STATE OF NEW MEXICO

MORA INDEPENDENT SCHOOL DISTRICT NO. 44

FINANCIAL ANNUAL REPORT
AND
SUPPLEMENTAL INFORMATION
YEAR ENDED JUNE 30, 2018
WITH
REPORT OF CERTIFIED PUBLIC ACCOUNTANTS

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INTRODUCTORY SECTION

OF

MORA INDEPENDENT SCHOOL DISTRICT NO. 44

ANNUAL FINANCIAL REPORT
FISCAL YEAR 2018

JULY 1, 2017 THROUGH JUNE 30, 2018

Vision Statement

We the leadership of the Mora Independent Schools are committed to a vision in which the roots and values of our broader community shape our school culture and create an environment that is the best place to be, learn, work, grow and enjoy life!

Mission

Mora Independent Schools exists as a concrete foundation to prioritize every student, every day, in every way. We will provide students with the resources necessary to be successful in life. Our school culture will be one of security, respect, honesty, loyalty, accountability, investment, and positivity.

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INTRODUCTORY SECTION

FINANCIAL SECTION

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OTHER SUPPLEMENTAL INFORMATION:

COMPLIANCE SECTION

OFFICIAL ROSTER
June 30, 2018

BOARD OF EDUCATION

Tranquilino Hurtado	Chairman
George A Trujillo	Vice- Chairman
Dennis Romero	Secretary/Treasurer
Lillian Maestas	Member
Michael Benjamin	Member

SCHOOL OFFICIALS

Ella Arellano	Superintendent
Miguel Martinez	Business Manager/Procurement Officer
Debra Alcon	AP Specialist/payroll
Dolores Romero	Executive Assistant Board/Superintendent

AUDIT COMMITTEE

Tranquilino Hurtado	Member
Lillian Maestas	Member
Jack Rains	Member
Victoria Lovato	Member

FINANCE COMMITTEE

Dennis Romero	Member
Michael Benjamin	Member
Francine Trujillo	Member
Inez Abeyta	Member
Faith Rivera	Member

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FINANCIAL SECTION

OF

MORA INDEPENDENT SCHOOL DISTRICT NO. 44

ANNUAL FINANCIAL REPORT

FISCAL YEAR 2018

JULY 1, 2017 THROUGH JUNE 30, 2018

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INDEPENDENT AUDITORS' REPORT

Wayne Johnson, State Auditor,
The Board of Education and Audit Committee of
Mora Independent School District No. 44

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 Mora Independent School District No. 44, as of and for the year ended June 30, 2018, and the related notes to the financial statements which collectively comprise Mora Independent School District No. 44 basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to Mora Independent School District No. 44' 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 Mora Independent School District No. 44, as of June 30, 2018, and the respective changes in financial position thereof 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.

Emphasis of Matter

As discussed in Note I.B and Note IV.C, during the year ended June 30, 2018 Mora Independent School District No. 44 adopted new accounting guidance, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinions are not modified with respect to this matter.

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Wayne Johnson, State Auditor,
The Board of Education and Audit Committee of
Mora Independent School District No. 44

Other Matters

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Accounting principles generally accepted in the United States of America also require that the Schedule of Proportionate Share of the Net Liability and Schedule of Contributions for pensions and OPEB on pages 53 and 54 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. 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 that collectively comprise the Mora Independent School District No. 44' basic financial statements. The supplemental information such as the budgetary comparisons for the major capital project fund, the combining and individual nonmajor fund financial statements, the budgetary comparisons for non-major special revenue funds, capital projects funds, debt service funds, and the other information, such as the Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the other schedules required as stated in the table of contents by 2.2.2.NMAC are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 12, 2018 on our consideration of the Mora Independent School District No. 44' 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 Mora Independent School District No. 44' internal control over financial reporting and compliance.

Accounting & Financial Solutions, LLC
Farmington, New Mexico
October 12, 2018

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Farmington, NM 87401
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BASIC FINANCIAL STATEMENTS

OF

MORA INDEPENDENT SCHOOL DISTRICT NO. 44

AS OF AND FOR THE YEAR ENDED

JUNE 30, 2018

STATE OF NEW MEXICO

MORA INDEPENDENT SCHOOL DISTRICT NO. 44

STATEMENT OF NET POSITION

June 30, 2018

	Governmental Activities
Assets	
Cash and cash equivalents	$ 1,275,567
Receivables:	
Delinquent property taxes receivable	116,415
Grant	302,506
Due from other governments	10,741
Food inventory	13,805
Non-current:	
Non-depreciable assets	460,006
Depreciable capital assets, net	11,454,182
Total Assets	13,633,222
Deferred Outflows of Resources:	
Contributions to pension subsequent to the measurement date	503,371
Difference between expected and actual pension experience	26,445
Net change in pension assumptions	4,300,564
Net change in proportionate share of pension liability	176,428
Contributions to OPEB subsequent to the measurement date	74,451
Total Deferred Outflows of Resources	5,081,259
Liabilities	
Accounts payable	91,800
Accrued interest	3,134
Compensated absences	38,998
Long-term liabilities other than pensions:	
Due within one year	150,000
Aggregate net pension liability	14,732,013
Aggregate OPEB liability	3,985,606
Total Liabilities	19,001,551
Deferred Inflows of Resources	
Difference between expected and actual pension experience	226,961
Net difference between projected and actual investment earnings on pension plan investments	2,021
Net change in proportionate share of pension liability	47,803
Difference between expected and actual OPEB experience	152,946
Net difference between projected and actual investment earnings on OPEB plan investments	57,336
Net change in OPEB assumptions	696,833
Total Deferred Inflows of Resources	1,183,900
Net Position	
Net investment in capital assets	11,764,188
Restricted for:	
Inventories	13,805
Special revenue funds	223,768
Capital projects	276,754
Debt service	251,799
Unrestricted	(14,001,284)
Total Net Position	$ (1,470,970)

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO

MORA INDEPENDENT SCHOOL DISTRICT NO. 44

STATEMENT OF ACTIVITIES

Year Ended June 30, 2018

		Program Revenues			Net (Expense) Revenue and Changes in Net Position
					Primary Government
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contibutions	Governmental Activities
Primary government:					
Governmental activities:					
Instruction	$ 6,264,609	$ 22,120	$ 1,755,081	$ 57,592	$ (4,429,816)
Support Services - Students	528,123	39,140	147,958	-	(341,025)
Support Services - Instruction	697,685	-	195,462	-	(502,223)
Support Services - General Administration	519,530	-	145,550	460	(373,520)
Support Services - School Administration	395,792	-	110,884	-	(284,908)
Central Services	232,895	-	65,247	-	(167,648)
Operations & Maintenance of Plant	1,092,187	-	305,985	35,969	(750,233)
Student Transportation	593,497	-	543,267	-	(50,230)
Other Support Services	3,064	-	858	-	(2,206)
Food Services	498,220	8,921	-	-	(489,299)
Bond interest paid	6,334	-	-	-	(6,334)
Total governmental activities	$ 10,831,936	$ 70,181	$ 3,270,292	$ 94,021	(7,397,442)
			General revenues:		
			Taxes:		
			Property Taxes:		
			General purposes		28,605
			Capital projects		189,965
			Debt service		146,771
			Grants and contributions not restricted		4,404,408
			Miscellaneous income		63,594
			Total general revenues		4,833,343
			Change in net position		(2,564,099)
			Net position - beginning		5,104,820
			Restatement		(4,011,691)
			Net position - beginning as restated		1,093,129
			Net position - ending		$ (1,470,970)

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
MORA INDEPENDENT SCHOOL DISTRICT NO. 44

GOVERNMENTAL FUNDS
Balance Sheet
June 30, 2018

	General Fund	Title I Fund #24101	Entitlement IDEA-B Fund #24106	Headstart Fund #25127	Gear Up New Mexico State Initiatives Fund #25205
Assets					
Cash and cash equivalents	$ 594,390	$ -	$ -	$ -	$ -
Receivables:					
Property taxes	6,855	-	-	-	-
Grant	-	56,556	83,087	11,797	71,418
Due from other governments	636	-	-	-	-
Due from other funds	284,520	-	-	-	-
Food inventory	-	-	-	-	-
Total assets	$ 886,401	$ 56,556	$ 83,087	$ 11,797	$ 71,418
Liabilities, deferred inflows, and fund balance					
Liabilities:					
Accounts payable	$ 28,427	$ -	$ -	$ 11,689	$ 129
Due to other funds	-	56,556	83,087	108	71,289
Total liabilities	28,427	56,556	83,087	11,797	71,418
Deferred inflows of resources:					
Delinquent property taxes	6,489	-	-	-	-
Fund balance:					
Non-spendable:					
Inventories	-	-	-	-	-
Restricted for:					
Special revenue funds	-	-	-	-	-
Capital projects funds	-	-	-	-	-
Debt service	-	-	-	-	-
Unassigned	851,485	-	-	-	-
Total fund balance	851,485	-	-	-	-
Total liabilities, deferred inflows of resources, and fund balance	$ 886,401	$ 56,556	$ 83,087	$ 11,797	$ 71,418

The notes to the financial statements are an integral part of this statement.

GOVERNMENTAL FUNDS
Balance Sheet
June 30, 2018

	Capital Improvements SB-9 Fund #31701	Debt Service Fund #41000	Other Governmental Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	$ 210,192	$ 184,854	$ 286,131	$ 1,275,567
Receivables:				
Property taxes	45,349	64,211	-	116,415
Grant	-	-	79,648	302,506
Due from other governments	4,237	5,868	-	10,741
Due from other funds	-	-	-	284,520
Food inventory	-	-	13,805	13,805
Total assets	$ 259,778	$ 254,933	$ 379,584	$ 2,003,554
Liabilities, deferred inflows, and fund balance				
Liabilities:				
Accounts payable	$ 5,423	$ -	$ 46,132	$ 91,800
Due to other funds	-	-	73,480	284,520
Total liabilities	5,423	-	119,612	376,320
Deferred inflows of resources:				
Delinquent property taxes	42,832	60,912	-	110,233
Fund balance:				
Non-spendable:				
Inventories	-	-	13,805	13,805
Restricted for:				
Special revenue funds	-	-	223,768	223,768
Capital projects funds	211,523	-	22,399	233,922
Debt service	-	194,021	-	194,021
Unassigned	-	-	-	851,485
Total fund balance	211,523	194,021	259,972	1,517,001
Total liabilities, deferred inflows of resources, and fund balance	$ 259,778	$ 254,933	$ 379,584	$ 2,003,554

The notes to the financial statements are an integral part of this statement.

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STATE OF NEW MEXICO

MORA INDEPENDENT SCHOOL DISTRICT NO. 44

RECONCILIATION OF THE BALANCE SHEET - ALL GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION

June 30, 2018

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

Fund balances - total governmental funds	$	1,517,001
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Capital assets		21,257,128
Accumulated depreciation		(9,342,940)
Other assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Property taxes receivable		110,233
Deferred outflow of resources are not financial resources, and therefore are not reported in the funds and include:		
Contributions to pension subsequent to the measurement date		503,371
Difference between expected and actual pension experience		26,445
Net change in pension assumptions		4,300,564
Net change in proportionate share of pension liability		176,428
Contributions to OPEB subsequent to the measurement date		74,451
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds		
Bonds payable		(150,000)
Accrued interest payable		(3,134)
Accrued vacation payable		(38,998)
Net pension liability		(14,732,013)
Net OPEB liability		(3,985,606)
Deferred inflow of resources are not financial resources, and therefore are not reported in the funds and include:		
Difference between expected and actual pension experience		(226,961)
Net difference between projected and actual investment earnings on pension plan investm		(2,021)
Net change in proportionate share of pension liability		(47,803)
Difference between expected and actual OPEB experience		(152,946)
Net difference between projected and actual investment earnings on OPEB plan investme		(57,336)
Net change in OPEB assumptions		(696,833)
Net position of governmental activities	$	(1,470,970)

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO

MORA INDEPENDENT SCHOOL DISTRICT NO. 44

GOVERNMENTAL FUNDS

Statement of Revenues, Expenditures, and Changes in Fund Balance

Year Ended June 30, 2018

	General Fund	Title I Fund #24101	Entitlement IDEA-B Fund #24106	Headstart Fund #25127
Revenues:				
Taxes:				
Property	$ 27,699	$ -	$ -	$ -
Intergovernmental - federal grants	89,688	90,051	131,673	1,492,519
Intergovernmental - state grants	4,960,968	-	-	-
Charges for services	22,120	-	-	-
Investment and interest income	2,813	-	-	-
Miscellaneous	63,171	-	-	-
Total revenues	5,166,459	90,051	131,673	1,492,519
Expenditures:				
Current:				
Instruction	2,242,265	90,051	101,585	572,415
Support services:				
Students	437,363	-	5,922	-
Instruction	20,618	-	-	535,818
General Administration	412,767	-	-	58,223
School Administration	341,248	-	24,166	-
Central Services	218,605	-	-	-
Operation & Maintenance of Plant	784,357	-	-	96,510
Student transportation	525,331	-	-	31,750
Other Support services	2,876	-	-	-
Food services operations	-	-	-	22,592
Capital outlay	-	-	-	175,211
Debt service:				
Principal retirement	-	-	-	-
Bond interest paid	-	-	-	-
Total expenditures	4,985,430	90,051	131,673	1,492,519
Excess (deficiency) of revenues over expenditures	181,029	-	-	-
Other financing uses:				
Transfers In	-	-	-	-
Transfers out	(4,467)	-	-	-
Total other financing uses	(4,467)	-	-	-
Net change in fund balance	176,562	-	-	-
Fund balance at beginning of the year	674,923	-	-	-
Fund balance at end of the year	$ 851,485	$ -	$ -	$ -

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO

MORA INDEPENDENT SCHOOL DISTRICT NO. 44

GOVERNMENTAL FUNDS

Statement of Revenues, Expenditures, and Changes in Fund Balance

Year Ended June 30, 2018

	Gear Up New Mexico State Initiatives Fund #25205	Capital Improvements SB-9 Fund #31701	Debt Service Fund #41000	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes:					
Property	$ -	$ 183,987	$ 162,796	$ -	$ 374,482
Intergovernmental - federal grants	309,523	-	-	535,930	2,649,384
Intergovernmental - state grants	-	27,351	-	128,205	5,116,524
Charges for services	-	-	-	48,061	70,181
Investment and interest income	-	-	-	-	2,813
Miscellaneous	-	-	-	423	63,594
Total revenues	309,523	211,338	162,796	712,619	8,276,978
Expenditures:					
Current:					
Instruction	192,859	-	-	153,442	3,352,617
Support services:					
Students	14,812	-	-	37,621	495,718
Instruction	94,939	-	-	-	651,375
General Administration	3,418	1,844	1,674	9,726	487,652
School Administration	3,495	-	-	2,598	371,507
Central Services	-	-	-	-	218,605
Operation & Maintenance of Plant	-	120,448	-	23,857	1,025,172
Student transportation	-	-	-	-	557,081
Other Support services	-	-	-	-	2,876
Food services operations	-	-	-	445,058	467,650
Capital outlay	-	182,506	-	98,585	456,302
Debt service:					
Principal retirement	-	-	325,000	-	325,000
Bond interest paid	-	-	13,044	-	13,044
Total expenditures	309,523	304,798	339,718	770,887	8,424,599
Excess (deficiency) of revenues over expenditures	-	(93,460)	(176,922)	(58,268)	(147,621)
Other financing uses:					
Transfers In	-	-	-	4,467	4,467
Transfers out	-	-	-	-	(4,467)
Total other financing uses	-	-	-	4,467	-
Net change in fund balance	-	(93,460)	(176,922)	(53,801)	(147,621)
Fund balance at beginning of the year	-	304,983	370,943	313,773	1,664,622
Fund balance at end of the year	$ -	$ 211,523	$ 194,021	$ 259,972	$ 1,517,001

The notes to the financial statements are an integral part of this statement.

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STATE OF NEW MEXICO
MORA INDEPENDENT SCHOOL DISTRICT NO. 44

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES ALL GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Year Ended June 30, 2018

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

Net change in fund balance - total governmental funds	$	(147,621)
Govermental funds report capital outlays as expenditures. However, in the statement of activites the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital oulays exceeded depreciation in the current year		
Capital outlay		456,302
Depreciation		(664,245)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Deferred property taxes at:		
June 30, 2017		(119,374)
June 30, 2018		110,233
The issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. These differences in the treatment of long-term debt and related items consist of:		
Current year principal payments		325,000
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		
Compensated absences at:		
June 30, 2017		35,497
June 30, 2018		(38,998)
Accrued interest at:		
June 30, 2017		9,844
June 30, 2018		(3,134)
Deferred contributions to pension plan		503,371
Deferred contributions to OPEB plan		74,451
Pension expense		(2,224,395)
OPEB expense		(881,030)
Change in net position of governmental activities	$	(2,564,099)

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO

MORA INDEPENDENT SCHOOL DISTRICT NO. 44

GENERAL FUND

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive
	Original	Final	(Budgetary Basis)	(Negative)
Revenues:				
Taxes:				
Property	$ 27,924	$ 27,924	$ 27,738	$ (186)
Intergovernmental - federal grants	52,397	52,397	89,688	37,291
Intergovernmental - state grants	4,693,874	4,948,270	4,960,968	12,698
Charges for services	21,962	21,962	22,120	158
Investment and interest income	3,200	3,200	2,813	(387)
Miscellaneous	-	52,600	63,171	10,571
Total revenues	4,799,357	5,106,353	5,166,498	60,145
Expenditures:				
Current:				
Instruction	2,519,055	2,534,563	2,248,485	286,078
Support services:				
Students	560,162	516,063	438,905	77,158
Instruction	71,058	71,058	20,047	51,011
General Administration	291,672	449,063	429,064	19,999
School Administration	326,975	347,202	340,973	6,229
Central Services	233,721	240,491	218,605	21,886
Operation & Maintenance of Plant	952,727	919,796	785,297	134,499
Student transportation	377,467	543,267	525,331	17,936
Other Support services	99,116	122,713	2,876	119,837
Capital outlay	-	88,596	-	88,596
Total expenditures	5,431,953	5,832,812	5,009,583	823,229
Excess (deficiency) of revenues over expenditures	(632,596)	(726,459)	156,915	883,374
Other financing uses:				
Transfers out	-	-	(4,467)	(4,467)
Net change in fund balance	(632,596)	(726,459)	152,448	878,907
Beginning cash balance budgeted	632,596	726,459	-	(726,459)
Fund balance at beginning of the year	-	-	674,923	674,923
Fund balance at end of the year	$ -	$ -	827,371	$ 827,371
RECONCILIATION TO GAAP BASIS:				
Change in property tax receivable			886	
Change in due from other governments			(20)	
Change in payables			24,154	
Change in deferred property taxes			(906)	
Fund balance at end of the year (GAAP basis)			$ 851,485	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO

MORA INDEPENDENT SCHOOL DISTRICT NO. 44

TITLE I FUND - NO. 24101

Statement of Revenues, Expenditures, and

Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)

Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive
	Original	Final	(Budgetary Basis)	(Negative)
Revenues:				
Intergovernmental - federal grants	$ 132,320	$ 132,320	$ 56,065	$ (76,255)
Expenditures:				
Current:				
Instruction	124,894	124,894	90,051	34,843
Support services:				
Instruction	7,426	7,426	-	7,426
Total expenditures	132,320	132,320	90,051	42,269
Excess (deficiency) of revenues over expenditures	-	-	(33,986)	(33,986)
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	$ -	$ -	(33,986)	$ (33,986)
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			33,986	
Fund balance at end of the year (GAAP basis)			$ -	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO

MORA INDEPENDENT SCHOOL DISTRICT NO. 44

ENTITLEMENT IDEA-B FUND - NO. 24106

Statement of Revenues, Expenditures, and

Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)

Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive
	Original	Final	(Budgetary Basis)	(Negative)
Revenues:				
Intergovernmental - federal grants	$ 194,732	$ 194,732	$ 68,928	$ (125,804)
Expenditures:				
Current:				
Instruction	86,866	86,866	101,585	(14,719)
Support services:				
Students	11,443	11,443	5,922	5,521
School Administration	33,967	33,967	24,166	9,801
Capital outlay	62,456	62,456	-	62,456
Total expenditures	194,732	194,732	131,673	63,059
Excess (deficiency) of revenues over expenditures	-	-	(62,745)	(62,745)
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	$ -	$ -	(62,745)	$ (62,745)
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			62,745	
Fund balance at end of the year (GAAP basis)			$ -	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO

MORA INDEPENDENT SCHOOL DISTRICT NO. 44

HEADSTART FUND - NO. 25127

Statement of Revenues, Expenditures, and

Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)

Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive
	Original	Final	(Budgetary Basis)	(Negative)
Revenues:				
Intergovernmental - federal grants	$ 794,500	$ 1,569,965	$ 1,476,978	$ (92,987)
Miscellaneous	-	-	5,289	5,289
Total revenues	794,500	1,569,965	1,482,267	(87,698)
Expenditures:				
Current:				
Instruction	298,850	602,665	572,414	30,251
Support services:				
Students	4,000	-	-	-
Instruction	235,089	545,394	530,514	14,880
General Administration	54,145	59,032	58,223	809
Operation & Maintenance of Plant	57,341	127,535	92,157	35,378
Student transportation	17,800	33,526	31,750	1,776
Food services operations	12,000	26,500	22,592	3,908
Capital outlay	115,275	175,313	175,211	102
Total expenditures	794,500	1,569,965	1,482,861	87,104
Excess (deficiency) of revenues over expenditures	-	-	(594)	(594)
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	$ -	$ -	(594)	$ (594)
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			10,252	
Change in payables			(9,658)	
Fund balance at end of the year (GAAP basis)			$ -	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO

MORA INDEPENDENT SCHOOL DISTRICT NO. 44

GEAR UP NEW MEXICO STATE INITIATIVES FUND - NO. 25205

Statement of Revenues, Expenditures, and

Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)

Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive
	Original	Final	(Budgetary Basis)	(Negative)
Revenues:				
Intergovernmental - federal grants	$ 236,780	$ 236,780	$ 151,925	$ (84,855)
Intergovernmental - state grants	-	76,000	162,009	86,009
Total revenues	236,780	312,780	313,934	1,154
Expenditures:				
Current:				
Instruction	118,021	195,655	192,729	2,926
Support services:				
Students	37,196	14,827	14,812	15
Instruction	81,563	95,286	94,939	347
General Administration	-	3,517	3,418	99
School Administration	-	3,495	3,495	-
Total expenditures	236,780	312,780	309,393	3,387
Excess of revenues over expenditures	-	-	4,541	4,541
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	$ -	$ -	4,541	$ 4,541
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			(4,412)	
Change in payables			(129)	
Fund balance at end of the year (GAAP basis)			$ -	

The notes to the financial statements are an integral part of this statement.

AGENCY FUNDS
Statement of Fiduciary Assets and Liabilities
June 30, 2018

ASSETS		
Pooled cash and investments	$	79,101
LIABILITIES		
Deposits held for others	$	79,101

The notes to the financial statements are an integral part of this statement.

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I. SUMMARY OF ALL SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Mora Independent 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 town of Mora, New Mexico and the surrounding areas. The District is responsible for all activities related to public elementary and secondary school education within its jurisdiction. The District receives funding from local, state, and federal government sources and must comply with the requirements of these funding source entities.

The District's financial statements include all entities over which the Board of Education exercises oversight responsibility. Oversight responsibility includes such aspects as appointment of governing body members, designation of management, the ability to significantly influence operations, and accountability for fiscal matters. Based upon the application of these criteria, no component units or fiduciary units were included in the financial statements.

Generally Accepted Accounting Principles (GAAP) requires that financial statements present the District (primary government) and its component units. The District has no component units that are required to be presented in accordance with Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity* and GASB Statement No. 39*, Determining Whether Certain Organizations Are Component Units, an amendment of GASB Statement No. 14*, and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34*.

1. Blended Component Units

   The District does not have any component units reported as blended component units.

2. Discretely Presented Component Units

   The District does not have any component units reported as discretely presented component units.

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 Mora Independent Schools' management who is responsible for their integrity and objectivity. The financial statements of the District conform to GAAP as applied to governmental units. 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.

B. Implementation of New Accounting Principles

During fiscal year 2018, the District adopted the following Governmental Accounting Standards Board (GASB) Statements:

- **GASB 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 by Employers for Postemployment Benefits Other Than Pensions, as amended, and No. 57, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, for OPEB. Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, establishes new accounting and financial reporting requirements for OPEB plans. This Statement 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 service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed. This Statement will be effective for the year ended June 30, 2018.

- **GASB Statement No. 81**, *Irrevocable Split-Interest Agreements*

  The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement.

  Split-interest agreements are a type of giving agreement used by donors to provide resources to two or more beneficiaries, including governments. Split-interest agreements can be created through trusts—or other legally enforceable agreements with characteristics that are equivalent to split-interest agreements—in which a donor transfers resources to an intermediary to hold and administer for the benefit of a government and at least one other beneficiary. Examples of these types of agreements include charitable lead trusts, charitable remainder trusts, and life-interests in real estate.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

B. Implementation of New Accounting Principles (cont'd)

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 interests. This Statement requires that a government recognize revenue when the resources become applicable to the reporting period.

The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2016 (FYE June 30, 2018) and should be applied retroactively. Earlier application is encouraged.

- **GASB Statement No. 82**, *Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73*

The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, Financial Reporting for Pension Plans, No. 68, Accounting and Financial Reporting for Pensions, and No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016 (FYE June 30, 2017), except for the requirements of this Statement for the selection of assumptions in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements for the selection of assumptions are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017 (FYE June 30, 2018). Earlier application is encouraged.

- **GASB Statement No. 85**, *Omnibus 2017*

The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]).

Specifically, this Statement addresses the following topics:

• Blending a component unit in circumstances in which the primary government is a business-type activity that reports in a single column for financial statement presentation

• Reporting amounts previously reported as goodwill and "negative" goodwill • Classifying real estate held by insurance entities

• Measuring certain money market investments and participating interest earning investment contracts at amortized cost

• Timing of the measurement of pension or OPEB liabilities and expenditures recognized in financial statements prepared using the current financial resources measurement focus

• Recognizing on-behalf payments for pensions or OPEB in employer financial statements

• Presenting payroll-related measures in required supplementary information for purposes of reporting by OPEB plans and employers that provide OPEB

• Classifying employer-paid member contributions for OPEB

• Simplifying certain aspects of the alternative measurement method for OPEB

• Accounting and financial reporting for OPEB provided through certain multiple-employer defined benefit OPEB plans.

The requirements of this Statement are effective for reporting periods beginning after June 15, 2017 (FYE June 30, 2018). Earlier application is encouraged.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

B. Implementation of New Accounting Principles (cont'd)

- **GASB Statement No. 86**, *Certain Debt Extinguishment Issues*

The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance.

In-Substance Defeasance of Debt Using Only Existing Resources Statement No. 7, Advance Refundings Resulting in Defeasance of Debt, requires that debt be considered defeased in substance when the debtor irrevocably places cash or other monetary assets acquired with refunding debt proceeds in a trust to be used solely for satisfying scheduled payments of both principal and interest of the defeased debt. The trust also is required to meet certain conditions for the transaction to qualify as an in-substance defeasance. This Statement establishes essentially the same requirements for when a government places cash and other monetary assets acquired with only existing resources in an irrevocable trust to extinguish the 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 resources as a separately identified gain or loss in the period of the defeasance. Governments that defease debt using only existing resources should provide a general description of the transaction in the notes to financial statements in the period of the defeasance. In all periods following an in-substance defeasance of debt using only existing resources, the amount of that debt that remains outstanding at period-end should be disclosed.

Prepaid Insurance Related to Extinguished Debt – For governments that extinguish debt, whether through a legal extinguishment or through an in-substance defeasance, this Statement requires that any remaining prepaid insurance related to the extinguished debt be included in the net carrying amount of that debt for the purpose of calculating the difference between the reacquisition price and the net carrying amount of the debt.

Additional Disclosure for All In-Substance Defeasance Transactions – One of the criteria for determining an in-substance defeasance is that the trust hold only monetary assets that are essentially risk-free. If the substitution of essentially risk-free monetary assets with monetary assets that are not essentially risk-free is not prohibited, governments should disclose that fact in the period in which the debt is defeased in substance. In subsequent periods, governments should disclose the amount of debt defeased in substance that remains outstanding for which that risk of substitution exists.

The requirements of this Statement are effective for reporting periods beginning after June 15, 2017 (FYE June 30, 2018). Earlier application is encouraged.

Other accounting standards that the District is currently reviewing for applicability and potential impact on the financial statements include:

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

This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement.

This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. This Statement requires that recognition occur when the liability is both incurred and reasonably estimable. The determination of when the liability is incurred should be based on the occurrence of external laws, regulations, contracts, or court judgments, together with the occurrence of an internal event that obligates a government to perform asset retirement activities. Laws and regulations may require governments to take specific actions to retire certain tangible capital assets at the end of the useful lives of those capital assets, such as decommissioning nuclear reactors and dismantling and removing sewage treatment plants. Other obligations to retire tangible capital assets may arise from contracts or court judgments. Internal obligating events include the occurrence of contamination, placing into operation a tangible capital asset that is required to be retired, abandoning a tangible capital asset before it is placed into operation, or acquiring a tangible capital asset that has an existing ARO.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

B. Implementation of New Accounting Principles (cont'd)

This Statement requires the measurement of an ARO to be based on the best estimate of the current value of outlays expected to be incurred. The best estimate should include probability weighting of all potential outcomes, when such information is available or can be obtained at reasonable cost. If probability weighting is not feasible at reasonable cost, the most likely amount should be used. This Statement requires that a deferred outflow of resources associated with an ARO be measured at the amount of the corresponding liability upon initial measurement.

This Statement requires the current value of a government's AROs to be adjusted for the effects of general inflation or deflation at least annually. In addition, it requires a government to evaluate all relevant factors at least annually to determine whether the effects of one or more of the factors are expected to significantly change the estimated asset retirement outlays. A government should remeasure an ARO only when the result of the evaluation indicates there is a significant change in the estimated outlays. The deferred outflows of resources should be reduced and recognized as outflows of resources (for example, as an expense) in a systematic and rational manner over the estimated useful life of the tangible capital asset.

A government may have a minority share (less than 50 percent) of ownership interest in a jointly owned tangible capital asset in which a nongovernmental entity is the majority owner and reports its ARO in accordance with the guidance of another recognized accounting standards setter. Additionally, a government may have a minority share of ownership interest in a jointly owned tangible capital asset in which no joint owner has a majority ownership, and a nongovernmental joint owner that has operational responsibility for the jointly owned tangible capital asset reports the associated ARO in accordance with the guidance of another recognized accounting standards setter. In both situations, the government's minority share of an ARO should be reported using the measurement produced by the nongovernmental majority owner or the nongovernmental minority owner that has operational responsibility, without adjustment to conform to the liability measurement and recognition requirements of this Statement.

In some cases, governments are legally required to provide funding or other financial assurance for their performance of asset retirement activities. This Statement requires disclosure of how those funding and assurance requirements are being met by a government, as well as the amount of any assets restricted for payment of the government's AROs, if not separately displayed in the financial statements. This Statement also requires disclosure of information about the nature of a government's AROs, the methods and assumptions used for the estimates of the liabilities, and the estimated remaining useful life of the associated tangible capital assets. If an ARO (or portions thereof) has been incurred by a government but is not yet recognized because it is not reasonably estimable, the government is required to disclose that fact and the reasons therefor. This Statement requires similar disclosures for a government's minority shares of AROs.

The requirements of this Statement are effective for reporting periods beginning after June 15, 2018 (FYE June 30, 2019). Earlier application is encouraged.

- **GASB Statement No. 84**, *Fiduciary Activities*

This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. An exception to that requirement is provided for a business-type activity that normally expects to hold custodial assets for three months or less. This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria. A fiduciary component unit, when reported in the fiduciary fund financial statements of a primary government, should combine its information with its component units that are fiduciary component units and aggregate that combined information with the primary government's fiduciary funds. This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. Events that compel a government to disburse fiduciary resources occur when a demand for the resources has been made or when no further action, approval, or condition is required to be taken or met by the beneficiary to release the assets.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2018 (FYE June 30, 2020). Earlier application is encouraged.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

B. Implementation of New Accounting Principles (cont'd)

- **GASB Statement No. 87**, *Leases*

The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

Definition of a Lease - A lease is defined as a contract that conveys control of the right to use another entity's nonfinancial asset (the underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transaction. Examples of nonfinancial assets include buildings, land, vehicles, and equipment. Any contract that meets this definition should be accounted for under the leases guidance, unless specifically excluded in this Statement.

The provisions of this Statement are effective for reporting periods beginning after December 15, 2019 (FYE June 30, 2021).

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

The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt.

This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established.

Requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses.

For notes to financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt.

The requirements of this Statement are effective for reporting periods beginning after June 15, 2018 (FYE June 30, 2019). Earlier application is encouraged.

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

This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. The requirements of this Statement apply to the financial statements of all state and local governments. In financial statements prepared using the economic resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expense in the period in which the cost is incurred. Such interest cost should not be capitalized as part of the historical cost of a capital asset. In financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2019 (FYE June 30, 2021). Earlier application is encouraged.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

C. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the school district. For the most part, the effect of inter-fund activity has been removed from these statements.

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

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

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

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.

The District reports all direct expenses by function in the statement of activities. Direct expenses are those that are clearly identifiable with a function. The District does not currently employ indirect cost allocation systems. Depreciation expense is specifically identified by function and is included in the direct expense of each function, except for that portion of depreciation that is identified as unallocated on the statement of activities.

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. Revenues received during the year but are applicable to subsequent years are reported as deferred inflows of resources. 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. Expenditures incurred during the year that are for the benefit of subsequent years are reported as deferred outflows of resources.

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

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

General Fund – 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.

Special Revenue Funds are used to account for the proceeds of specific revenue sources – which are legally restricted to expenditures for specified purposes.

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

Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (cont'd)

GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis* requires the District to present certain governmental funds as major funds. In addition to the General Fund, the District reports the following major governmental funds:

- SPECIAL REVENUE FUNDS

  Title I (Fund No. 24101) Minimum Balance: None
  To help local education agencies (LEAs) and schools improve the teaching and learning of children failing, or most at-risk of failing, to meet challenging State academic standards. Funding authorization: Elementary and Secondary Education Act of 1965, Title I, Part A, 20 U.S.C. 6301 et seq.

  Entitlement IDEA-B (Fund No. 24106) Minimum Balance: None
  Program provides grants to states that flow-through to schools, to assist them in providing a free appropriate public education to all children with disabilities. The program is funded by the United States government, under the Individuals with Disabilities Education Act, Part B, Section 611-617, and part D, Section 674 as amended, 20 U.S.C. 1711-1417 and 1420.

  Headstart (Fund No. 25127) Minimum Balance: None
  To promote school readiness by enhancing the social and cognitive development of low-income children, including children on federally recognized reservations and children of migratory farm-workers, through the provision of comprehensive health, educational, nutritional, social and other services; and to involve parents in their children's learning and to help parents make progress toward their educational, literacy and employment goals. Head Start also emphasizes the significant involvement of parents in the administration of their local Head Start programs. The project is funded through the federal government, under the Community Opportunities, Accountability, and Training and Educational Services Act of 1998, Title I, Section 101-119.

  Gear Up New Mexico Initiatives (Fund No. 25205) Minimum Balance: None
  To encourage eligible entities to provide supportive services to elementary and middle schools, and secondary school students who are at risk of dropping out of school; and information to students and their parents about the advantages of obtaining a postsecondary education and the college financing options for the students and their parents. Authorization granted through Higher Education Act, Title IV, Part A, Subpart 2, Chapter 2, 20 U.S.C. 1070a-21-1070a-28.

- CAPITAL PROJECTS FUNDS

  Capital Improvements SB – 9 (Fund No. 31701) Minimum Balance: None
  This fund provides financing for the purchase of equipment and capital improvements to School District property. Funding is received from a 2 mill property tax levy and interest earned on investments, under New Mexico Senate Bill 9.

- DEBT SERVICE FUNDS

  Debt Service Fund (Fund No. 41000) Minimum Balance: None
  The debt service fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Additionally, the government reports the following fund types:

Fiduciary Funds –agency funds used to account for financial resources used by the student activity groups for which the District has stewardship

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

E. Assets, Liabilities, and Net Position or Equity

1. *Deposits and investments*

The government'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 for 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 District. Deposits may be made to the extent that they are insured by an agency of the United States or by collateral deposited as security or by bond given by the financial institution.

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

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

2. *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 from/to other funds" (i.e., the current portion of inter-fund loans) or "advances to/from other funds" (i.e., the non-current portion of inter-fund loans). All other outstanding balances between funds are reported as "due from/to other funds."

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

Under GASB Statement 33, property taxes are impressed non-exchange revenue. Assets from impressed non-exchange transactions are reported when the District has an enforceable legal claim to the asset. The enforceable legal claim date for property taxes is the assessment date. Taxes are payable in two equal installments on November 10 and April 10th following the levy and become delinquent after 30 days. Therefore, the District has recorded a delinquent tax receivable and revenue for taxes received within the sixty days following year-end. A receivable and deferred revenue have been recorded for uncollected delinquent taxes. On the government-wide financial statements, the district has recorded delinquent property taxes receivable and revenue for taxes assessed as of year-end that have not be collected, as prescribed in GASB 34. An allowance for refunds and uncollectible amounts has not been recorded.

3. *Inventories*

The District's method of accounting for inventory is the consumption method. Under the consumption approach, governments report inventories they purchase as an asset and defer the recognition of the expenditures until the period in which the inventories are actually consumed. Inventory is valued at cost. Inventory in the Food Service Fund consists of U.S.D.A. commodities and other purchased food and non-food supplies. The cost of purchased inventory is recorded as an expenditure at the time individual inventory items are consumed. Commodities consumed during the year are reported as revenues and expenditures; unused commodities are reported as inventories.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

E. Assets, Liabilities, and Net Position or Equity (cont'd)

4. *Capital assets*

Capital assets, which include property, plant, and equipment (software), are reported in the applicable governmental-wide financial statements. Beginning July 1, 2005, the threshold for defining Capital assets by the government was raised from $1,000 to assets with an initial, individual cost of more than $5,000 (amount not rounded) and an estimated useful life in excess of two years. 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. Software costs have been included with the cost of computer equipment and are capitalized with that equipment. The District does not develop software for internal use or any other use.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest on construction projects has not been capitalized.

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

ESTIMATED USEFUL LIVES

ASSETS	YEARS
Buildings	40 - 50
Building improvements	20
Land Improvements	10 - 20
Vehicles	7
Office equipment	5
Computer equipment	3 - 5

5. *Compensated absences*

It is the District's policy to permit employees to accumulate earned but unused vacation, which no more than 20 days will be paid to employees upon separation from the District's service. Twelve-month employees that are full time are entitled to two weeks paid vacation per year. Vacation days may not accrue from one year to the next without the prior approval of the superintendent, and is accrued when incurred in the government-wide financial statements.

Accumulated sick leave is not payable upon termination and is recorded as expenditures when it is paid.

6. *Long-term obligations*

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, statement of Net Position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discounts.

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

7. *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 Education Retirement Board (ERB) and additions to/deductions from ERB's fiduciary net position have been determined on the same basis as they are reported by ERB. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

E. Assets, Liabilities, and Net Position or Equity (cont'd)

8. *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 Fund (RHCA) and additions to/deductions from RHCA's fiduciary net position have been determined on the same basis as they are reported by RHCA. For this purpose, RHCA recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

9. *Deferred Outflows/Inflows of Resources*

Both deferred inflows and outflows are reported in the Statement of Net Position but are not recognized in the financial statements as revenues, expenses, and reduction of liabilities or increase in assets until the period(s) to which they relate.

In addition to assets, the District reports a separate section for deferred outflows of resources. This separate financial statement element represents a use of net position/fund balance that applies to future periods and will not be recognized as an expenditure until that time.

The District also reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position/fund balance that applies to future periods and so will not be recognized as a revenue until that time. Revenue must be susceptible to accrual (measurable and available to finance expenditures of the current fiscal period) to be recognized. If assets are recognized in connection with a transaction, but those assets are not yet available to finance expenditures of the current fiscal period, then the assets must be offset by a corresponding liability for deferred inflows of resources.

The District reports deferred outflows of resources for pension-related amounts for the District's share of the difference between projected and actual earnings, for the District's share of the difference between contributions to the individual plans and the proportionate share of the contributions, and for changes of assumptions or other inputs.

The District reports deferred inflows of resources for pension-related amounts in the government wide financial statements or the District's share of the difference between expected and actual experience and for the District's share of the difference between contributions to the individual plans and the proportionate share of the contributions.

Under the modified accrual basis of accounting, revenue and other fund financial resources are recognized in the period in which they become both measurable and available. Assets recorded in the fund financial statements for which the revenues are not available are reported as a deferred inflow of resources. Deferred inflows of resources are also comprised of property tax and long-term receivables that are unavailable in the fund statements.

10. *Fund balance*

a. Non-Spendable

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

b. Restricted

Fund balance is reported as restricted when constraints placed on the use of resources are either (1) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or (2) imposed by law through constitutional provisions or enabling legislation.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

E. Assets, Liabilities, and Net Position or Equity (cont'd)

c. Committed

Amounts that can only be used for specific purposes pursuant to constraints imposed by the formal action of the District's Board of Education should be reported as committed fund balance. The committed amounts cannot be used for any other purpose unless the District's Board of Education removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. The District did not have committed fund balances for the year ended June 30, 2018.

d. Assigned

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

e. Unassigned

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

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

11. *Net Position*

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

a. Net investment in capital assets

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

b. Restricted Net Position

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

c. Unrestricted Net Position

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

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

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

E. Assets, Liabilities, and Net Position or Equity (cont'd)

12. *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.

13. *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.

14. *Inter-fund Transactions*

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund from expenditures initially made from it that are properly applicable to another fund, are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed. All other inter-fund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Non-recurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other inter-fund transfers are reported as operating transfers.

15. *Revenues*

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

A school district's program costs are determined through the use of various formulas using 'program units' which take into consideration 1) early childhood education; 2) basic education; 3) special education; 4) bilingual-multicultural education, 5) size, etc. Payment is made from the public school fund under the authority of the Director of Public School Finance. The District received $4,404,408 in state equalization guarantee distributions during the year ended June 30, 2018.

Transportation Distribution: School districts in the State of New Mexico received 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 $377,467 in transportation distributions during the year ended June 30, 2018.

Instructional Materials: The New Mexico Public Education Department (PED) receives federal mineral leasing funds from which it makes annual allocations to the various school districts for the purchase of educational materials. Of each allocation, fifty percent is restricted to the purchase of material listed on the PED 'Multiple List", while fifty percent of each allocation is available for purchases directly from vendors or transfer to the fifty percent account for purchase of material from the "Multiple List". Districts are allowed to carry forward unused textbook funds from year to year. The District received $13,293 in instructional materials distributions during the year ended June 30, 2018.

16. *Tax Abatements*

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

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

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

These budgets are prepared on the Non-GAAP cash basis, excluding encumbrances, and secure appropriation of funds for only one year. Carryover funds must be re-appropriated in the budget of the subsequent fiscal year. 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 a line item basis, i.e., each budgeted expenditure must be within budgeted amounts. Budgets may be amended in two ways. If a budget transfer is necessary within a major category called a 'series', this may be accomplished with only local Board of Education approval. If a transfer between 'series' or a budget increase is required, approval must also be obtained from Public School Finance Division.

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

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

1. In April or May, the 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.
2. In May or June, the budget is approved by the Board of Education.
3. The school board meeting, while not intended for the general public, is open for the general public unless a closed meeting has been called for.
4. The superintendent is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the school board and the State of New Mexico Department of Education.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, Debt Service Funds and Capital Projects Funds.
6. Budgets for the General, Special Revenue, Capital Projects, and Debt Service Funds are adopted on a basis not consistent with generally accepted accounting principles (GAAP). Encumbrances are treated the same way for GAAP purposes and for Budget purposes.

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (cont'd)

A. Budgetary Information (cont'd)

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, 2018 was properly amended by the Board through the year. New Mexico state law prohibits a Governmental Agency to exceed an individual line item. These amendments resulted in the following changes:

	ORIGINAL	FINAL
Major Funds:		
General Funds	$ 5,431,953	$ 5,832,812
Special Revenue Funds:		
Title I	132,320	132,320
Entitlement IDEA-B	194,732	194,732
Headstart	794,500	1,569,965
Gear Up New Mexico State Init	236,780	312,780
Capital Projects Funds:		
Capital Improvements SB-9	448,908	476,259
Debt Service Funds:		
Debt Service	529,407	529,407
Nonmajor Funds:		
Special Revenue Funds	708,304	1,036,588
Capital Projects Funds	124,658	138,471
Total Budget	$ 8,601,562	$ 10,223,334

B. Budgetary Violations

The District had two budgetary violations one in the Operational fund and one in the Entitlement IDEA-B fund during the year ended June 30, 2018.

C. Deficit Fund Equity

The District did not have any deficit fund balances as of June 30, 2018.

III. DETAILED NOTES ON ALL FUNDS

A. Cash and Temporary Investments

At June 30, 2018, the carrying amount of the District's deposits was $1,354,668 and the bank balance was $1,776,498 with the difference consisting of outstanding checks.

	BALANCE
Financial institution:	
Southwest Capital	$ 1,776,498
Less agency cash	(79,101)
Less net reconciling items	(421,830)
Total cash and equivalents	$ 1,275,567

Of the total cash and cash equivalents balance, $250,000 was covered by federal depository insurance and $1,500,000 was covered by collateral held in joint safekeeping by a third party.

III. DETAILED NOTES ON ALL FUNDS (cont'd)

A. Cash and Temporary Investments (cont'd)

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. New Mexico State Statutes require collateral pledged for deposits in excess of the federal deposit insurance to be delivered, or a joint safekeeping receipt be issued, to the District for at least one half of the amount on deposit with the institution. The District does not have a deposit policy for custodial credit risk, other than the following state statutes as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978). The statement listed below will meet the State of New Mexico Office of the State Auditor's requirement in reporting the uninsured portion of the deposits. As of June 30, 2018, $26,998 of the District's bank deposits was exposed to custodial risk as follows:

	INSURED	UNDER INSURED	TOTAL
Bank deposits:			
Uninsured and uncollateralized	$ 26,498	$ -	$ 26,498
Uninsured and collateral held by pledging bank's trust dept not in the District's name	1,500,000	-	1,500,000
Total uninsured	1,526,498	-	1,526,498
Insured (FDIC)	250,000	-	250,000
Total deposits	$ 1,776,498	$ -	$ 1,776,498
State of New Mexico collateral requirement:			
50% of uninsured public fund bank deposits	$ 763,249	$ -	$ 763,249
Pledged security	1,500,000	-	1,500,000
Over collateralization	$ 736,751	$ -	$ 736,751

B. Receivables

Receivables as of June 30, 2018 for the government's individual major funds and non-major funds in the aggregate, including the following:

	RECEIVABLES		DUE FROM OTHER	
	Property Taxes	Grants	Governments	Funds
Major Funds:				
General Funds	$ 6,855	$ -	$ 636	$ 284,520
Title I	-	56,556	-	-
Entitlement IDEA-B	-	83,087	-	-
Headstart	-	11,797	-	-
Gear Up New Mexico State Initiativ	-	71,418	-	-
Capital Improvements SB-9	45,349	-	4,237	-
Debt Service	64,211	-	5,868	-
Other Governmental Funds	-	79,648	-	-
Total	$ 116,415	$ 302,506	$ 10,741	$ 284,520

An allowance for doubtful accounts has not been established. All receivables are expected to be collectible.

III. DETAILED NOTES ON ALL FUNDS (cont'd)

B. Receivables (cont'd)

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, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	UNAVAILABLE	UNEARNED
Grant drawdowns prior to meeting all eligibility requirements		
General Funds	$ -	$ -
Other Governmental Funds	-	-
Delinquent property taxes		
General Funds	6,489	-
Capital Improvements SB-9	42,832	-
Debt Service	60,912	-
Other Governmental Funds	-	-
Total deferred/unearned revenue for governmental funds	$ 110,233	$ -

C. Inter-Fund Receivables and Payables

The inter-fund receivables and payables at June 30, 2018 were:

	RECEIVABLES	PAYABLES
Major Funds:		
General Funds	$ 284,520	$ -
Title I	-	56,556
Entitlement IDEA-B	-	83,087
Headstart	-	108
Gear Up New Mexico State Initiativ	-	71,289
Capital Improvements SB-9	-	-
Debt Service	-	-
Other Governmental Funds	-	73,480
Total	$ 284,520	$ 284,520

The inter-fund loans were made for the purposes of cash shortfalls within the individual funds. The loans are expected to be repaid within the next fiscal year.

D. Inter-Fund Transfers

The inter-fund transfers during the year ended June 30, 2018 were:

	TRANSFERS IN	TRANSFERS OUT
Major Funds:		
General Funds	$ -	$ 4,467
Other Governmental Funds	4,467	-
Total	$ 4,467	$ 4,467

The transfers were to clear funds that are no longer being used and were approved by the New Mexico Department of Education.

III. DETAILED NOTES ON ALL FUNDS (cont'd)

E. Capital Assets

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

	BEGINNING	INCREASES	DECREASES	ENDING
Governmental activities:				
Capital assets not being depreciated:				
Land	$ 460,006	$ -	$ -	$ 460,006
Capital assets being depreciated:				
Land improvements	3,127,328	-	-	3,127,328
Buildings and improvements	13,521,310	-	-	13,521,310
Furniture, fixtures, and equipment	3,692,182	456,302	-	4,148,484
Total capital assets being depreciated	20,340,820	456,302	-	20,797,122
Less accumulated depreciation for:				
Land improvements	(1,323,137)	(168,350)	-	(1,491,487)
Buildings and improvements	(4,188,805)	(370,590)	-	(4,559,395)
Furniture, fixtures, and equipment	(3,166,753)	(125,305)	-	(3,292,058)
Total accumulated depreciation	(8,678,695)	(664,245)	-	(9,342,940)
Total capital assets being depreciated, net	11,662,125	(207,943)	-	11,454,182
Total capital assets, net	$ 12,122,131	$ (207,943)	$ -	$ 11,914,188

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

DEPRECIATION ALLOCATION TO FUNCTIONS	
Instruction	$ 384,389
Support Services - Students	32,405
Support Services - Instruction	42,809
Support Services - General Administration	31,878
Support Services - School Administration	24,285
Central Services	14,290
Operations & Maintenance of Plant	67,015
Student Transportation	36,416
Other Support Services	188
Food Services	30,570
Total Depreciation Expense	$ 664,245

The Schedule of Capital Assets Used by Source, and the Schedule of Changes in Capital Assets by Function and Activity have not been prepared because the detailed information is unavailable.

Construction commitments

The District is not involved in any long-term construction projects as part of their master plan for upgrading.

III. DETAILED NOTES ON ALL FUNDS (cont'd)

F. Long-Term Debt

General Obligation Bonds

The District issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. Bonds are direct obligations and pledge the full faith and credit of the District. The bonds will be paid from taxes levied against property owners living within the School District boundaries. The details of the bonds and notes as of June 30, 2018 are as follows:

BOND ISSUES		ORIGINAL AMOUNT	INTEREST RATES	BALANCE	CURRENT PORTION
Series	07/01/07	$ 900,000	4.10% to 4.25%	$ 150,000	$ 150,000

Annual debt service requirements to maturity for general obligation bonds are as follows:

YEAR ENDING JUNE 30,	PRINCIPAL	INTEREST	TOTAL REQUIREMENTS
2019	$ 150,000	$ 3,150	$ 153,150

		BEGINNING BALANCE	ADDITIONS	RETIREMENTS	ENDING BALANCE	DUE WITHIN ONE YEAR
Compensated absences:						
Compensated vacation		$ 35,497	$ 22,747	$ 19,246	$ 38,998	$ 38,998
Bonds payable						
Original Amount	Issue					
$ 900,000	07/01/07	475,000	-	325,000	150,000	150,000
		$ 510,497	$ 22,747	$ 344,246	$ 188,998	$ 188,998

The liability of compensated absences is liquidated with resources from the general fund and several special revenue funds. The liquidation of bonds payable is done with resources from the debt service fund.

Balances shown for bonds and notes do not include unamortized premiums or deferred amounts on refinancing.

IV. OTHER INFORMATION

A. 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 1978), 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. NMPSIA will publish its own financial report for the year ended June 30, 2018.

IV. OTHER INFORMATION (cont'd)

B. Employee Retirement Plan

Plan Description - Substantially all of the District's full-time employees participate in a public employee retirement system authorized under the Educational Retirement Act (Chapter 22, Article 11, Sections 1 through 52, NMSA 1978). The Educational Retirement Board (ERB) is the administrator of the New Mexico Educational Employees' Retirement Plan (Plan), which is a cost-sharing multiple-employer defined benefit retirement plan. ERB issues a separate, publicly available financial report that includes the financial statements and required supplementary information for the plan. That report may be obtained www.nmerb.org, www.saonm.org, or by writing to:

ERB
P.O. Box 26129
Santa Fe, New Mexico 87502-6129
www.nmerb.org

Membership in the Plan is a condition of employment. Employees of public schools, universities, regional cooperatives, special schools and state agencies providing educational programs, who are employed at more than 25% of a full-time equivalency, are required to be members of the Plan. There were 150,082 active, retired, and inactive members in fiscal year 2016; there were 146,089 active, retired, and inactive members in fiscal year 2015.

Benefits Provided - The plan provides for retirement benefits, disability benefits, survivor benefits and cost-of-living adjustments to plan members (certified teachers, and other employees of State public school districts, colleges and universities) and beneficiaries. Benefits are based on three components: Final Average Salary (FAS), years of both earned and allowed service credits, and a 2.35% factor. The gross annual benefit is determined by multiplying the three components together. FAS is the higher of annual earnings for the previous 20 calendar quarters prior to retirement or the highest average annual earnings for any 20 consecutive calendar quarters.

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 or 75 or more; the member is at least sixty-five years of age and has five or more years of earned service credit; or the member has service credit totaling 25 years or more.

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

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

Retired members and surviving beneficiaries receiving benefits receive an automatic cost of living adjustment (COLA) to their benefit commencing on July 1 following the later of: (i) the year a member retires, or (ii) the year in which a member attains age 65 (Tier 1 and Tier 2) or age 67 (Tier 3).

If the plan's funded ratio for the next preceding fiscal year is 100%, or greater, Section 22-11-31(C)(1) of the New Mexico Statutes Annotated defines the adjustment factor as ½ of the percentage increase of the consumer price index between the next preceding calendar year and the preceding calendar year. The adjustment factor cannot exceed four percent, nor be less than two percent. However, if the percentage increase of the consumer price index is less than two percent, the adjustment factor will be equal to the percentage increase of the consumer price index.

If the plan's funded ratio for the next preceding fiscal year is greater than 90%, but less than 100%, Section 22-11-31(C)(2) indicates that the adjustment factor for all non-disability retirements will be 95% of the adjustment factor defined in Section 22-11-31(C)(1) if the member had 25 or more years of service credit at retirement and whose annuity is less than or equal to the median adjusted annuity for the fiscal year next preceding the adjustment date. For all other retirees eligible for an adjustment, the adjustment factor will be 90% of the adjustment factor defined in Section 22-11-31(C)(1).

IV. OTHER INFORMATION (cont'd)

B. Employee Retirement Plan (cont'd)

If the plan's funded ratio for the next preceding fiscal year is 90%, or less, Section 22-11-31(C)(3) indicates that the adjustment factor for all non-disability retirements will be 90% of the adjustment factor defined in Section 22-11-31(C)(1) if the member had 25 or more years of service credit at retirement and whose annuity is less than or equal to the median adjusted annuity for the fiscal year next preceding the adjustment date. For all other retirees eligible for an adjustment, the adjustment factor will be 80% of the adjustment factor defined in Section 22-11-31(C)(1).

Finally, annuities shall not be decreased in the event that there is a decrease in the consumer price index between the next preceding calendar year and the preceding calendar year.

As of July 1, 2013, for current and future retirees the COLA was immediately reduced until the plan is 100% funded. The COLA reduction was based on the median retirement benefit of all retirees excluding disability retirements. Retirees with benefits at or below the median and with 25 or more years of service credit will have a 10% COLA reduction; their average COLA will be 1.5%. All other retirees will have a 20% COLA reduction; their average COLA will be 1.6%. Once the funding is greater than 90%, the COLA reductions will decrease. The retirees with benefits at or below the median and with 25 or more years of service credit will have a 5% COLA reduction; their average COLA will be 1.7%. All other retirees will have a 10% COLA reduction; their average will be 1.8%. Members on disability retirement are entitled to a COLA commencing on July 1 of the third full year following disability retirement. A member on regular retirement who can prove retirement because of a disability may qualify for a COLA beginning July 1 in the third full year of retirement.

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

The member, upon retirement, has three options as to how to receive the benefit.

Option A – If the member elects the Option A, there is no reduction to the monthly benefit other than any "Rule of 75" deductions or any community property or child support reductions. There will be no continuing benefit to a beneficiary or estate upon the retiree's death, except the balance, if any, of member contributions. Those contributions are usually exhausted in the first three to four years of retirement.

Option B – If the member elects Option B, the monthly benefit is reduced to provide for a 100% survivor's benefit. The reduced benefit is payable during the life of the member and upon the retiree's death, the same benefit is paid to the beneficiary for his or her lifetime. The named beneficiary may not be changed after the effective date of retirement since the amount of the option is calculated by using both the age of the member and the beneficiary. If the beneficiary predeceases the member, the member's benefit will be adjusted by returning it to the Option A Benefit amount. The IRS prohibits selection of Option B for a non-spouse beneficiary more than ten years younger than the member.

Option C – If the member elects Option C, the monthly benefit is reduced to provide for a 50% survivor's benefit. The benefit is payable during the life of the member and upon the retiree's death, one half of the member's benefit is paid to the beneficiary for his or her lifetime. Here again, the named beneficiary may not be changed after the effective date of retirement. If the beneficiary predeceases the member, the member's benefit is adjusted by returning it to the Option A Benefit amount.

Under the provisions of Options B and C coverage, the beneficiary must be a person, and only one beneficiary may be named. The term beneficiary means a person having an insurable interest in the life of the member.

Member Contributions – Plan members whose annual salary is $20,000 or less are required by statute to contribute 7.9% of their gross salary. Plan members whose annual salary is over $20,000 are required to make the following contributions to the Plan: 10.7% of their gross salary in fiscal year 2018.

IV. OTHER INFORMATION (cont'd)

B. Employee Retirement Plan (cont'd)

Employer Contributions – In fiscal year 2018, the District was required to contribute 13.9% of the gross covered salary for employees whose annual salary is $20,000 or less, and 13.9% of the gross covered salary for employees whose annual salary is more than $20,000. The contribution requirements of plan members and the District are established in State statute under Chapter 22, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The District's contributions to ERB for the fiscal years ending June 30, 2018 were $503,371, which equal the amount of the required contributions for year ended June 30, 2018.

Employers

The Educational Retirement Act designates employers as Local Administrative Units, directly responsible for payment of compensation for the employment of members or participants of this Plan. There were 218 contributing employers in fiscal year 2017; there were 218 contributing employers in fiscal year 2016.

Liabilities, Deferred Outflows of Resources, Deferred Inflows of Resources, and Expense Related to Pensions

At June 30, 2018, the District reported a liability of $14,732,013 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 that date. 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 school districts and regional education cooperatives, actuarially determined. At June 30, 2017, the District's proportion was 0.13256 percent, which was an increase of 0.00274 percent from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the District recognized pension expense of $2,224,395.

PENSION EXPENSE CALCULATION		
Net pension liability - end of the year	$	14,732,013
Net pension liability - beginning of the year		(9,342,410)
Deferred outflows of resources during the year		(3,623,281)
Deferred inflows of resources during the year		(67,544)
Reductions to ending net pension liability due contributions paid		525,617
Total Pension Expense	$	2,224,395

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

		OUTFLOWS		INFLOWS
Difference between expected and actual experience	$	26,445	$	226,961
Change of assumptions		4,300,564		-
Net difference between projected and actual earnings on pension plan investments		-		2,021
Changes in proportion and differences between District contributions and proportionate share of contributions		176,428		47,803
District contributions subsequent to the measurement date		503,371		-
Total	$	5,006,808	$	276,785

IV. OTHER INFORMATION (cont'd)

B. Employee Retirement Plan (cont'd)

Deferred outflows of resources related to pensions in the amount of $503,371 resulted 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. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

JUNE 30,	AMORTIZATION
2019	$ 1,625,160
2020	1,689,777
2021	1,033,023
2022	(121,308)
2023	-
Thereafter	-
Total	$ 4,226,652

Actuarial Assumptions

A single discount rate of 5.90% was used to measure the total pension liability as of June 30, 2017. This single discount rate was based on the expected rate of return on pension plan investments of 5.90%. Based on the assumptions described below and the projection of cash flows, pension plan's fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current plan members. The long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The total pension liability, net pension liability, and certain sensitivity information are based on an actuarial valuation performed as of June 30, 2016. The total pension liability was rolled forward from the valuation date to the Plan's year ended 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 or changes in benefit provisions that required an adjustment to the roll-forward liabilities as of June 30, 2017. The liabilities reflect the impact of the new assumptions adopted by the Board of Trustees on April 21, 2017 as well as the change in the single discount rate between June 30, 2016 and June 30, 2017. Specifically, the liabilities measured as of June 30, 2017 incorporate the following assumptions:

1) All members with an annual salary of more than $20,000 will contribute 10.7% during the fiscal year ending June 30, 2015 and thereafter.
2) Members hired after June 30, 2013 will have an actuarially reduced retirement benefit if they retire before age 55 and their Cost of Living Adjustment (COLA) will be deferred until age 67.
3) COLAs for most retirees are reduced until ERB attains a 100% funded status.
4) The new assumptions adopted by the Board on April 21, 2017 in conjunction with the change in the single discount rate, and
5) For purposes of projecting future benefits, it is assumed that the full COLA is paid in all future years.

For the purposes of projecting future benefits, it is assumed that the full COLA is paid in all future years. The actuarial methods and assumptions used to determine contributions rates included in the measurement are as follows:

Actuarial Cost Method Entry Age:	Normal
Amortization Method:	Level Percentage of Payroll
Remaining Period:	Amortized - closed 30 years from June 30, 2012 to June 30, 2042
Asset Valuation Method:	5 year smoothed market for funding valuation (fair value for financial valuation)
Inflation:	2.50%
Salary Increases:	Composition: 3.00% inflation, plus 0.75% productivity increase rate, plus step rate promotional increases for members with less than 10 years of service
Investment Rate of Return:	7.25%

IV. OTHER INFORMATION (cont'd)

B. Employee Retirement Plan (cont'd)

Single Discount Rate:	5.90%
Retirement Age:	Experience based table of age and service rates
Mortality:	Healthy Males – RP-2000 Combined Mortality Table with white collar adjustments, generational mortality improvements with scale BB. Healthy Females – 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.

The long-term expected rate of return on pension plan investments is determined annually using a building-block approach that includes the following: 1) rate of return projections are the sum of current yield plus projected changes in price (valuation, defaults, etc.), 2) application of key economic projections (inflation, real growth, dividends, etc.), and 3) structural themes (supply and demand imbalances, capital flows, etc.). These items are developed for each major asset class. Best estimates of geometric real rates of return for each major asset class included in the Plan's target asset allocation for 2017 and 2016 for 30-year return assumptions are summarized in the following table:

Asset Class	2017 Long-Term Expected Real Rate of Return	2016 Long-Term Expected Real Rate of Return
Cash	-0.25%	-0.25%
U.S. Treasuries	0.25%	0.00%
IG Corp Credit	1.75%	1.75%
Mortgage Backed Securities	0.25%	0.25%
Core Bonds*	0.75%	0.64%
Treasury Inflation Protected Securities	0.50%	0.75%
High-Yield Bonds	2.50%	2.50%
Bank Loans	2.75%	2.75%
Global Bonds (Unhedged)	-0.50%	-0.50%
Global Bonds (Hedged)	-0.38%	-0.38%
Emerging Market Debt External	2.50%	2.75%
Emerging Market Debt Local Currency	3.25%	3.25%
Large Cap Equities	4.25%	4.25%
Small/ Mid Cap Equities	4.50%	4.50%
International Equities (Unhedged)	4.50%	4.75%
International Equities (Hedged)	4.89%	5.14%
Emerging International Equities	6.25%	6.25%
Private Equity	6.25%	6.25%
Private Debt	4.75%	4.75%
Private Real Assets	5.90%	4.50%
Real Estate	3.25%	3.25%
Commodities	2.25%	2.25%
Hedge Funds	3.22%	3.25%

Rate of Return

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

1) Rate of return projections are the sum of current yield plus projected changes in price (valuation, defaults, etc.),
2) Application of key economic projections (inflation, real growth, dividends, etc.), and
3) Structural themes (supply and demand imbalances, capital flows, etc.).

These items are developed for each major asset class.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate Assumption

IV. OTHER INFORMATION (cont'd)

B. Employee Retirement Plan (cont'd)

The following table shows the sensitivity of the net pension liability to changes in the discount rate as of fiscal year end 2017, 2016, and 2015. In particular, the table presents the Plan's net pension liability under the current single rate assumption, as if it were calculated using a discount rate one percentage point lower or one percentage point higher than the single discount rate.

CURRENT SINGLE RATE				
	Discount Rate	1% Decrease	Single Rate Assumption	1% Increase
ERB (All Employers)				
2017	5.90%	$ 14,466,972,041	$ 11,113,468,217	$ 8,372,251,980
2016	7.75%	9,531,509,131	7,196,433,561	5,258,980,529
2015	7.75%	8,715,594,530	6,477,266,299	4,596,837,569
Mora Independent School District No. 44				
2017	5.90%	$ 19,177,418	$ 14,732,013	$ 11,098,257
2016	7.75%	12,373,805	9,342,410	6,827,209
2015	7.75%	11,453,163	8,511,776	6,040,704

C. Post-Retirement Health Care Benefits

Plan Description - The District, as an employer, contributes to the New Mexico Retiree Health Care Fund (RHCA), a cost-sharing multiple-employer defined benefit postemployment healthcare plan. The plan provides healthcare insurance and prescription drug benefits to retired employees of participating employers, their spouses, dependents, and surviving spouses and dependents. The RHCA Board was established by the Retiree Health Care Act (Chapter 10, Article 7C, NMSA 1978). The Board is responsible for establishing and amending benefit provisions of the healthcare plan and is also authorized to designate optional and/or voluntary benefits like dental, vision, supplemental life insurance, and long-term care policies. RHCA issues a separate, publicly available financial report that includes the financial statements and required supplementary information for the plan. That report may be obtained www.nmrhca.org, www.saonm.org, or by writing to:

Retiree Health Care Authority
4308 Carlisle NE, Suite 104
Albuquerque, NM 87107

The plan is used to provide postemployment benefits other than pensions (OPEB) for retirees who were an employee of participating employer in either the New Mexico Public Employees Retirement Association (PERA) or Educational Retirement Board (ERB), eligible to receive a pension. For employers who "buy-in" to the plan, retirees are eligible for benefits six months after the effective date of employer participation. Retirees not in a PERA enhanced (Fire, Police, Corrections) pension plan who commence benefits on or after January 1, 2020 will not receive any subsidy from RHCA before age 55.

IV. OTHER INFORMATION (cont'd)

C. Post-Retirement Health Care Benefits (cont'd)

Eligible retirees are:

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

There were 160,035 active, retired, surviving spouses, and inactive members in fiscal year 2017; there were 159,642 active, retired, surviving spouses, and inactive members in fiscal year 2016.

Funding Policy

The Retiree Health Care Act (Section 10-7C-13 NMSA 1978) authorizes the RHCA Board to establish the monthly premium contributions that retirees are required to pay for healthcare benefits. Each participating retiree pays a monthly premium according to a service-based subsidy rate schedule for the medical, plus basic life plan, plus an additional participation fee of five dollars ($5) if the eligible participant retired prior to the employer's effective date or is a former legislator or former governing authority member. Former legislators and governing authority members are required to pay 100% of the insurance premium to cover their claims and the administrative expenses of the plan. The monthly premium rate schedule can be obtained from RHCA or viewed on their website at www.nmrhca.org.

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

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. For employees that were members of an enhanced retirement plan (state police and adult correctional officer member coverage plan 1; municipal police member coverage plans 3, 4 or 5; municipal fire member coverage plan 3, 4 or 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act) during the fiscal year ended June 30, 2013, the statute required each participating employer to contribute 2.5% of each participating employee's annual salary; and each participating employee was required to contribute 1.25% of their salary. For employees that were not members of an enhanced retirement plan during the fiscal year ended June 30, 2014, the statute required each participating employer to contribute 2.0% of each participating employee's annual salary; each participating employee was required to contribute 1.0% of their salary. In addition, pursuant to Section 10-7C-15(G) NMSA 1978, at the first session of the Legislature following July 1, 2013, the legislature shall review and adjust the distributions pursuant to Section 7-1-6.1 NMSA 1978 and the employer and employee contributions to the authority in order to ensure the actuarial soundness of the benefits provided under the Retiree Health Care Act.

Benefits Provided - Retirees and spouses are eligible for medical and prescription drug benefits. Dental and vision benefits are also available but were not included in any valuation since they are 100% retiree-paid. A description of these benefits may be found in Enrolled Participants at www.nmrhca.org.

Member Contributions – Employees that were not members of an enhanced plan, the statute required each participating employee was required to contribute 1% of their gross salary in fiscal year 2018.

Employer Contributions – In fiscal year 2018, the District was required to contribute 2% of the gross covered salary for employees who are entitled to RHCA benefits. The District's contributions to RHCA for the fiscal year ending June 30, 2018 was $74,451, which equal the amount of the required contributions for each fiscal year.

Employers - The Educational Retirement Act designates employers as Local Administrative Units, directly responsible for payment of compensation for the employment of members or participants of this Plan. There were 301 contributing employers in fiscal year 2017.

IV. OTHER INFORMATION (cont'd)

C. Post-Retirement Health Care Benefits (cont'd)

Liabilities, Deferred Outflows of Resources, Deferred Inflows of Resources, and Expense Related to OPEB

At June 30, 2018, the District reported a liability of $3,985,606 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The District 's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2017, the District's proportion was 0.08795 percent.

For the year ended June 30, 2018, the District recognized OPEB expense of $158,455.

OPEB EXPENSE CALCULATION		
Net OPEB liability - end of the year	$	3,985,606
Net OPEB liability - beginning of the year		(4,809,779)
Deferred outflows of resources during the year		-
Deferred inflows of resources during the year		907,115
Reductions to ending net OPEB liability due contributions paid		75,513
Total OPEB Expense	$	158,455

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

	OUTFLOWS		INFLOWS	
Difference between expected and actual experience	$	-	$	152,946
Change of assumptions		-		696,833
Net difference between projected and actual earnings on OPEB plan investments		-		57,336
Changes in proportion and differences between District contributions and proportionate share of contributions		-		-
District contributions subsequent to the measurement date		74,451		-
Total	$	74,451	$	907,115

Deferred outflows of resources related to OPEB in the amount of $74,451 resulted from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2018. Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

JUNE 30,	AMORTIZATION	
2019	$	(192,859)
2020		(192,859)
2021		(192,859)
2022		(192,859)
2023		(135,679)
Thereafter		-
Total	$	(907,115)

IV. OTHER INFORMATION (cont'd)

C. Post-Retirement Health Care Benefits (cont'd)

Actuarial Assumptions

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 OPEB plan'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.

A blended rate of the assumed investment return on Plan assets (e.g. 7.25% for the June 30, 2017 valuation) and the rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (e.g. 3.58% as of June 30, 2017). The 7.25% discount rate was used to calculate the net OPEB liability through June 30, 2029. Benefit payments after June 30, 2029 are then discounted by the index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher, currently 3.58%. The blended discount rate of 3.81% was used to measure the total OPEB liability as of June 30, 2017.

The total OPEB liability was determined by an actuarial valuation as of June 30, 2017 using the following actuarial assumptions:

Valuation Date:	June 30, 2017
Actuarial Cost Method Entry Age:	Entry age normal, level percent of pay, calculated on individual employee basis
Amortization Method:	30-year open-ended amortization, level percent of payroll
Remaining Period:	30 years as of June 30, 2016
Asset Valuation Method:	Market value of assets
Actuarial assumptions	
Inflation:	2.50% for ERB; 2.25% for PERA
Projected Salary Increases:	3.50%
Investment Rate of Return:	7.25%, net of OPEB plan investment expense and margin for adverse deviation including inflation
Health Care Cost Trend Rate:	8% graded down to 4.5% over 14 years for Non-Medicare medical plan costs and 7.5% graded down to 4.5% over 12 for Medicare medical plan costs

Rate of Return

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

Asset Class	Target Allocation %	2017 Long-Term Expected Real Rate of Return %
U.S. core fixed income	20	9.1
U.S. equity - large cap	20	9.1
Non U.S. - emerging markets	15	12.2
Non U.S. - developed equities	12	9.8
Private equity	10	13.8
Credit and structured finance	10	7.3
Real estate	5	6.9
Absolute return	5	6.1
U.S. equity - small/mid cap	3	9.1

IV. OTHER INFORMATION (cont'd)

C. Post-Retirement Health Care Benefits (cont'd)

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate Assumption

The following table shows the sensitivity of the net OPEB liability to changes in the discount rate as of June 30, 2017. In particular, the table presents the Plan's net OPEB liability under the current single rate assumption, as if it were calculated using a discount rate one percentage point lower (1% decrease) or one percentage point higher (1% increase) than the single discount rate.

		CURRENT SINGLE RATE			
		Discount Rate	1% Decrease	Single Rate Assumption	1% Increase
RHCA (All Employers)					
	2017	3.81%	$ 5,496,848,763	$ 4,531,673,018	$ 3,774,405,896
Mora Independent School District No. 44					
	2017	3.81%	$ 4,834,478	$ 3,985,606	$ 3,319,590

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

		HEALTH COST TREND RATE		
		1% Decrease	Current Trend Rates	1% Increase
RHCA (All Employers)				
	2017	$ 3,854,499,980	$ 4,531,673,018	$ 5,059,700,584
Mora Independent School District No. 44				
	2017	$ 3,390,033	$ 3,985,606	$ 4,450,007

D. 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 government expects such amounts, if any, to be immaterial.

The government is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the government's counsel the resolution of these matters will not have a material adverse effect on the financial condition of the government.

E. Cash Flows

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

IV. OTHER INFORMATION (cont'd)

F. Related Party

Due to the community size, the District has several employees who are related. The superintend is related to a teacher and the athletics director. There are two board members that are related to employees of the District. The two employees related to eh board members were hired prior to the board members becoming elected.

G. Restatement

There was a restatement of the basic financial statements for $4,011,691, net pension liability. This was for the implementation of GASB Statement no. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* which requires the recognition of the District's portion of the cost-sharing OPEB Liability.

H. Subsequent Events

Subsequent events were evaluated through October 12, 2018 which is the date the financial statements were available to be issued.

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
Educational Retirement Board (ERB) Pension Plan
Last 10 Fiscal Years*

	2018	2017	2016	2015
District's proportion of the net pension liability	0.165630%	0.129820%	0.131410%	0.128440%
District's proportionate share of the net pension liability	$ 14,732,013	$ 9,342,410	$ 8,511,776	$ 7,378,434
District's covered-employee payroll	$ 3,707,676	$ 3,587,914	$ 3,540,402	$ 3,564,461
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	397.34%	260.39%	240.42%	207.00%
Plan fiduciary net position as a percentage of the total pension liability	52.95%	61.58%	63.97%	66.54%

* These schedules are intended to present 10 years of trending history. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

SCHEDULE OF THE DISTRICT'S PENSION CONTRIBUTIONS
Educational Retirement Board (ERB) Pension Plan
Last 10 Fiscal Years*

	2018	2017	2016	2015
Contractually required contribution	$ 506,629	$ 515,366	$ 592,594	$ 519,026
Contributions in relation to the contractually required	(503,371)	(515,366)	(519,257)	(519,026)
Contribution deficeiency (excess)	$ 3,258	$ -	$ 73,337	$ -
District's Covered-employee Payroll	$ 3,644,816	$ 3,707,676	$ 3,587,914	$ 3,540,402
Contribution as a percentage of covered-employee payroll	13.81%	13.90%	14.47%	14.66%

* These schedules are intended to present 10 years of trending history. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2018

Changes of benefit terms: The COLA and retirement eligibility benefits changes in recent years are described in the Benefits Provided subsection of the financial statement note disclosure General Information on the Pension Plan.

Changes of assumptions: ERB conducts an actuarial experience study for the Plan on a biennial basis. Based on the six-year actuarial experience study presented to the Board of Trustees on June 30, 2016, ERB implemented the following changes in assumptions for fiscal years 2017.

1) Fiscal year 2017 valuation assumptions that changed based on this study:
   a. Lower wage inflation from 3.75% to 3.25%
   b. Lower payroll growth from 3.50% to 3.00%
   c. Minor changes to demographic assumptions
   d. Lower Inflation rate from 3.00% to 2.50%
   e. Lower Investment return from 7.75% to 7.25%
   f. Lower COLA assumption from 2.00% per year to 1.90%
2) Assumptions that were not changed:
   a. Population growth per year at 0.00%
   b. Salary increases at 3.00% inflation, plus 0.75% productivity increase rate, plus step-rate promotional increases for less than ten years of service
   c. Net real return remains at 4.75%

See also the Note VI (B) *Actuarial Assumptions* of the financial statement note disclosure on the Pension Plan.

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
Retiree Health Care Authority (RHCA) OPEB Plan
Last 10 Fiscal Years*

	2018
District's proportion of the net OPEB liability	0.087950%
District's proportionate share of the net OPEB liability	$ 3,985,606
District's covered-employee payroll	$ 3,775,931
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	105.55%
Plan fiduciary net position as a percentage of the total OPEB liability	11.34%

* These schedules are intended to present 10 years of trending history. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

SCHEDULE OF THE DISTRICT'S OPEB CONTRIBUTIONS
Retiree Health Care Authority (RHCA) OPEB Plan
Last 10 Fiscal Years*

	2018
Contractually required contribution	$ 74,396
Contributions in relation to the contractually required	(74,451)
Contribution deficeiency (excess)	$ (55)
District's Covered-employee Payroll	$ 3,719,827
Contribution as a percentage of covered-employee payroll	2.00%

* These schedules are intended to present 10 years of trending history. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2018

Changes of benefit terms: The COLA and retirement eligibility benefits changes in recent years are described in the Benefits Provided subsection of the financial statement note disclosure General Information on the Pension Plan.

Changes of assumptions: RHCA conducts an actuarial experience study for the Plan on a biennial basis. Based on the six-year actuarial experience study presented to the Board of Trustees on June 30, 2017, RHCA implemented the following changes in assumptions for fiscal years 2014 and 2013.
The total OPEB liability as of June 30, 2017 was determined by an actuarial valuation as of June 30, 2017. The mortality, retirement, disability, turnover and salary increase assumptions are based on the PERA annual valuation as of June 30, 2016 and the ERB actuarial experience study as of June 30, 2016.

1) Fiscal year 2017 valuation assumptions that changed based on this study:
   a. Lower Investment return from 7.75% to 7.25%
   b. Lower Inflation rate from 3.00% to 2.50%
   c. Minor changes to demographic assumptions

2) Assumptions that were not changed:
   a. Population growth per year at 0.00%
   b. Health care cost trend rate 8% graded down to 4.5% over 14 years for Non-Medicare medical plan costs and 7.5% graded down to 4.5% over 12 for Medicare medical plan costs

See also the Note IV (C) *Actuarial Assumptions* of the financial statement note disclosure on the OPEB Plan.

OTHER SUPPLEMENTAL INFORMATION

OF

MORA INDEPENDENT SCHOOL DISTRICT NO. 44

AS OF AND FOR THE YEAR ENDED

JUNE 30, 2018

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OTHER SUPPLEMENTAL INFORMATION

(GENERAL FUNDS)

OPERATING FUND (Fund No. 11000)
The government's primary fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

TRANSPORTATION FUND (Fund No. 13000)
Accounts for all the Transportation funds received through the state that are used in the maintaining and operating vehicles used to transport students.

INSTRUCTIONAL MATERIALS FUND (Fund No. 14000)
Accounts for all the Instructional Materials funds received through the state for the purpose of acquiring study materials for the students.

STATE OF NEW MEXICO

MORA INDEPENDENT SCHOOL DISTRICT NO. 44

GENERAL FUNDS

Combining Balance Sheet

June 30, 2018

	Operational Fund #11000	Transportation Fund #13000	Instructional Materials Fund #14000	Total General Funds
Assets				
Cash and cash equivalents	$ 561,304	$ 18,101	$ 14,985	$ 594,390
Receivables:				
Property taxes	6,855	-	-	6,855
Due from other governments	636	-	-	636
Due from other funds	284,520	-	-	284,520
Total assets	$ 853,315	$ 18,101	$ 14,985	$ 886,401
Liabilities, deferred inflows and fund balance				
Liabilities:				
Accounts payable	$ 28,427	$ -	$ -	$ 28,427
Deferred inflows of resources:				
Delinquent property taxes	6,489	-	-	6,489
Fund balance:				
Unassigned	818,399	18,101	14,985	851,485
Total liabilities, deferred inflows of resources, and fund balance	$ 853,315	$ 18,101	$ 14,985	$ 886,401

STATE OF NEW MEXICO

MORA INDEPENDENT SCHOOL DISTRICT NO. 44

GENERAL FUNDS

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance

Year Ended June 30, 2018

	General Funds			
	Operational Fund #11000	Transportation Fund #13000	Instructional Materials Fund #14000	Total General Fund
Revenues:				
Taxes:				
Property	$ 27,699	$ -	$ -	$ 27,699
Intergovernmental - federal grants	89,688	-	-	89,688
Intergovernmental - state grants	4,404,408	543,267	13,293	4,960,968
Charges for services	22,120	-	-	22,120
Investment and interest income	2,813	-	-	2,813
Miscellaneous	63,171	-	-	63,171
Total revenue	4,609,899	543,267	13,293	5,166,459
Expenditures:				
Current:				
Instruction	2,221,098	-	21,167	2,242,265
Support services:				
Students	437,363	-	-	437,363
Instruction	20,618	-	-	20,618
General Administration	412,767	-	-	412,767
School Administration	341,248	-	-	341,248
Central Services	218,605	-	-	218,605
Operation & Maintenance of Plant	784,357	-	-	784,357
Student transportation	164	525,167	-	525,331
Other Support services	2,876	-	-	2,876
Total expenditures	4,439,096	525,167	21,167	4,985,430
Excess (deficiency) of revenues over expenditures	170,803	18,100	(7,874)	181,029
Other financing uses:				
Transfers out	(4,467)	-	-	(4,467)
Net change in fund balance	166,336	18,100	(7,874)	176,562
Fund balance at beginning of the year	652,063	1	22,859	674,923
Fund balance at end of the year	$ 818,399	$ 18,101	$ 14,985	$ 851,485

STATE OF NEW MEXICO

MORA INDEPENDENT SCHOOL DISTRICT NO. 44

OPERATIONAL FUND - NO. 11000

Statement of Revenues, Expenditures, and

Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)

Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive
	Original	Final	(Budgetary Basis)	(Negative)
Revenues:				
Taxes:				
Property	$ 27,924	$ 27,924	$ 27,738	$ (186)
Intergovernmental - federal grants	52,397	52,397	89,688	37,291
Intergovernmental - state grants	4,304,872	4,393,468	4,404,408	10,940
Charges for services	21,962	21,962	22,120	158
Investment and interest income	3,200	3,200	2,813	(387)
Miscellaneous	-	52,600	63,171	10,571
Total revenues	4,410,355	4,551,551	4,609,938	58,387
Expenditures:				
Current:				
Instruction	2,490,969	2,500,169	2,227,318	272,851
Support services:				
Students	560,162	516,063	438,905	77,158
Instruction	71,058	71,058	20,047	51,011
General Administration	291,672	449,063	429,064	19,999
School Administration	326,975	347,202	340,973	6,229
Central Services	233,721	240,491	218,605	21,886
Operation & Maintenance of Plant	952,727	919,796	785,297	134,499
Student transportation	-	-	164	(164)
Other Support services	99,116	122,713	2,876	119,837
Capital outlay	-	88,596	-	88,596
Total expenditures	5,026,400	5,255,151	4,463,249	791,902
Excess (deficiency) of revenues over expenditures	(616,045)	(703,600)	146,689	850,289
Other financing uses:				
Transfers out	-	-	(4,467)	(4,467)
Net change in fund balance	(616,045)	(703,600)	142,222	845,822
Beginning cash balance budgeted	616,045	703,600	-	(703,600)
Fund balance at beginning of the year	-	-	652,063	652,063
Fund balance at end of the year	$ -	$ -	794,285	$ 794,285
RECONCILIATION TO GAAP BASIS:				
Change in property tax receivable			886	
Change in due from other governments			(20)	
Change in payables			24,154	
Change in deferred property taxes			(906)	
Fund balance at end of the year (GAAP basis)			$ 818,399	

TRANSPORTATION FUND - NO. 13000

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive
	Original	Final	(Budgetary Basis)	(Negative)
Revenues:				
Intergovernmental - state grants	$ 377,467	$ 543,267	$ 543,267	$ -
Expenditures:				
Current:				
Support services:				
Student transportation	377,467	543,267	525,167	18,100
Excess of revenues over expenditures	-	-	18,100	18,100
Fund balance at beginning of the year	-	-	1	1
Fund balance at end of the year	$ -	$ -	18,101	$ 18,101
RECONCILIATION TO GAAP BASIS:				
Change in payables			-	
Fund balance at end of the year (GAAP basis)			$ 18,101	

STATE OF NEW MEXICO

MORA INDEPENDENT SCHOOL DISTRICT NO. 44

INSTRUCTIONAL MATERIALS FUND - NO. 14000

Statement of Revenues, Expenditures, and

Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)

Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive
	Original	Final	(Budgetary Basis)	(Negative)
Revenues:				
Intergovernmental - state grants	$ 11,535	$ 11,535	$ 13,293	$ 1,758
Expenditures:				
Current:				
Instruction	28,086	34,394	21,167	13,227
Excess (deficiency) of revenues over expenditures	(16,551)	(22,859)	(7,874)	14,985
Beginning cash balance budgeted	16,551	22,859	-	(22,859)
Fund balance at beginning of the year	-	-	22,859	22,859
Fund balance at end of the year	$ -	$ -	14,985	$ 14,985
RECONCILIATION TO GAAP BASIS:				
Change in payables			-	
Fund balance at end of the year (GAAP basis)			$ 14,985	

OTHER SUPPLEMENTAL INFORMATION

(NONMAJOR GOVERNMENTAL FUNDS)

Funds that did not meet the requirements of GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis* to be considered Major Funds and have not been identified as Major Funds by management.

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Nonmajor Special Revenue Funds

Special revenue funds are operating funds used to account for the proceeds of specific revenue sources that are intended for specific purposes other than special assessments or major capital projects.

Food Service (Fund No. 21000) Minimum Balance: None

This program provides financing for the school breakfast and lunch program. Funding is provided from fees from patrons and USDA food reimbursements, under the National School Lunch Act of 1946, as amended, Public Law 79-396, Sections 2-4, 60 Stat. 230, 42 U.S.C. 1751 et seq.; 80 stat. 889, as amended; 84 stat. 270; and the Child Nutrition Act of 1966, as amended, Sections 4 and 10. Public Law 89-642, 80 sat. 886, 889, 42 U.S.C. 1773, 1779; Public Law 99-591, 100 stat. 3341; Public Law 100-71, 101 stat. 430.

Athletics (Fund No. 22000) Minimum Balance: None

This fund provides financing for school athletic activities. Funding is provided by fees from patrons.

NM Autism (Fund No. 24108) Minimum Balance: None

Program provides grants to states that flow-through to schools, to assist them in providing a free appropriate public education to all children with disabilities. The program is funded by the United States government, under the Individuals with Disabilities Education Act, Part B, Section 611-617, and part D, Section 674 as amended, 20 U.S.C. 1711-1417 and 1420.

Preschool IDEA-B (Fund No. 24109) Minimum Balance: None

The Preschool program is for the purpose of enhancing Special Education for handicapped children from ages 3 to 5. The program is funded by the United States government, under the Individuals With Disabilities Act, Part B, Section 619, as amended, Public Laws 94-142, 99-457, 100-630, 101-497, and 101-476.

Fresh Fruits and Vegetables (Fund No. 24118) Minimum Balance: None

To assist States, through cash grants, in providing free fresh fruits and vegetables to school children in designated participating schools beginning in school year 2004/2006. Authorization granted under National School Lunch Act, as amended, 42 U.S.C. 1769.

Title II Teacher Quality (Fund No. 24154) Minimum Balance: None

To provide grants to State Education Agencies (SEAs) 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 the academic achievement. Authorization is granted through the Elementary and Secondary Education Act of 1965, as amended, Title II, Part A, Public Law 107-110.

Carl D Perkins – JAG (Fund No. 24171) Minimum Balance: None

Basic grants assist states and outlying areas to expand and improve their programs of vocational education and provide equal access in vocational education to special need populations. Authorized by Carl D. Perkins Vocational and Applied Technology Education Amendments of 1998, Title I, Public Law 105-332, 20 U.S.C. 2301, et seq.

Title XIX Medicaid (Fund No. 25153) Minimum Balance: None

To provide financial assistance from the Federal government which flows-through the State of New Mexico to school districts, for payments of medical assistance on behalf of cash assistance recipients, children, pregnant women and the aged who meet income and resource requirements, and other categorically-eligible groups. The program is funded by the U.S. government under the Social Security Act, Title XIX, as amended; Public Laws 92-223, 92-602, 93-66, 93-233, 96-499, 97-35, 97-2248, 98-369, 99-272, 99-509, 100-93, 100-202, 100-203, 100-360, 100-436, 100-485, 100-647, 101-166, 101-234, 101-239, 101-508, 101-517, 102-234, 102-170, 102-394, 103-66, 103-14, 103-333, 104-91, 104-191, 104-193, 104-208, and 104-134; Balanced Budget Act of 1997, Public Law 105-33.

Nonmajor Special Revenue Funds (cont'd)

CNM Foundation (Fund No. 26207) Minimum Balance: None
The funds are to be used for classroom supplies, curriculum materials, software, guest speakers, fieldtrips, conferences, starting a school snack bar or school store.

Dual Credit Instructional Materials (Fund No. 27103) Minimum Balance: None
To be used for courses approved by Higher Education Department (HED) and through a college/university for which the district has an approved agreement.

Library GO Bond 2012 (Fund No. 27107) Minimum Balance: None
Funds to be used for library books and library resources for public school libraries statewide. Library resources include computers, software, projectors, televisions, other related hardware and software, shelving, desks, chairs, and book trucks/carts. Senate Bill 66, Laws of 2012, 2nd Session, Chapter 54, Section 10.B.(3).

Recruitment Support (Fund No. 27128) Minimum Balance: None
Funds to be used for teacher recruitment efforts such as signing bonuses for new teachers, covering the costs of travel to a recruiting/hiring event, updates to your district website with regard to recruitment, or the cost of placing advertisements in a newspaper or external website. Authorization through NM Public Education Department, Special Appropriation Fund

Breakfast For Elementary Students (Fund No. 27155) Minimum Balance: None
The Breakfast for Elementary School program provides foods (at no charge) after the instructional day has begun, provided that instruction occurs simultaneously with breakfast. Authorized through 22-13-13.2 NMSA 1978; NMAC 6.12.9

Kindergarten 3-Plus (Fund No. 27166) Minimum Balance: None
To account for funds received to provide the opportunity for the district to address early literacy. The fullday kindergarten program is the first step in the implementation of a sequential early literacy approach to teaching reading.

CYFD Child Food Program (Fund No. 28201) Minimum Balance:
To account for federal money received from CYFD from the National School Lunch Program to provide food to the Head Start Student. The fund was created by grant provisions.

Nonmajor Capital Projects Funds

Capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

Bond Building (Fund No. 31100) Minimum Balance: None
This fund provides financing for the construction of buildings, the purchase of equipment, and the acquisition and improvement of land. Funding is provided by the sale of general obligation bonds, which have been approved by the voters of the district.

Special Capital Outlay - State (Fund No. 31400) Minimum Balance: None
This fund provides financing for special appropriation monies received from the State of New Mexico under Chapter 367, Laws of 1993.

State SB-9 Match (Fund No. 31700) Minimum Balance: None
To account for erecting, remodeling, making additions to and furnishing of school buildings, or purchasing or improving school grounds or any combination thereof as identified by the local school board. Financing is provided by the State of New Mexico's State Equalization Matching as authorized by the Public School District Capital Improvements Act (22-25-1 to 22-25-10 NMSA 1978).

STATE OF NEW MEXICO
MORA INDEPENDENT SCHOOL DISTRICT NO. 44

NON-MAJOR GOVERNMENTAL FUNDS
Combining Balance Sheet
June 30, 2018

	Special Revenue Funds			
	Food Service Fund #21000	Athletics Fund #22000	NM Autism Fund #24108	Preschool IDEA-B Fund #24109
Assets				
Cash and cash equivalents	$ 160,530	$ 13,218	$ -	$ -
Receivables:				
Grant	-	-	6,491	4,036
Food inventory	13,805	-	-	-
Total assets	$ 174,335	$ 13,218	$ 6,491	$ 4,036
Liabilities, deferred inflows and fund balance				
Liabilities:				
Accounts payable	$ 35,158	$ -	$ -	$ -
Due to other funds	-	-	6,491	4,036
Total liabilities	35,158	-	6,491	4,036
Fund balance:				
Non-spendable:				
Inventories	13,805	-	-	-
Restricted for:				
Special revenue funds	125,372	13,218	-	-
Capital projects funds	-	-	-	-
Total fund balance	139,177	13,218	-	-
Total liabilities and fund balance	$ 174,335	$ 13,218	$ 6,491	$ 4,036

(cont'd; 1 of 5)

NON-MAJOR GOVERNMENTAL FUNDS
Combining Balance Sheet
June 30, 2018

	Special Revenue Funds			
	Fresh Fruits and Vegetables Fund #24118	Title II Teacher Quality Fund #24154	Carl D Perkins - JAG Fund #24171	Title XIX Medicaid Fund #25153
Assets				
Cash and cash equivalents	$ -	$ -	$ -	$ 81,972
Receivables:				
Grant	2,842	1,995	27,020	-
Food inventory	-	-	-	-
Total assets	$ 2,842	$ 1,995	$ 27,020	$ 81,972
Liabilities, deferred inflows and fund balance				
Liabilities:				
Accounts payable	$ -	$ -	$ -	$ -
Due to other funds	2,842	1,995	27,020	-
Total liabilities	2,842	1,995	27,020	-
Fund balance:				
Non-spendable:				
Inventories	-	-	-	-
Restricted for:				
Special revenue funds	-	-	-	81,972
Capital projects funds	-	-	-	-
Total fund balance	-	-	-	81,972
Total liabilities and fund balance	$ 2,842	$ 1,995	$ 27,020	$ 81,972

(cont'd; 2 of 5)

STATE OF NEW MEXICO

MORA INDEPENDENT SCHOOL DISTRICT NO. 44

NON-MAJOR GOVERNMENTAL FUNDS

Combining Balance Sheet

June 30, 2018

	Special Revenue Funds			
	CNM Foundation Fund #26207	Dual Credit Instructional Materials Fund #27103	Libraries GO Bond 2012 Fund #27107	Recruitment Support Fund #27128
Assets				
Cash and cash equivalents	$ 68	$ -	$ -	$ -
Receivables:				
Grant	-	-	-	-
Food inventory	-	-	-	-
Total assets	$ 68	$ -	$ -	$ -
Liabilities, deferred inflows and fund balance				
Liabilities:				
Accounts payable	$ -	$ -	$ -	$ -
Due to other funds	-	-	-	-
Total liabilities	-	-	-	-
Fund balance:				
Non-spendable:				
Inventories	-	-	-	-
Restricted for:				
Special revenue funds	68	-	-	-
Capital projects funds	-	-	-	-
Total fund balance	68	-	-	-
Total liabilities and fund balance	$ 68	$ -	$ -	$ -

(cont'd; 3 of 5)

NON-MAJOR GOVERNMENTAL FUNDS
Combining Balance Sheet
June 30, 2018

	Special Revenue Funds			
	Breakfast for Elementary Students Fund #27155	Kindergarten 3-Plus Fund #27166	CYFD Child Food Program Fund #28201	Total Non-Major Special Revenue Funds
Assets				
Cash and cash equivalents	$ -	$ -	$ 7,944	$ 263,732
Receivables:				
Grant	1,104	29,992	-	73,480
Food inventory	-	-	-	13,805
Total assets	$ 1,104	$ 29,992	$ 7,944	$ 351,017
Liabilities, deferred inflows and fund balance				
Liabilities:				
Accounts payable	$ -	$ -	$ 4,806	$ 39,964
Due to other funds	1,104	29,992	-	73,480
Total liabilities	1,104	29,992	4,806	113,444
Fund balance:				
Non-spendable:				
Inventories	-	-	-	13,805
Restricted for:				
Special revenue funds	-	-	3,138	223,768
Capital projects funds	-	-	-	-
Total fund balance	-	-	3,138	237,573
Total liabilities and fund balance	$ 1,104	$ 29,992	$ 7,944	$ 351,017

(cont'd; 4 of 5)

NON-MAJOR GOVERNMENTAL FUNDS
Combining Balance Sheet
June 30, 2018

	Capital Projects Funds				
	Bond Building Fund #31100	Special Capital Outlay - State Fund #31400	State SB-9 Match Fund #31700	Total Non-Major Capital Projects Funds	Total Nonmajor Governmental Funds
Assets					
Cash and cash equivalents	$ 22,399	$ -	$ -	$ 22,399	$ 286,131
Receivables:					
Grant	-	-	6,168	6,168	79,648
Food inventory	-	-	-	-	13,805
Total assets	$ 22,399	$ -	$ 6,168	$ 28,567	$ 379,584
Liabilities, deferred inflows and fund balance					
Liabilities:					
Accounts payable	$ -	$ -	$ 6,168	$ 6,168	$ 46,132
Due to other funds	-	-	-	-	73,480
Total liabilities	-	-	6,168	6,168	119,612
Fund balance:					
Non-spendable:					
Inventories	-	-	-	-	13,805
Restricted for:					
Special revenue funds	-	-	-	-	223,768
Capital projects funds	22,399	-	-	22,399	22,399
Total fund balance	22,399	-	-	22,399	259,972
Total liabilities and fund balance	$ 22,399	$ -	$ 6,168	$ 28,567	$ 379,584

(5 of 5)

STATE OF NEW MEXICO
MORA INDEPENDENT SCHOOL DISTRICT NO. 44

NON-MAJOR GOVERNMENTAL FUNDS
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balance
Year Ended June 30, 2018

	Special Revenue Funds			
	Food Service Fund #21000	Athletics Fund #22000	NM Autism Fund #24108	Preschool IDEA-B Fund #24109
Revenues:				
Intergovernmental - federal grants	$ 370,779	$ -	$ 6,491	$ 5,652
Intergovernmental - state grants	-	-	-	-
Charges for services	8,921	39,140	-	-
Miscellaneous	-	320	-	-
Total revenues	379,700	39,460	6,491	5,652
Expenditures:				
Current:				
Instruction	-	39,970	6,491	5,652
Support services:				
Students	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Food services operations	421,336	-	-	-
Capital outlay	50,030	-	-	-
Total expenditures	471,366	39,970	6,491	5,652
Excess (deficiency) of revenues over expenditures	(91,666)	(510)	-	-
Other financing uses:				
Transfers In	-	-	-	-
Net change in fund balance	(91,666)	(510)	-	-
Fund balance at beginning of the year	230,843	13,728	-	-
Fund balance at end of the year	$ 139,177	$ 13,218	$ -	$ -

(cont'd; 1 of 5)

NON-MAJOR GOVERNMENTAL FUNDS

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance

Year Ended June 30, 2018

	Special Revenue Funds			
	Fresh Fruits and Vegetables Fund #24118	Title II Teacher Quality Fund #24154	Carl D Perkins - JAG Fund #24171	Title XIX Medicaid Fund #25153
Revenues:				
Intergovernmental - federal grants	$ 9,552	$ 14,899	$ 47,171	$ 81,386
Intergovernmental - state grants	-	-	-	-
Charges for services	-	-	-	-
Miscellaneous	-	-	-	103
Total revenues	9,552	14,899	47,171	81,489
Expenditures:				
Current:				
Instruction	-	14,899	37,445	76
Support services:				
Students	-	-	-	37,621
General Administration	-	-	9,726	-
School Administration	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Food services operations	9,552	-	-	-
Capital outlay	-	-	-	-
Total expenditures	9,552	14,899	47,171	37,697
Excess (deficiency) of revenues over expenditures	-	-	-	43,792
Other financing uses:				
Transfers In	-	-	-	-
Net change in fund balance	-	-	-	43,792
Fund balance at beginning of the year	-	-	-	38,180
Fund balance at end of the year	$ -	$ -	$ -	$ 81,972

(cont'd; 2 of 5)

STATE OF NEW MEXICO
MORA INDEPENDENT SCHOOL DISTRICT NO. 44

NON-MAJOR GOVERNMENTAL FUNDS
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balance
Year Ended June 30, 2018

	Special Revenue Funds			
	CNM Foundation Fund #26207	Dual Credit Instructional Materials Fund #27103	Libraries GO Bond 2012 Fund #27107	Recruitment Support Fund #27128
Revenues:				
Intergovernmental - federal grants	$ -	$ -	$ -	$ -
Intergovernmental - state grants	-	2,010	-	-
Charges for services	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	-	2,010	-	-
Expenditures:				
Current:				
Instruction	-	2,010	-	-
Support services:				
Students	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	-	2,010	-	-
Excess (deficiency) of revenues over expenditures	-	-	-	-
Other financing uses:				
Transfers In	-	-	-	-
Net change in fund balance	-	-	-	-
Fund balance at beginning of the year	68	-	-	-
Fund balance at end of the year	$ 68	$ -	$ -	$ -

(cont'd; 3 of 5)

NON-MAJOR GOVERNMENTAL FUNDS

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance

Year Ended June 30, 2018

	Special Revenue Funds			
	Breakfast for Elementary Students Fund #27155	Kindergarten 3-Plus Fund #27166	CYFD Child Food Program Fund #28201	Total Nonmajor Special Revenue Funds
Revenues:				
Intergovernmental - federal grants	$ -	$ -	$ -	$ 535,930
Intergovernmental - state grants	5,585	49,497	7,256	64,348
Charges for services	-	-	-	48,061
Miscellaneous	-	-	-	423
Total revenues	5,585	49,497	7,256	648,762
Expenditures:				
Current:				
Instruction	-	46,899	-	153,442
Support services:				
Students	-	-	-	37,621
General Administration	-	-	-	9,726
School Administration	-	2,598	-	2,598
Operation & Maintenance of Plant	-	-	-	-
Food services operations	5,585	-	8,585	445,058
Capital outlay	-	-	-	50,030
Total expenditures	5,585	49,497	8,585	698,475
Excess (deficiency) of revenues over expenditures	-	-	(1,329)	(49,713)
Other financing uses:				
Transfers In	-	-	4,467	4,467
Net change in fund balance	-	-	3,138	(45,246)
Fund balance at beginning of the year	-	-	-	282,819
Fund balance at end of the year	$ -	$ -	$ 3,138	$ 237,573

(cont'd; 4 of 5)

NON-MAJOR GOVERNMENTAL FUNDS
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Year Ended June 30, 2018

	Capital Projects Funds				
	Bond Building Fund #31100	Special Capital Outlay - State Fund #31400	State SB-9 Match Fund #31700	Total Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:					
Intergovernmental - federal grants	$ -	$ -	$ -	$ -	$ 535,930
Intergovernmental - state grants	-	40,000	23,857	63,857	128,205
Charges for services	-	-	-	-	48,061
Miscellaneous	-	-	-	-	423
Total revenues	-	40,000	23,857	63,857	712,619
Expenditures:					
Current:					
Instruction	-	-	-	-	153,442
Support services:					
Students	-	-	-	-	37,621
General Administration	-	-	-	-	9,726
School Administration	-	-	-	-	2,598
Operation & Maintenance of Plant	-	-	23,857	23,857	23,857
Food services operations	-	-	-	-	445,058
Capital outlay	8,555	40,000	-	48,555	98,585
Total expenditures	8,555	40,000	23,857	72,412	770,887
Excess (deficiency) of revenues over expenditures	(8,555)	-	-	(8,555)	(58,268)
Other financing uses:					
Transfers In	-	-	-	-	4,467
Net change in fund balance	(8,555)	-	-	(8,555)	(53,801)
Fund balance at beginning of the year	30,954	-	-	30,954	313,773
Fund balance at end of the year	$ 22,399	$ -	$ -	$ 22,399	$ 259,972

(5 of 5)

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OTHER SUPPLEMENTAL INFORMATION

(STATE REQUIRED DISCLOSURES)

Supplemental schedules required by the State of
New Mexico to provide additional analysis.

STATE OF NEW MEXICO
MORA INDEPENDENT SCHOOL DISTRICT NO. 44

FIDUCIARY FUNDS
Schedule of Changes in Assets and Liabilities - All Agency Funds
Year Ended June 30, 2018

ASSETS	Balance June 30, 2017	Receipts	Disbursements	Balance June 30, 2018
Cash and cash equivalents:				
Central Office	$ 5,116	$ 799	$ 1,820	$ 4,095
High School	59,606	43,223	42,958	59,871
Middle School	4,679	1,801	1,343	5,137
Elementary	7,363	22,366	19,731	9,998
Pooled cash and investments	$ 76,764	$ 68,189	$ 65,852	$ 79,101
LIABILITIES				
Deposits held for others	$ 76,764	$ 68,189	$ 65,852	$ 79,101

SCHEDULE OF PLEDGED COLLATERAL
June 30, 2018

		Southwest Capital Bank
Cash on deposit at June 30, 2018:		
Checking and savings	$	1,776,498
Less: FDIC coverage		(250,000)
Uninsured funds	$	1,526,498
Amount requiring pledged collateral:		
50% collateral requirement	$	763,249
Pledged collateral		1,500,000
Excess (deficiency) of pledged collateral	$	736,751

Pledged collateral of financial institutions consists of the following at June 30, 2018

Southwest Capital Bank	Maturity	CUSIP #		Market Value
FHLB Line of Credit	1/25/2018		$	1,500,000

The above securities are held at Federal home Loan Bank Dallas, TX.

STATE OF NEW MEXICO

MORA INDEPENDENT SCHOOL DISTRICT NO. 44

CASH RECONCILIATION

Year Ended June 30, 2018

	Beginning Cash	Receipts	Distributions	Other	Net Cash End of Period	Adjustments to the report	Total Cash on Report
Operations	$ 500,942	$ 4,609,940	$ 4,463,249	$ (86,329)	$ 561,304	$ -	$ 561,304
Transportation	1	543,267	525,167	-	18,101	-	18,101
Instructional Materials	22,859	13,293	21,167	-	14,985	-	14,985
Food Services	222,821	354,222	416,513	-	160,530	-	160,530
Athletics	18,225	39,460	44,467	-	13,218	-	13,218
Federal Flowthrough Funds	-	192,956	305,488	112,532	-	-	-
Federal Direct Funds	38,827	1,877,690	1,830,112	(4,433)	81,972	-	81,972
Local Grants	68	-	-	-	68	-	68
State Flowthrough Funds	-	62,354	57,092	(5,262)	-	-	-
State Direct Funds	-	11,723	3,779	-	7,944	-	7,944
Bond Building	30,954	-	8,555	-	22,399	-	22,399
Special Capital Outlay - State	-	40,000	40,000	-	-	-	-
State SB-9 Match	-	34,197	17,689	(16,508)	-	-	-
Capital Improvements SB-9	301,827	211,713	303,348	-	210,192	-	210,192
Debt Service	357,133	167,439	339,718	-	184,854	-	184,854
Agency Funds	-	-	-	-	-	79,101	79,101
Total	$ 1,493,657	$ 8,158,254	$ 8,376,344	$ -	$ 1,275,567	$ 79,101	$ 1,354,668

Account Name	Account Type	Bank Name	Bank Amount
Operational	Checking - interest	Soutwest Capital	$ 1,776,498

Adjustments to report:	
Agency funds	$ 79,101
Adjustments to cash:	
Bank Balance	$ 1,776,498
Outstanding checks	(421,830)
Errors	-
Total adjusted cash	$ 1,354,668

COMPLIANCE SECTION

Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with Government Auditing Standards

§

Report on Compliance for Each Major Federal Program;
Report on Internal Control Over Compliance; and
Report on the Schedule of Expenditures of
Federal Awards Required By Uniform Guidance

§

Schedule of Findings and Questioned Costs:
Summary of Auditor's Results
Financial Statement Findings
Federal Award Findings

§

Summary Schedule of Prior Year Audit Findings

§

Schedule of Expenditures of Federal Awards
Notes to the Schedule of Expenditures of Federal Awards

§

Required Disclosure

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

INDEPENDENT AUDITORS' REPORT

Wayne Johnson, State Auditor
The Board of Education and Audit Committee of
Mora Independent School District No. 44

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, the aggregate remaining fund information, the budgetary comparisons of the general fund and major special revenue funds, of the Mora Independent School District No. 44 as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Mora Independent School District No. 44's basic financial statements, and the combining and individual funds and related budgetary comparisons of Mora Independent School District No. 44, presented as supplemental information, and have issued our report thereon dated October 12, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit, of the financial statements, we considered Mora Independent School District No. 44'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 Mora Independent School District No. 44's internal control. Accordingly, we do not express an opinion on the effectiveness of Mora Independent School District No. 44'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 Mora Independent School District No. 44's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a *material weakness*, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a deficiency in internal controls, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiency. Findings 2018 – 003, 2018 - 004 and 2018 – 006. We did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and other matters

As part of obtaining reasonable assurance about whether Mora Independent School District No. 44's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. We also noted certain other matters that are required to be reported pursuant to *Government Auditing Standards* and pursuant to Section 12-6-5, NMSA 1978, which are described in the accompanying schedule of findings and questioned costs as finding 2018 – 001, 2018 – 002, 2018 – 005, 2018 – 007 through 2018 – 009.

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Wayne Johnson, State Auditor
The Board of Education and Audit Committee of
Mora Independent School District No. 44

Mora Independent School District No. 44's Response to Findings

Mora Independent School District No. 44 responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. Mora Independent School District No. 44's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the Mora Independent School District No. 44'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.

Accounting & Financial Solutions, LLC
Farmington, New Mexico
October 12, 2018

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REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY UNIFORM GUIDANCE

INDEPENDENT AUDITOR'S REPORT

Wayne Johnson, State Auditor,
The Board of Education and Audit Committee of
Mora Independent School District No. 44

Report on Compliance for Each Major Federal Program

We have audited Mora Independent School District No. 44's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Mora Independent School District No. 44's major federal programs for the year ended June 30, 2018. Mora Independent School District No. 44's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Mora Independent School District No. 44's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Award*s (Uniform Guidance) Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Mora Independent School District No. 44's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Mora Independent School District No. 44's compliance.

Opinion on Each Major Federal Program

In our opinion, Mora Independent School District No. 44 complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

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Wayne Johnson, State Auditor,
The Board of Education and Audit Committee of
Mora Independent School District No. 44

Report on Internal Control Over Compliance

Management of Mora Independent School District No. 44 is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Mora Independent School District No. 44's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Mora Independent School District No. 44's internal control over compliance.

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

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

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

Accounting & Financial Solutions, LLC
Farmington, New Mexico
October 12, 2018

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

STATE OF NEW MEXICO

MORA INDEPENDENT SCHOOL DISTRICT NO. 44

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2018

Federal Grantor/Pass - Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed To Subrecipients	Cluster Programs	Federal Expenditures
U.S. Department of Agriculture:					
Direct Program:					
Forest Reserve	10.665	11000	$ -		$ 30,531
Pass-Through Program From:					
New Mexico Department of Education:					
Child Nutrition Cluster:					
USDA National School Lunch Program	10.555	21000	-	$ 218,861	
USDA School Breakfast Program	10.553	21000	-	126,440	
Total Child Nutrition Cluster					345,301
Fresh Fruits and Vegetables	10.582	24118	-		9,552
Pass-Through Program From:					
New Mexico Human Service Department:					
USDA Commodities Program	10.565	21000	-		25,478
Subtotal Pass-Through Programs					380,331
Total U.S. Department of Agriculture					410,862
U.S. Department of Education:					
Direct Programs:					
Gear Up New Mexico State Initiatives	84.334	25205	-		309,523
Pass-Through Programs From:					
New Mexico Department of Education:					
Special Education (IDEA) Cluster:					
Entitlement IDEA-B	84.027	24106	-	$ 131,673	
NM Autism	84.027A	24108	-	6,491	
Preschool IDEA-B	84.173A	24109	-	5,652	
Total Special Education (IDEA) Cluster					143,816
Title I	84.010	24101	-		90,051
Title II Teacher Quality	84.367	24154	-		14,899
Carl D Perkins - JAG	84.048	24171	-		47,171
Subtotal Pass-Through Programs					295,937
Total U.S. Department of Education					605,460
U.S. Department of Health and Human Services:					
Direct Program:					
Headstart	93.600	25127	-		1,492,519
Total Expenditures of Federal Awards			$ -		$ 2,508,841

See the accompanying notes to the Schedule of Expenditures of Federal Awards.

1. Scope of audit pursuant to OMB Uniform Grant Guidance

All federal grant operations of Mora Independent School District No. 44 (the "District") are included in the scope of the Office of Management and Budget ("OMB") Uniform Grant Guidance audit (the "Single Audit"). The Single Audit was performed in accordance with the provisions of the OMB Circular Compliance Supplement (Revised May 2018 the "Compliance Supplement"). Compliance testing of all requirements are described in the Compliance Supplement, was performed for the grants programs noted below. These programs represent all federal award programs and other grants with fiscal year 2018 cash and non-cash expenditures to ensure coverage of at least 20% (LOW risk auditee) of federally granted funds. Actual coverage is approximately 73% of total cash and non-cash federal award program expenditures. Total cash expenditures were in the amount of $2,483,363 and all non-cash expenditures amounted to $25,478.

MAJOR FEDERAL PROGRAM	CFDA	EXPENDITURE
Cash Assistance:		
Headstart	93.600	$ 1,492,519
USDA Child Nutrition Clsuter	10.555 & 10.553	345,301
Total		$ 1,837,820

The District did not have a federal program considered to be a High-Risk Type A program for the year ended June 30, 2018.

The U.S. Department of Education is the District's oversight agency for single audit.

2. Summary of significant accounting policies

Basis of presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal grant activity of the District under programs of the federal government for the year ended June 30, 2018. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Uniform Grant Guidance. Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position and changes in net position of the District. All federal programs considered active during the year ended June 30, 2018, are reflected on the Schedule. An active federal program is defined as a federal program for which there were receipts or disbursements of funds or accrued (deferred) grant revenue adjustments during the fiscal year or a federal program considered as not completed or closed out at the beginning of the fiscal year. The Schedule is prepared using the accrual basis of accounting. Grant revenues are recorded for financial reporting purposes when the District has met the qualifications for the respective grant.

Accrued and deferred reimbursements

Various reimbursement procedures are used for Federal awards received by the District. Consequently, timing differences between expenditures and program reimbursements can exist at the beginning and end of the year. Accrued balances at year end represent an excess of reimbursable expenditures over receipts to date. Deferred balance at year-end represent an excess of cash receipts over reimbursable expenditure to date. Generally, accrued or deferred balances covered by differences in the timing of cash receipts and expenditures will be reversed in the remaining grant period.

3. Reconciliation of Federal Awards to Expenditure of Federal Award

The differences between the federal awards received (Intergovernmental sources – federal) during the year ended June 30, 2018 and the federal awards expended during the year are as follows:

	BALANCE
Federal Sources	$ 2,649,385
Indirecct costs from federal programs	(59,158)
Federal revenue received as vendor	(81,386)
Prior year federal sources expended	102
Total Expenditures of Federal Awards	$ 2,508,943

4. Indirect Costs

The District did not elect to use the 10% de minimis indirect cost rate during the year ended June 30, 2018.

I. SUMMARY OF AUDIT RESULTS

	Yes	No	Occurrences
FINANCIAL STATEMENTS:			
Type of auditor's report issued: Unmodified			
Internal control over financial reporting:			
Material weakness(es) identified?		✓	
Significant deficiency(ies) identified?	✓		3
Noncompliance material to financial statements noted?		✓	-
FEDERAL AWARDS:			
Internal control over major programs:			
Material weakness(es) identified?		✓	-
Significant deficiency(ies) identified?		✓	-
Type of auditor's report issued on compliance with major programs: Unmodified			
Any audit findings disclosed that are required to be reported in accordance with Section 200.516 of the Uniform Guidance?		✓	-

The programs treated as major programs include:

Name of Federal Program or Cluster	CFDA Number
Headstart	93.600
USDA Child Nutrition Cluster	10.555 and 10.553

	Yes	No
The threshold for distinguishing types A and B programs: $750,000		
Auditee qualified as low-risk auditee?	✓	

II. FINDINGS RELATED TO FINANCIAL STATEMENTS

2018 – 001 BUDGET LINE ITEM OVER EXPENDED (Original No. 2017-008)
Other matters (Does not rise to the level of significant deficiency)
(Repeat of prior year finding; updated and revised)

Condition: There were unfavorable variances between actual and budgeted line item expenditures. The following fund had an unfavorable variance between the budgeted and actual amounts at fiscal yearend.

Entitlement IDEA - B	Instruction	$14,719

Status from prior year: There was one fund with an unfavorable variance between budget line item expenditures.

Gear Up New Mexico State Initiatives	Instruction	$ 1,182

Managements progress: No significant progress in since prior year.

Criteria: According to NMSA 1978 Section 22-8-11 B all fiscal agents of public monies have a responsibility to monitor spending and comply with established budget guidelines.

Cause: Improper monitoring of line item expenditures by comparing budget amounts and actual amounts spent allowed unfavorable (negative) variances, overspending of the line item budgets to occur.

Effect of condition: Violation of NMSA 1978 Section 22-8-11 B, over spending of public monies. Could lead to expenditures being paid in excess of total budgeted amounts.

Recommendation: Management should implement immediate steps to provide adequate financial reports to allow for proper and timely monitoring of line item expenditures. Budget adjustment requests should be approved by the Board of Education and State Department of Education (when required) to receive approval to make necessary changes to the records prior to being presented for audit.

Management's response: Management will ensure budget is monitored more closely.

Person/positions responsible for overseeing corrective actions: Business Manager

Timeline for corrective actions: Implementation has begun.

Auditor's Rebuttal: Management did not fully address the time for completion of the corrective action.

II. FINDINGS RELATED TO FINANCIAL STATEMENTS (cont'd)

2018 – 002 STATE REPORTING NOT ACCURATE TO THE GENERAL LEDGER (Original No. 2017-001)
Other matters (Does not rise to the level of significant deficiency)
(Repeat of prior year finding; updated and revised)

Condition: Amounts in the year-end "Actuals Report" are not supported by the amounts in the general ledger. The revenue reported to the state did not include $165,800 in Fund 13000 Emergency Supplemental Transportation.

Status from prior year: Amounts in the year-end "Actuals Report" are not supported by the amounts in the general ledger. The expenditures reported to the state did not include $4,699 in Fund 27166 Kindergarten 3-Plus.

Managements progress: No significant progress in since prior year.

Criteria: According to SAO Rule 2.2.2.12C(4)(b), NMAC 6.20.2.11(B)(6), and Regulation SBE-6, the reports sent to the New Mexico Public Education Department (PED) must agree to the general ledger to ensure the validity and reliability of the financial data.

Effect of condition: The District's yearend reporting as submitted to the New Mexico Public Education Department gave an inaccurate depiction of the District's balances in the general ledger.

Cause: Errors occurred during the processing of the general ledger data to a format that is accepted by the system used by the State.

Recommendation: The District should implement procedures that provide for a review of the data to be uploaded to the State to ensure the information matches the general ledger and accurately depicts the District's finances.

Management's response: Was an error in the software management system it could not be determined why the actuals reports was not the same as the general ledger revenue report

Responsible party(ies) for corrective action(s): Business Manager.

Corrective action(s) timeline: Has been corrected as of October 23, 2018.

II. FINDINGS RELATED TO FINANCIAL STATEMENTS (cont'd)

2018 – 003 NEPOTISM WITH A SUPERINTENDENT AND AN EMPLOYEE (Original No. 2017-002)
Significant Deficiency
(Repeat of prior year finding; updated and revised)

Condition: The Superintendent gave a significant increase to a relative without seeking the approval of the board for an exemption.

Status from prior year: A board member is making decisions for his spouse who is a teacher and extra duties. The extra duties performed by the teacher seems to be performed by a contractor.

Managements progress: No significant progress in since prior year.

Criteria: According to NMAC 22.5.6, A local superintendent shall not initially employ or approve the initial employment in any capacity of a person who is the spouse, father, father-in-law, mother, mother-in-law, son, son-in-law, daughter, daughter-in-law, brother, brother-in-law, sister or sister-in-law of a member of the local school board or the local superintendent. The local school board may waive the nepotism rule for family members of a local superintendent.

Effect of condition: The District may not be using the District assets for the best results for the students.

Cause: The Superintendent is making decisions which allow for a relative to be significantly paid more than the relatives previous position without board approval.

Recommendation: The District should implement procedures that insure that any relative of the Superintendent who is hired by the superintend or the position significantly changes the board approves a waiver.

Management's response: Superintendent claims she was advised by legal counsel that no waiver was needed as the relative was already employed by the District.

Responsible party(ies) for corrective action(s):.Superintendent, or the interim Superintendent, with a Board of Education review.

Corrective action(s) timeline: Superintendent has been terminated as of October 23, 2018.

II. FINDINGS RELATED TO FINANCIAL STATEMENTS (cont'd)

2018 – 004 RECORDS RETENTION AND STORAGE (Original No. 2015-003)
Significant Deficiency
(Repeat of prior year finding; updated and revised)

Condition: During our fieldwork it was observed that were many personnel files that were not complete. Of the 23 files reviewed the following items were not in the files:

Eight did not have the employees W-4 filed.

Status from prior year: 23 files were personnel sampled, and 8 of the 23 employees sampled a w-4 could not be located. Three employees did not have an employment contract. Nine employees did not have authorizations for the voluntary deductions.

Managements progress: No significant progress in since prior year.

Criteria: Organizations are required to have systematic control of all records from creation or receipt through processing, distribution, maintenance and retrieval, to their ultimate disposition, as per NMAC 1.15.4.

Effect of condition: The District may not be able to complete an audit of its finances due unavailability of records because they have been misplaced or inappropriately filed. Documents may be lost or destroyed in the event of fire, flood, or other catastrophe.

Cause: District records are not being stored in an orderly filing system. The records are being left out after use instead of re-filed at the end of the day.

Recommendation: All employees should be made aware of the records retention requirements applicable to the District. All files should be place in the locking filing system at the end of each day to ensure that the records are in safe storage and readily available when needed.

Management's response: Filing will be conducted in a timely manner with appropriate documentation for maintenance retrieval. All required documents/authorizations will be filed in the personnel file.

Responsible party(ies) for corrective action(s):. Custodian of records, HR Specialist and Payroll Specialist

Corrective action(s) timeline: Implementation to commence immediately.

Auditor's Rebuttal: Management did not fully address the time for completion of the corrective action.

II. FINDINGS RELATED TO FINANCIAL STATEMENTS (cont'd)

2018 – 005 BACKGROUND CHECKS (Original No. 2017-005)
Other Matters (Does not rise to the level of significant deficiency)
(Repeat of prior year finding; updated and revised)

Condition: One of 25 employee files selected for testing did not have a current background check conducted.

Status from prior year: One of 23 employee files selected for testing did not have a current background check conducted. The employee had transferred from another school district and the background check from the previous school district was accepted even though it was more than two years old.

Managements progress: No significant progress in since prior year.

Criteria: In accordance 1978 NMSA 22-10A-5, all employees who have access to children are required to have a background check completed and approved.

Cause: The District is not maintaining adequate controls over employee hiring.

Effect of condition: The District is out of compliance with requirements for 1978 NMSA 22-10A-5.

Recommendation: The District should not employ any individual without prior receipt of the current cleared background check.

Management's response: Management will ensure that all backgrounds checks are current within the allowable timeframe. Responsible party(ies) for corrective action(s):. Human Resource Specialist

Corrective action(s) timeline: Implementation and review will begin immediately.

Auditor's Rebuttal: Management did not fully address the time for completion of the corrective action.

II. FINDINGS RELATED TO FINANCIAL STATEMENTS (cont'd)

2018 – 006 EMPLOYEE TIME DOCUMENTATION AND AUTHORIZATION (Original No. 2017-006)
Significant Deficiency
(Repeat of prior year finding; updated and revised)

Condition: An employee is holding three contracts. One is for a 7:45 to 3:15 work day for 185 days, with an additional contract to add 10 summer days to that contract making the total contract for 195 days. Then there is a part time contract for 240 days a year for a part time employee with a contract amount of $17,504 which would be an hourly rate of about $18.23 per hour if the employee was supposed to work 4 hours per day. The contracts are paid out in even increments, not according to the timesheets. The third contract was paid for 503.65 hours which comes up to 2.09 hours per day. At the end of the year the total hours worked for the third contract was 503.65. The employee was short 456.35 hours. The employee was overpaid by $8,319.

Status from prior year: In the prior year the time cards were not used, and extra duties were not authorized.

Managements progress: No significant progress in since prior year.

Criteria: According.to NMAC 1978 Section 6.20.2.11 B each school district shall develop, establish and maintain a structure of internal accounting controls and written procedures to provide for segregation of duties, a system of authorization and recording procedures, and sound accounting practices in performance of duties and functions. The duties to be segregated are the authorization to execute a transaction, recording the transaction, and custody of assets involved in the transaction. (1) School district management must ensure that protection of the public trust is a major focus when granting the authorization to execute business of the school district. (2) Employees handling significant amounts of cash must be adequately bonded. Access to assets is permitted only in accordance with school district authorization. (3) Receipts, checks or warrants, purchase orders, and vouchers shall be sequentially pre-numbered. (4) School districts shall have proper safeguards to protect unused checks and other pre-numbered forms, undeposited cash and other receipts, and facsimile signature plates. (5) Transactions are to be recorded as necessary to permit preparation of financial statements in conformity with GAAP. In addition, school districts shall establish any other criteria applicable to such statements to maintain accountability for assets. (6) School districts shall conduct independent checks on performance and proper valuation of recorded amounts, such as clerical checks, reconciliations, comparison of assets with recorded accountability, computer-programmed controls, management review of reports that summarize the detail of account balances, and user review of computer-generated reports. C. An internal control structure is required to demonstrate the school district's ability to record, process, summarize and report financial data consistent with the following financial statement assertions: (1) rights and ownership; (2) existence and occurrence; (3) valuation and allocations; (4) completeness; and, (5) presentation and disclosure.

Cause: Improper monitoring of an employee's time.

Effect of condition: Violation of NMSA 1978 Section 6.20.2.11 B, for the Districts obligations to pay for services, completeness, existence and occurrence of employee's time.

Recommendation: Management should implement procedures to document and approve extra duties time that happens beyond the time the supervisors are present.

Management's response: Timesheets/logs will be provided to support extra duty hours beyond the regular contract and will be paid on the hours actually worked.

Responsible party(ies) for corrective action(s):. Superintendent or interim Superintendent

Corrective action(s) timeline: Implementation has begun.

Auditor's Rebuttal: Management did not fully address the time for completion of the corrective action.

II. FINDINGS RELATED TO FINANCIAL STATEMENTS (cont'd)

2018 – 007 LOBBY COSTS
Other Matters (Does not rise to the level of significant deficiency)

Condition: The District paid a company $25,000 plus gross receipts tax to lobby the legislature for capital outlay money. The District was awarded $54,000 in capital outlay money. All the School Districts in the State pay association dues to various School District Associations who pay lobbyist that are working on behalf of School Districts.

Criteria: The State of New Mexico has made clear the alert of state funds to not be used for fraud waist or abuse.

Cause: The District paid almost half of the funds they received for capital outlay money for a lobbyist, and there is no real proof that that is the reason they received the capital outlay money, along with the fact that they paid out a dollar for two dollars received.

Effect of condition: In a time of budget constraint the District may have waisted the Districts operating funds on an expenditure where they did not get very much back on the investment.

Recommendation: We recommend that the District review all expenditures to ensure that District funds are used get the most value out of every dollar spent.

Management's response: No response.

Responsible party(ies) for corrective action(s):. Superintendent and Board of Education

Corrective action(s) timeline:. Has been corrected as of October 23, 2018, the District will not utilize funds for lobbying services.

II. FINDINGS RELATED TO FINANCIAL STATEMENTS (cont'd)

2018 – 008 UNTIMELY DEPOSIT

Other Matters (Does not rise to the level of significant deficiency)

Condition: One out of the thirty receipts tested, was not deposited within 24 hours. The funds were receipted on March 20, 2018 and the deposit was in the bank on April 3, 2018

Criteria: NMAC 6.20.2.14 (c) states that money received and receipted shall be deposited in the bank within 24 hours or one banking day.

Cause: Deposit took more than 24 hours to be deposited in the bank.

Effect of condition: The District is not in compliance with 1978 NMAC 6.20.2.14 (c). Cash retained by the personnel in the District for extended periods of time are susceptible to misuse or fraud.

Recommendation: Receipts should be deposited within one banking day or 24 hours.

Management's response: Management has emphasized to administrators the importance and the law requiring deposits be made with in the 24 hour period.

Responsible party(ies) for corrective action(s):. Administrators/Supervisors

Corrective action(s) timeline: Implementation has begun.

Auditor's Rebuttal: Management did not fully address the time for completion of the corrective action.

II. FINDINGS RELATED TO FINANCIAL STATEMENTS (cont'd)

2018 – 009 INTERNAL CONTROLS (Original No. 2017-012)
Other Matters (Does not rise to the level of significant deficiency)
(Repeat of prior year finding; updated and revised)

Condition: Management currently has the same individual performing accounts payable procedures, maintenance of the vendor master file, and reconciling the bank statements. Also, the responsibilities of payroll, human resources, and control over the payroll master file are being performed by the same person.

Status from prior year: No change.

Managements progress: No significant progress in since prior year.

Criteria: Section 6.20.2.11.B NMAC requires that schools shall develop, establish, and maintain a structure of internal control accounting controls and written procedures to provide for segregation of duties, a system of authorization and recording procedures, and sound accounting practices in performance of duties and functions. COSO encourages the separation of the responsibilities of authorization, recording, reconciliation, and custody.

Cause: The District has a limited number of personnel in the administration office that does not facilitate adequate segregation of duties.

Effect of condition: The District is susceptible to errors occurring that would not be caught and corrected in a timely manner to ensure accurate reporting. The District has weakened its ability to safeguard assets and ensure accurate and timely reporting.

Recommendation: Management needs to evaluate the assignment of positions and duties within the administration office and make adjustments as necessary to work towards compliance with COSO. The vendor master file should not be maintained by the person performing accounts payable and the employee master file should not be maintained by the person performing payroll or human resources. The function of cash reconciliation should not be performed by anyone that has access to check writing.

Management's response: Management is reviewing options to strengthen controls and segregate duties amongst current personnel/potentially new position.

Responsible party(ies) for corrective action(s):. Superintendent and Business Manager

Corrective action(s) timeline: Review has begun.

Auditor's Rebuttal: Management did not fully address the time for completion of the corrective action.

II. FINDINGS RELATED TO FINANCIAL STATEMENTS (cont'd)

2018 – 010 PURCHASE MADE PRIOR TO APPROVAL

Other Matters (Does not rise to the level of significant deficiency)

Condition: Four of the thirty disbursements tested totaling $12,582 had the purchase date prior to the approval of the purchase order. Purchase orders are used to control cash and to authorize the purchases in accordance with the authorized budget.

Criteria: Authorization for a purchase is acquired through the completion of a purchase order, which is signed by a person given authority over purchase control. The purchase order must be approved prior to the purchase or ordering of goods as per PSAB Supplement 13.

Cause: District personnel initiated and/or completed purchases prior to obtaining approval for the purchase in accordance with established policies and regulations.

Effect of condition: Any purchases made without prior authorization have the potential to cause cash deficits in the funds from which they are made or violations of the approved budget.

Recommendation: The importance of cash controls and adequate planning need to be made clear to all personnel that will be making purchases for the District.

Management's response: Management has emphasized to staff that it is illegal to purchase without an approved purchase order

Responsible party(ies) for corrective action(s):. Board, Administrators, Supervisors and Business Manager.

Corrective action(s) timeline: Ongoing, Management will continue to emphasize the legality of having and approved purchase order on hand before procuring goods/services.

Auditor's Rebuttal: Management did not fully address the time for completion of the corrective action.

III. AUDIT FINDINGS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

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

I. NOT RESOLVED

2017 – 001 STATE REPORTING NOT ACCURATE TO THE GENERAL LEDGER
Current Status: Unresolved. Repeated in the current year.

2017 – 002 NEPOTISM WITH A BOARD MEMBER AND AN EMPLOYEE
Current Status: Unresolved. Repeated in the current year.

2017 – 003 RECORDS RETENTION AND STORAGE
Current Status: Unresolved. Repeated in the current year.

2017 – 005 BACKGROUND CHECKS
Current Status: Unresolved. Repeated in the current year.

2017 – 008 LACK OF TIMELY MONITORING OF BUDGET
Current Status: Unresolved. Repeated in the current year.

2017 – 009 EMPLOYEE TIME DOCUMENTATION AND AUTHORIZATION
Current Status: Unresolved. Repeated in the current year.

2017 – 012 INTERNAL CONTROLS
Current Status: Unresolved. Repeated in the current year.

II. RESOLVED

2017 – 004 MISSING OR INCOMPLETE FORM I-9
Current Status: Resolved. Not repeated in the current year.

2017 – 006 ERB CONTRIBUTIONS INCORRECTLY WITHHELD FROM EMPLOYEE CHECKS
Current Status: Resolved. Not repeated in the current year.

2017 – 007 CONTROLS OVER CAPITAL ASSETS
Current Status: Resolved. Not repeated in the current year.

2017 – 010 IMPROPER REVENUE RECOGNITION
Current Status: Resolved. Not repeated in the current year.

2017 – 011 UNAUTHORIZED RECEIPT BOOK
Current Status: Resolved. Not repeated in the current year.

The independent public accountants assisted in the preparation of the financial statements.

An exit conference was held October 23, 2018 and was attended by the following individuals:

MORA INDEPENDENT SCHOOL DISTRICT NO. 44

George Trujillo	Board Member
Jack A Rains	Audit Committee
Ella E Arellano	Superintendent
Miguel Martinez	Business Manager
Lefonso Castillo	High School/Middle School Principal
Rachel Martinez	Food Service
Dolores Romero	Executive Assistant
Wanda Martinez	Headstart Director
Debra Alcon	AP/Payroll Benefits
Beverly Montoya	Gear Up Director

ACCOUNTING & FINANCIAL SOLUTIONS, LLC

Terry Ogle, CPA	Partner