901	496	3,442
Class of 2022	686	792	86	1,392
Class of 2023	399	337	235	501
Class of 2024	973	687	1,129	531
Class of 2025	649	590	586	653
Class of 2026	634	774	497	911
Class of 2027	64	818	438	444
Class of 2028	-	545	215	330
Class of 2029	-	455	347	108
Class of 2030	176	380	227	329
Class of 2031	-	840	597	243
<i>Total</i>	<u>\$ 57,446</u>	<u>79,846</u>	<u>75,322</u>	<u>61,970</u>

## **SUPPORTING SCHEDULES**

**STATE OF NEW MEXICO  
FLOYD MUNICIPAL SCHOOLS  
SCHEDULE OF PLEDGED COLLATERAL  
Year Ended June 30, 2018**

	James Polk Stone Community Bank
<b>FUNDS ON DEPOSIT</b>	
Interest bearing savings	\$ 420,000
Non-interest bearing deposits	200,976
<i>Total on deposit</i>	<u>620,976</u>
Less: FDIC insurance	<u>(250,000)</u>
<i>Total uninsured public funds</i>	<u>\$ 370,976</u>
<b>PLEDGED COLLATERAL REQUIRED</b>	
50% on deposits	\$ <u>185,488</u>
<i>Pledged collateral required</i>	185,488
Pledged collateral at June 30, 2018	<u>338,141</u>
<i>Total over (under) collateralized:</i>	<u>\$ <u>152,653</u></u>
<b>SECURITY TYPE, MATURITY DATE, IDENTIFIER</b>	
FNMA QTRLY CALL STEP	
CUSIP# 3136G3FN0, 3/28/2031	\$ 239,324
FHLB QTRLY CALL STEP	
CUSIP# 3130AADF2, 12/30/2026	98,817
	<u>\$ <u>338,141</u></u>

Securities Held by the Independent Banker's Bank

STATE OF NEW MEXICO  
 FLOYD MUNICIPAL SCHOOLS  
 SCHEDULE OF DEPOSITS  
 Year Ended June 30, 2018

Bank	ACCT TYPE	FUND	BANK BALANCE	OUTSTANDING CHECKS	OUTSTANDING DEPOSITS	NET CASH BALANCE
JAMES POLK STONE COMMUNITY BANK	Checking	Operational*	\$ 420,000	96,444	-	323,556
	Checking	Activity	71,737	9,767	-	61,970
	Checking	Payroll Clearing	<u>129,239</u>	<u>124,224</u>	-	<u>5,015</u>
Total JAMES POLK STONE COMMUNITY BANK			\$ <u>620,976</u>	<u>230,435</u>	-	<u>390,541</u>
					Less Agency Funds:	<u>61,970</u>
					<b>Total Cash</b>	<u><u>328,571</u></u>

\*Interest Bearing

**STATE OF NEW MEXICO  
FLOYD MUNICIPAL SCHOOLS  
CASH RECONCILIATION  
JUNE 30, 2018**

	<u>OPERATIONAL 11000</u>	<u>TEACHERAGE 12000</u>	<u>TRANSPORTATION 13000</u>
Cash, June 30, 2017	\$ 103,328	11,600	-
Add:			
2017-18 revenues	2,745,532	13,717	117,356
Less:			
Prior Year Warrants Voided	-	-	-
Total cash available	2,848,860	25,317	117,356
Less:			
2017-18 expenditures	(2,720,856)	(15,093)	(117,356)
Transfers to/from other funds	32,596	-	-
Outstanding Loans	-	-	-
Cash, June 30, 2018	<u>\$ 160,600</u>	<u>10,224</u>	<u>-</u>
Fund Balance Reconciliations to GAAP Basis:			
Audit reclassifications to cash	\$ -	-	-
Cash per Books	<u>160,600</u>	<u>10,224</u>	<u>-</u>
Fund Balance Reconciliation to GAAP Basis:			
Modified Accrual Adjustments	<u>(994)</u>	<u>-</u>	<u>-</u>
Fund Balance , Modified Accrual Basis	<u>\$ 159,606</u>	<u>10,224</u>	<u>-</u>



<b>INSTRUCTIONAL MATERIALS 14000</b>	<b>FOOD SERVICES 21000</b>	<b>ATHLETICS 22000</b>	<b>IMPACT AID FEDERAL FLOW-THROUGH 24000</b>
4,321	(49,878)	24,675	(34,066)
6,615	103,551	9,947	119,951
-	-	-	-
10,936	53,673	34,622	85,885
(484)	(100,174)	(11,040)	(130,282)
-	-	-	-
-	-	-	-
<u>10,452</u>	<u>(46,501)</u>	<u>23,582</u>	<u>(44,397)</u>
-	-	-	44,397
<u>10,452</u>	<u>(46,501)</u>	<u>23,582</u>	<u>-</u>
-	713	-	-
<u>10,452</u>	<u>(45,788)</u>	<u>23,582</u>	<u>-</u>

**STATE OF NEW MEXICO  
FLOYD MUNICIPAL SCHOOLS  
CASH RECONCILIATION  
JUNE 30, 2018**

	<b>IMPACT AID FEDERAL DIRECT 25000</b>	<b>TITLE XIX STATE FLOW-THROUGH 27000</b>	<b>SPECIAL CAPITAL OUTLAY STATE 31400</b>
Cash, June 30, 2017	\$ -	9,953	-
Add:			
2017-18 revenues	19,033	119,312	-
Less:			
Prior Year Warrants Voided	-	-	-
Total cash available	19,033	129,265	-
Less:			
2017-18 expenditures	(19,033)	(128,159)	-
Transfers to/from other funds	-	(32,596)	-
Outstanding Loans	-	-	-
Cash, June 30, 2018	\$ -	(31,490)	-
Fund Balance Reconciliations to GAAP Basis:			
Audit reclassifications to cash	\$ -	-	-
Cash per Books	-	(31,490)	-
Fund Balance Reconciliation to GAAP Basis:			
Modified Accrual Adjustments	-	31,490	-
Fund Balance , Modified Accrual Basis	\$ -	-	-

<b>CAPITAL IMPROVEMENT SB9 31700</b>	<b>CAPITAL IMPROVEMENT SB9 31701</b>	<b>CAPITAL OUTLAY 20% 32100</b>	<b>TOTAL</b>
191,272	36,276	-	297,481
		-	
12,973	32,125	-	3,302,553
-		-	113
204,245	68,401	-	3,600,147
(7,916)	(18,629)	-	(3,271,576)
-	-	-	-
-	-	-	-
<u>196,329</u>	<u>49,772</u>	<u>-</u>	<u>328,571</u>
-		-	43,403
<u>196,329</u>	<u>49,772</u>	<u>-</u>	<u>371,974</u>
74,671	-	-	106,874
<u>271,000</u>	<u>49,772</u>	<u>-</u>	<u>478,848</u>

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## **COMPLIANCE SECTION**



**INDEPENDENT AUDITORS' 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***

To Wayne Johnson  
New Mexico State Auditor

Board of Education  
Floyd Municipal Schools

We have audited, 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, the financial statements of the governmental activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons of the general fund and major special revenue funds of Floyd Municipal Schools (District) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 23, 2018.

***Internal Control over Financial Reporting***

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

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

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

to be material weaknesses. We did not identify any deficiencies in internal control, described in the accompany schedule of findings and responses, that we consider to be significant deficiencies.

### ***Compliance and Other Matters***

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

### **The District's Response to Findings**

The District's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned cost. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

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



Pattillo, Brown & Hill, LLP  
Albuquerque, New Mexico  
October 23, 2018

**STATE OF NEW MEXICO  
FLOYD MUNICIPAL SCHOOLS  
SCHEDULE OF FINDINGS AND RESPONSES  
JUNE 30, 2018**

**A. FINANCIAL STATEMENT FINDINGS**

**2018-001 UNAPPROVED PURCHASE ORDER (OTHER MATTERS)**

CONDITION: During our testing of the cash disbursements in the student activity funds we noted that one out of a sample of nine purchase orders totaling \$3,371 was created subsequent to the purchase being made.

CRITERIA: Per NMAC 6.20.2.17 (A), requires that each school shall establish and implement written policies and procedures for purchasing which shall be in compliance with the Procurement Code, Section 13-1-21 et seq., NMSA 1978. An internal control structure over purchasing shall be established and maintained to assure compliance with school policy, and state and federal regulations. Also, the New Mexico Manual of Procedures for Public School Accounting and Budgeting, Supplement 13 – Purchasing, states that “the preparation and execution of a duly authorized purchase order must precede the placement of any order for goods, services or construction.”

EFFECT: Purchases for unauthorized goods or services may occur.

CAUSE: Processes and procedures in place were by-passed by those involved in the purchasing process.

RECOMMENDATION: We recommend that the District enforce the established policies and procedures regarding purchasing to ensure that purchases are approved prior to purchases being made.

MANAGEMENT’S RESPONSE: At the All Staff in-service on August 6, 2018 staff members were provided training by the Superintendent on the approved policies and procedures for purchasing.



**STATE OF NEW MEXICO  
FLOYD MUNICIPAL SCHOOLS  
SCHEDULE OF FINDINGS AND RESPONSES  
JUNE 30, 2018**

**A. FINANCIAL STATEMENT FINDINGS (continued)**

**2018-002 PERSONNEL FILES (OTHER MATTERS)**

CONDITION: During our testwork over a sample of 25 payroll transactions, we noted that one I-9 was not signed by the District.

CRITERIA: Per NMAC 6.20.2.18 states that "school districts shall maintain and have available for inspection the following employee record documentation: employment contracts (including increments), personnel/payroll action forms, certification records, employment eligibility verification (federal form I-9 for citizenship certification), federal and state withholding allowance certificates, pay deduction authorizations, pay or position change notices, Educational Retirement Act plan application, and direct deposit authorizations."

EFFECT: The School is not in compliance with NMAC 6.20.2.18.

CAUSE: The District did not follow internal controls in place to ensure all required documentation was retained and appropriately signed in each employees personnel file.

RECOMMENDATION: The District should ensure that the internal controls in place over payroll are followed to ensure all employee record documentation is obtained and appropriately signed upon hiring and maintained in each employee personnel file.

MANAGEMENT'S RESPONSE: All personnel files were reviewed by August 22, 2018 by the Administrative Assistant in the Business Office to ensure that all I-9's are properly signed. The Business Manager oversaw the review.

**STATE OF NEW MEXICO  
FLOYD MUNICIPAL SCHOOLS  
SCHEDULE OF FINDINGS AND RESPONSES  
JUNE 30, 2018**

**STATUS OF PRIOR YEAR FINDINGS**

2017-01 – Activity Funds - Resolved

2008-009 – Preparation of Financial Statements – Resolved

**STATE OF NEW MEXICO  
FLOYD MUNICIPAL SCHOOLS,  
EXIT CONFERENCE  
JUNE 30, 2018**

An exit conference was conducted on October 25, 2018 with the following individuals:

Floyd Municipal Schools:

Damon Terry, Superintendent  
Margie Plummer, Business Manager  
Leon Nall, Board of Education President

Pattillo, Brown & Hill, LLP:

Chris Garner, CPA

Pattillo, Brown & Hill, LLP prepared the GAAP-basis financial statements and footnotes of Floyd Municipal Schools from the original books and records provided to them by the management of the District. The responsibility for the financial statements remains with the District.