

**STATE OF NEW MEXICO
MESA VISTA CONSOLIDATED
SCHOOL DISTRICT NO. 6**

**Audited Financial Statements
And Other Financial Information**

JUNE 30, 2018



CERTIFIED PUBLIC ACCOUNTANTS • BUSINESS CONSULTANTS

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**MESA VISTA CONSOLIDATED SCHOOL DISTRICT NO. 6
OFFICIAL ROSTER**

BOARD OF EDUCATION

Marvyn Jaramillo	President
Kisha Maesatas	Vice President
Moises Peña	Secretary
Cindy Archuleta	Member
John Garcia	Member

SCHOOL OFFICIALS

Michael Lovato	Superintendent
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FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

To Wayne Johnson
New Mexico State Auditor

Board of Education
Mesa Vista Consolidated School District No.6

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 Mesa Vista Consolidated School District No. 6 (District), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, the aggregate remaining fund information of the District 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 a Matter

As discussed in Note 15 to the financial statements, the District overstated unearned revenue and accounts payable during the fiscal year ended June 30, 2017. The beginning balance of net position and fund balance of the District have been restated for the correction of this misstatement. Our opinions are not modified with respect to this matter.

As discussed in Note 15, during the year ended June 30, 2018 the District adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The beginning balance of Net Position has been restated due to the implementation. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *Schedules of the District's Proportionate Share of the Net Pension Liability and Net OPEB Liability*, and *Schedules of District Contributions* on pages 64-67 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial

reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

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

The other schedules required by 2.2.2 NMAC are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules required by 2.2.2 NMAC 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 November 15, 2018 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Pattillo, Brown & Hill, L.L.P.
Albuquerque, New Mexico
November 15, 2018

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BASIC FINANCIAL STATEMENTS

STATE OF NEW MEXICO
MESA VISTA CONSOLIDATED SCHOOL DISTRICT NO. 6
STATEMENT OF NET POSITION
June 30, 2018

(Page 1 of 2)

	GOVERNMENTAL ACTIVITIES
	<hr/>
ASSETS	
Current Assets	
Cash	\$ 281,872
Cash - restricted	118,104
Property taxes receivable	386,481
Due from other agencies	124,929
Inventory	2,088
<i>Total current assets</i>	<hr/> 913,474 <hr/>
Noncurrent Assets	
Capital assets, non-depreciable	
Land	292,443
<i>Total capital assets, non-depreciable</i>	<hr/> 292,443 <hr/>
Capital assets, net of accumulated depreciation	
Buildings and improvements	26,609,328
Furniture, fixtures, and equipment	1,967,949
Land improvements	959,330
Less: accumulated depreciation	(10,858,372)
<i>Total capital assets, net of accumulated depreciation</i>	<hr/> 18,678,235 <hr/>
<i>Total noncurrent assets</i>	<hr/> 18,970,678 <hr/>
<i>Total assets</i>	<hr/> 19,884,152 <hr/>
DEFERRED OUTFLOWS	
Pension related	3,153,265
OPEB related	43,841
<i>Total deferred outflows</i>	<hr/> 3,197,106 <hr/>

See Notes to Financial Statements

STATE OF NEW MEXICO
MESA VISTA CONSOLIDATED SCHOOL DISTRICT NO. 6
STATEMENT OF NET POSITION
June 30, 2018

(Page 2 of 2)

	GOVERNMENTAL ACTIVITIES
LIABILITIES	
Current liabilities	
Accounts payable	54,454
Accrued interest	28,975
Compensated leave	23,986
Current portion of long-term debt	50,000
<i>Total current liabilities</i>	<u>157,415</u>
Noncurrent Liabilities	
Long-term liabilities	4,555,910
Net pension liability	9,702,058
Net OPEB liability	2,663,264
<i>Total noncurrent liabilities</i>	<u>16,921,232</u>
<i>Total liabilities</i>	<u>17,078,647</u>
DEFERRED INFLOWS	
Pension related	682,422
OPEB related	606,153
<i>Total deferred inflows</i>	<u>1,288,575</u>
NET POSITION	
Investment in capital assets	14,335,793
Restricted for:	
Instruction	7,765
Food service-operations	2,088
Capital projects	139,870
Debt service	344,057
Unrestricted	<u>(10,115,537)</u>
<i>Total net position</i>	<u>\$ 4,714,036</u>

STATE OF NEW MEXICO
MESA VISTA CONSOLIDATED SCHOOL DISTRICT NO. 6
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2018

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
Primary government			
Governmental activities			
Instruction	\$ 2,736,055	28,554	509,209
Support services			
Students	259,933	-	21,695
Instruction	-	-	-
General administration	457,044	-	-
School administration	714,602	-	-
Central services	390,217	-	-
Operation & maintenance of plant	833,196	-	-
Student transportation	448,184	-	240,999
Other	105	-	-
Food services-operations	195,724	3,534	150,838
Capital outlay	140,648	-	-
Bond interest	111,876	-	-
<i>Total governmental activities</i>	<u>\$ 6,287,584</u>	<u>32,088</u>	<u>922,741</u>

General Revenues

Property taxes
 Levied for general purpose
 Levied for capital projects
 Levied for debt service
 State Equalization Guarantee Revenue
 Miscellaneous

Total general revenues

Change in net position

Net position - beginning as previously stated
 Prior period restatement (Note 15)

Net position - beginning as restated

Net position - ending

<u>Capital Grants and Contributions</u>	<u>Net (Expense) Revenue and Changes in Net Assets Total Governmental Activities</u>
-	(2,198,292)
-	(238,238)
-	-
-	(457,044)
-	(714,602)
-	(390,217)
-	(833,196)
-	(207,185)
-	(105)
-	(41,352)
-	(140,648)
-	(111,876)
-	(5,332,755)

65,685
89,923
249,361
2,804,846
28,233
<u>3,238,048</u>
<u>(2,094,707)</u>
10,413,188
<u>(3,604,445)</u>
<u>6,808,743</u>
<u>\$ 4,714,036</u>

STATE OF NEW MEXICO
MESA VISTA CONSOLIDATED SCHOOL DISTRICT NO. 6
BALANCE SHEETS - GOVERNMENTAL FUNDS
June 30, 2018

	GENERAL 11000-14000	ENTITLEMENT IDEA-B 24106	READS TO LEAD 27114
ASSETS			
<i>Current assets</i>			
Cash	\$ 34,818	-	-
Cash - restricted	-	-	-
Accounts receivable			
Due from other governments	-	40,780	-
Property taxes	9,200	-	-
Other	-	-	-
Interfund receivables	305,023	-	-
Inventory	-	-	-
<i>Total assets</i>	<u>\$ 349,041</u>	<u>40,780</u>	<u>-</u>
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES			
<i>Current liabilities</i>			
Accounts payable	\$ 53,892	-	-
Unearned revenue	-	-	-
Interfund payables	<u>219,127</u>	<u>37,815</u>	<u>39,099</u>
<i>Total liabilities</i>	<u>273,019</u>	<u>37,815</u>	<u>39,099</u>
<i>Deferred Inflows</i>			
Unavailable revenue	<u>8,725</u>	<u>-</u>	<u>-</u>
<i>Total deferred inflows</i>	<u>8,725</u>	<u>-</u>	<u>-</u>
<i>Fund balances (deficit)</i>			
Nonspendable	-	-	-
Restricted	7,765	2,965	-
Unassigned	<u>59,532</u>	<u>-</u>	<u>(39,099)</u>
<i>Total fund balance (deficit)</i>	<u>67,297</u>	<u>2,965</u>	<u>(39,099)</u>
<i>Total liabilities, deferred inflows, and fund balance (deficit)</i>	<u>\$ 349,041</u>	<u>40,780</u>	<u>-</u>

PRE-K INITIATIVE 27149	CAPITAL IMPROVEMENTS SB-9 31701	DEBT SERVICE 41000	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
-	39,643	-	207,411	281,872
-	-	118,104	-	118,104
11,812	-	-	72,337	124,929
-	121,941	255,340	-	386,481
-	-	-	-	-
-	-	215,515	-	520,538
-	-	-	2,088	2,088
<u>11,812</u>	<u>161,584</u>	<u>588,959</u>	<u>281,836</u>	<u>1,434,012</u>
-	-	-	562	54,454
-	-	-	-	-
<u>49,128</u>	<u>-</u>	<u>-</u>	<u>175,369</u>	<u>520,538</u>
<u>49,128</u>	<u>-</u>	<u>-</u>	<u>175,931</u>	<u>574,992</u>
-	<u>118,026</u>	<u>244,902</u>	<u>-</u>	<u>371,653</u>
-	<u>118,026</u>	<u>244,902</u>	<u>-</u>	<u>371,653</u>
-	-	-	2,088	2,088
-	43,558	344,057	185,382	583,727
<u>(37,316)</u>	<u>-</u>	<u>-</u>	<u>(81,565)</u>	<u>(98,448)</u>
<u>(37,316)</u>	<u>43,558</u>	<u>344,057</u>	<u>105,905</u>	<u>487,367</u>
<u>11,812</u>	<u>161,584</u>	<u>588,959</u>	<u>281,836</u>	<u>1,434,012</u>

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STATE OF NEW MEXICO
MESA VISTA CONSOLIDATED SCHOOL DISTRICT NO. 6
GOVERNMENTAL FUNDS
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION
June 30, 2018

	<u>GOVERNMENTAL FUNDS</u>
Amounts reported for governmental activities in the statement of net position are different because:	
Fund balances - total governmental funds	\$ 487,367
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	18,970,678
Property taxes receivable are not available to pay for current-period expenditures and therefore are deferred in the funds.	371,653
Defined benefit pension plan deferred outflows are not financial resources and, therefore, are not reported in the funds.	3,153,265
OPEB plan deferred outflows are not financial resources and, therefore, are not reported in the funds.	43,841
Long term liabilities are not due and payable in the current period and therefore are not reported in the funds	
Compensated absences	(23,986)
Accrued interest payable	(28,975)
Bonds payable	(4,605,910)
Net pension liability	(9,702,058)
Net OPEB liability	(2,663,264)
Defined benefit pension plan deferred inflows are not due and payable in the current period and, therefore, are not reported in the funds	(682,422)
OPEB plan deferred inflows are not due and payable in the current period and, therefore, are not reported in the funds	<u>(606,153)</u>
Net position of governmental activities	\$ <u><u>4,714,036</u></u>

STATE OF NEW MEXICO
MESA VISTA CONSOLIDATED SCHOOL DISTRICT NO. 6
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
For the Year Ended June 30, 2018

	GENERAL 11000-14000	ENTITLEMENT IDEA-B 24106	READS TO LEAD 27114
Revenues			
Residential/non-residential taxes	\$ 68,695	-	-
Fees-users	101	-	-
State grants	3,292,364	-	43,374
Federal grants	20,283	71,754	-
Interest income	-	-	-
Miscellaneous	22,389	-	-
<i>Total revenues</i>	<u>3,403,832</u>	<u>71,754</u>	<u>43,374</u>
Expenditures			
Current			
Instruction	1,508,758	68,431	82,473
Support services			
Students	181,337	358	-
Instruction	-	-	-
General administration	341,139	-	-
School administration	487,485	-	-
Central services	305,158	-	-
Operations & maintenance of plant	650,022	-	-
Student transportation	385,324	-	-
Other support services	105	-	-
Food services-operations	10,219	-	-
Capital outlay	-	-	-
Debt service:			
Principal retirement	-	-	-
Bond interest	-	-	-
Reserves	-	-	-
<i>Total expenditures</i>	<u>3,869,547</u>	<u>68,789</u>	<u>82,473</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(465,715)</u>	<u>2,965</u>	<u>(39,099)</u>
Other financing sources (uses)			
Operating transfers	(26,187)	-	-
<i>Total other financing sources (uses)</i>	<u>(26,187)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(491,902)	2,965	(39,099)
Fund balances (deficits), beginning of year	<u>559,199</u>	<u>-</u>	<u>-</u>
Fund balances (deficits), end of year	<u>\$ 67,297</u>	<u>2,965</u>	<u>(39,099)</u>

See Notes to Financial Statements

PRE-K INITIATIVE 27149	CAPITAL IMPROVEMENTS SB-9 31701	DEBT SERVICE 41000	OTHER GOVERNMENTAL FUNDS	TOTAL
-	130,635	333,838	-	533,168
-	-	-	31,987	32,088
39,978	-	-	36,588	3,412,304
-	-	-	223,246	315,283
-	-	-	2,134	2,134
-	-	-	3,710	26,099
<u>39,978</u>	<u>130,635</u>	<u>333,838</u>	<u>297,665</u>	<u>4,321,076</u>
90,504	-	-	185,196	1,935,362
-	-	-	28,030	209,725
-	-	-	-	-
-	1,228	3,206	4,632	350,205
-	-	-	2,019	489,504
-	-	-	-	305,158
-	-	-	-	650,022
2,925	-	-	-	388,249
-	-	-	-	105
-	-	-	150,838	161,057
-	199,226	-	460,116	659,342
-	-	50,000	-	50,000
-	-	96,982	-	96,982
-	-	1,021	-	1,021
<u>93,429</u>	<u>200,454</u>	<u>151,209</u>	<u>830,831</u>	<u>5,296,732</u>
<u>(53,451)</u>	<u>(69,819)</u>	<u>182,629</u>	<u>(533,166)</u>	<u>(975,656)</u>
<u>16,135</u>	<u>-</u>	<u>-</u>	<u>10,052</u>	<u>-</u>
<u>16,135</u>	<u>-</u>	<u>-</u>	<u>10,052</u>	<u>-</u>
(37,316)	(69,819)	182,629	(523,114)	(975,656)
-	113,377	161,428	629,019	1,463,023
<u>(37,316)</u>	<u>43,558</u>	<u>344,057</u>	<u>105,905</u>	<u>487,367</u>

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STATE OF NEW MEXICO
MESA VISTA CONSOLIDATED SCHOOL DISTRICT NO. 6
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2018

	<u>GOVERNMENTAL FUNDS</u>
Amounts reported for governmental activities in the statements of activities are different because:	
Net change in fund balances - total governmental funds	\$ (975,656)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current year.	(159)
The issuance of long-term debt 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 consist of :	
Current year principal payments	50,000
Change in deferred inflows related to property taxes	(128,199)
Change in accrued compensated absences	10,482
Change in accrued interest	(13,872)
Change in net pension liability	(975,261)
Change in net OPEB liability	<u>(62,042)</u>
Change in net position	\$ <u><u>(2,094,707)</u></u>

STATE OF NEW MEXICO
MESA VISTA CONSOLIDATED SCHOOL DISTRICT NO. 6
GENERAL FUND - 11000, 12000, 13000, 14000
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET (NON-GAAP BASIS) AND ACTUAL
For the Year Ended June 30, 2018

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
Revenues				
Residential/non-residential taxes	\$ 19,431	19,431	68,992	49,561
Fees-users	1,250	1,250	101	(1,149)
State grants	3,034,090	3,078,341	3,292,364	214,023
Miscellaneous	12,600	12,600	22,389	9,789
<i>Total revenues</i>	<u>3,076,371</u>	<u>3,120,622</u>	<u>3,404,129</u>	<u>283,507</u>
Cash balance budgeted	569,545	569,545	-	(569,545)
<i>Total revenues and cash</i>	<u>3,645,916</u>	<u>3,690,167</u>	<u>3,404,129</u>	<u>(286,038)</u>
Expenditures				
Current				
Instruction	1,487,881	1,483,797	1,503,984	(20,187)
Support services				
Students	270,947	285,826	177,547	108,279
General administration	274,260	283,660	318,332	(34,672)
School administration	453,194	480,597	487,485	(6,888)
Central services	200,575	288,582	298,784	(10,202)
Operations & maintenance of plant	597,933	563,505	643,457	(79,952)
Student transportation	293,839	293,839	386,860	(93,021)
Other support services	2,211	2,211	105	2,106
Food service - operations	-	10,161	10,220	(59)
<i>Total expenditures</i>	<u>3,580,840</u>	<u>3,692,178</u>	<u>3,826,774</u>	<u>(134,596)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>65,076</u>	<u>(2,011)</u>	<u>(422,645)</u>	<u>(420,634)</u>
Other financing sources				
Operating transfers	-	-	(26,187)	26,187
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>(26,187)</u>	<u>26,187</u>
Net change in fund balances	65,076	(2,011)	(448,832)	(448,832)
Cash or fund balance June 30, 2017	<u>559,199</u>	<u>559,199</u>	<u>559,199</u>	<u>559,199</u>
Cash or fund balance June 30, 2018	<u>\$ 624,275</u>	<u>557,188</u>	<u>110,367</u>	<u>110,367</u>
Reconciliation to GAAP Basis:				
Adjustments to revenues			(297)	
Adjustments to expenditures			(42,773)	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>(491,902)</u>	\$ <u>(491,902)</u>

See Notes to Financial Statements

**STATE OF NEW MEXICO
MESA VISTA CONSOLIDATED SCHOOL DISTRICT NO. 6
IDEA-B ENTITLEMENT SPECIAL REVENUE FUND - 24106
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET (NON-GAAP BASIS) AND ACTUAL
For the Year Ended June 30, 2018**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
Revenues				
Federal grants	\$ -	80,031	68,227	(11,804)
Interest income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	-	80,031	68,227	(11,804)
Cash balance budgeted	-	-		
<i>Total revenues and cash</i>	-	80,031		
Expenditures				
Current				
Instruction	-	77,685	68,431	9,254
Support services				
Students	-	2,346	358	1,988
<i>Total expenditures</i>	-	80,031	68,789	11,242
Excess (deficiency) of revenues over (under) expenditures	-	-	(562)	(562)
Other financing sources				
Operating transfers	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
Net change in fund balances	-	-	(562)	(562)
Cash or fund balance June 30, 2017	-	-	-	-
Cash or fund balance June 30, 2018	\$ -	-	(562)	(562)
Reconciliation to GAAP Basis:				
Adjustments to revenues			3,527	
Adjustments to expenditures			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			\$ 2,965	

**STATE OF NEW MEXICO
MESA VISTA CONSOLIDATED SCHOOL DISTRICT NO. 6
READS TO LEAD SPECIAL REVENUE FUND - 27114
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET (NON-GAAP BASIS) AND ACTUAL
For the Year Ended June 30, 2018**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
Revenues				
State grants	\$ 105,408	105,408	92,394	(13,014)
<i>Total revenues</i>	105,408	105,408	92,394	(13,014)
Cash balance budgeted	-	-		
<i>Total revenues and cash</i>	105,408	105,408		
Expenditures				
Current				
Instruction	96,976	96,976	82,473	14,503
Support services				
General administration	8,432	8,432	-	8,432
<i>Total expenditures</i>	105,408	105,408	82,473	22,935
Excess (deficiency) of revenues over (under) expenditures	-	-	9,921	9,921
Other financing sources				
Operating transfers	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
Net change in fund balances	-	-	9,921	9,921
Cash or fund balance June 30, 2017	-	-	-	-
Cash or fund balance June 30, 2018	\$ -	-	9,921	9,921
Reconciliation to GAAP Basis:				
Adjustments to revenues			(49,020)	
Adjustments to expenditures			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			\$ (39,099)	

**STATE OF NEW MEXICO
MESA VISTA CONSOLIDATED SCHOOL DISTRICT NO. 6
PRE-K INITIATIVE SPECIAL REVENUE FUND - 27149
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET (NON-GAAP BASIS) AND ACTUAL
For the Year Ended June 30, 2018**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
Revenues				
State grants	\$ 106,186	106,186	95,450	(10,736)
<i>Total revenues</i>	106,186	106,186	95,450	(10,736)
Cash balance budgeted	-	-		
<i>Total revenues and cash</i>	106,186	106,186		
Expenditures				
Current				
Instruction	95,225	95,225	90,504	4,721
Support services				
Student transportation	10,961	10,961	2,925	8,036
Capital outlay	-	-	-	-
<i>Total expenditures</i>	106,186	106,186	93,429	12,757
Excess (deficiency) of revenues over (under) expenditures	-	-	2,021	2,021
Other financing sources				
Operating transfers	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
Net change in fund balances	-	-	2,021	2,021
Cash or fund balance June 30, 2017	-	-	-	-
Cash or fund balance June 30, 2018	\$ -	-	2,021	2,021
Reconciliation to GAAP Basis:				
Adjustments to revenues			(55,472)	
Adjustments to transfers			16,135	
Adjustments to expenditures			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			\$ (37,316)	

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STATE OF NEW MEXICO
MESA VISTA CONSOLIDATED SCHOOL DISTRICT NO. 6
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES - AGENCY FUNDS
June 30, 2018

	<u>AGENCY FUNDS</u>
ASSETS	
<i>Current assets</i>	
Cash	\$ <u>121,152</u>
<i>Total assets</i>	\$ <u><u>121,152</u></u>
 LIABILITIES	
<i>Current liabilities</i>	
Deposits held in trust for others	\$ <u>121,152</u>
<i>Total liabilities</i>	\$ <u><u>121,152</u></u>

**STATE OF NEW MEXICO
MESA VISTA CONSOLIDATED SCHOOL DISTRICT NO. 6
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Mesa Vista Consolidated 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 Towns of El Rito and Ojo Caliente, 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.

In evaluating how to define the District, for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB Statements No. 14, *The Financial Reporting Entity*, No. 39, *Determining Whether Certain Organizations Are Component Units*, and No. 80, *Blending Requirements for Certain Component Units*. Blended component units, although legally separate entities, are in substance part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government. The additional criteria of GASB Statement No. 80 also requires blending of a component unit incorporated as a not-for profit corporation in which the primary government is the sole corporate member.

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

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

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

**STATE OF NEW MEXICO
MESA VISTA CONSOLIDATED SCHOOL DISTRICT NO. 6
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements

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

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

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

**STATE OF NEW MEXICO
MESA VISTA CONSOLIDATED SCHOOL DISTRICT NO. 6
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

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

The *Debt Service Funds* are used to account for the resources for, and the payment of, principal, interest and related costs.

Under the requirements of GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, the District is required to present certain of its governmental funds as major funds based upon certain criteria. The major funds presented in the fund financial statements include the following (in addition to the General Fund):

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

**STATE OF NEW MEXICO
MESA VISTA CONSOLIDATED SCHOOL DISTRICT NO. 6
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

READS TO LEAD – To account for funds received to 1) increase the quality of reading instruction; 2) provide a screening assessment for use in planning data-driven instruction; 3) provide quality professional development for administrators, reading coaches, and teachers; 4) ensure that districts/charter schools have a comprehensive plan for addressing literacy instruction; and 5) reach out to parents and families with free resources in English and Spanish to support children’s reading at home. Authority for the creation of this fund is New Mexico House Bill 2.

PRE-K CLASSROOMS – To account for funding to address the total development needs of preschool children, including physical, cognitive, social and emotional needs, and shall include health care, nutrition, safety and multicultural sensitivity.

CAPITAL IMPROVEMENTS SB-9 – To account for funds provided to finance 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 FUND – To account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related cost.

The government also reports the following fund types:

Governmental funds:

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

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

Fiduciary funds:

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

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

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

**STATE OF NEW MEXICO
MESA VISTA CONSOLIDATED SCHOOL DISTRICT NO. 6
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

Assets, Liabilities, and Net Position or Equity

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

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

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

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

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

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

**STATE OF NEW MEXICO
MESA VISTA CONSOLIDATED SCHOOL DISTRICT NO. 6
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

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

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

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

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

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

**STATE OF NEW MEXICO
MESA VISTA CONSOLIDATED SCHOOL DISTRICT NO. 6
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences: The District policy is to permit employees to accumulate earned but unused vacation. Accumulated sick leave is not payable upon termination and is recorded as expenditures when it is paid.

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

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

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

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

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

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

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

The Government-wide Statement of Net Position reports \$493,780 of restricted net position of which \$493,780 is restricted by enabling legislation.

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

Fund Balance – the difference between assets and liabilities in the governmental fund financial statements. Fund balance is among the most widely and frequently used information in state and local government financial reports. GASB developed Statement No. 54 to address the diversity of practice and the resulting lack of consistency that had evolved in fund balance reporting. To reduce confusion, the

**STATE OF NEW MEXICO
MESA VISTA CONSOLIDATED SCHOOL DISTRICT NO. 6
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

new standards establish a hierarchy of fund balance classifications based primarily on the extent to which a government is bound to observe spending constraints imposed upon how resources reported in governmental funds may be used.

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

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

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

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

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

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

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

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

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

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

**STATE OF NEW MEXICO
MESA VISTA CONSOLIDATED SCHOOL DISTRICT NO. 6
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenues

State Equalization Guarantee: School districts in the State of New Mexico receive a 'state equalization guarantee distribution' which is defined as "that amount of money distributed to each school district to ensure that the school district's operating revenue, including its local and federal revenues as defined (in Chapter 22, Section 8-25, NMSA 1978) is at least equal to the school district's program cost".

A school district's program costs are determined through the use of various formulas using 'program units' which take into consideration 1) early childhood education; 2) basic education; 3) special education; 4) bilingual-multicultural education, 5) size, etc. Payment is made from the public school fund under the authority of the Director of Public School Finance. The District received \$3,043,676 in state equalization guarantee distributions during the year ended June 30, 2018.

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

The District records only the portion of the taxes considered to be 'measurable' and 'available'. The District recognized \$533,168 in tax revenues during the year ended June 30, 2018. Descriptions of the individual capital outlay funds contained in these financial statements include information regarding the authority for the collection and use of these taxes.

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

Transportation Distribution: School districts in the State of New Mexico receive student transportation distributions. The transportation distribution is allocated to each school district in accordance with formulas developed by the State Transportation Director and the Director of Public School Finance. The funds shall be used only for the purpose of making payments to each school district for the "to and from" school transportation costs of students in grades K through twelve attending public school within the school district. The District received \$240,999 in transportation distributions during the year ended June 30, 2018.

Instructional Materials: The New Mexico Public Education Department (PED) received federal material leasing funds from which it makes annual allocations to the various school districts for the purchase of educational materials. Of each allocation, fifty percent is restricted to the requisition of materials listed in the State Board of Education "State Adopted Instructional Material" list, while the other fifty percent of each allocation is available for purchases directly from vendors. Allocations received from the State for the year ended June 30, 2018 totaled \$7,691.

Federal Grants: The District receives revenues from various Federal departments (both direct and indirect), which are legally restricted to expenditures for specific purposes. These programs are reported

**STATE OF NEW MEXICO
MESA VISTA CONSOLIDATED SCHOOL DISTRICT NO. 6
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

as Special Revenue Funds. Each program is operated under its own budget, which has been approved by the Federal Department or the flow-through agency (usually the New Mexico Public Education Department). The various budgets are approved by the Local School Board and the New Mexico Public Education Department.

The District also receives reimbursement under the National School Lunch Program for its food services operations.

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

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

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

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 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 and OPEB related amounts for the District's share of the difference between projected and actual earnings, for the District's share of the

**STATE OF NEW MEXICO
MESA VISTA CONSOLIDATED SCHOOL DISTRICT NO. 6
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 and OPEB 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.

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between net changes in fund balances - total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains, "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The detail of this \$159 difference is as follows:

Capital Outlay	\$ 518,694
Depreciation Expense	<u>(518,853)</u>
Net adjustments to increase net changes in fund balances – total government funds to arrive at changes in net position of governmental activities	<u>\$ (159)</u>

NOTE 3. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

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

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

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MESA VISTA CONSOLIDATED SCHOOL DISTRICT NO. 6
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

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

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

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

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

- In April or May, the Superintendent submits to the Board of Education a proposed operating budget of the fiscal year commencing the following July. The operating budget includes proposed expenditures and the means of financing them, and has approval by the Department of Education.
- In May or June, the budget is approved by the Board of Education.
- The school board meeting, while not intended for the general public, is open for the general public unless a closed meeting has been called.
- The Superintendent is authorized to transfer budgeted amounts between departments within any fund; however, the local Board of Education and the State of New Mexico Department of Education must approve any revisions that alter the total expenditures of any fund.
- Budgets for the General, Special Revenue, Capital Projects, and Debt Service Funds are adopted on a basis not consistent with generally accepted accounting principles (GAAP). Encumbrances are treated the same way for GAAP purposes and for Budget purposes.
- The Board of Education may approve amendments to the appropriated budget, which are required when a change is made affecting budgeted ending fund balance. The appropriated budget for the year ended June 30, 2018 was properly amended by the Board through the year. New Mexico state law prohibits a Governmental Agency to exceed an individual line item.

NOTE 4. CASH AND TEMPORARY INVESTMENTS

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.

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MESA VISTA CONSOLIDATED SCHOOL DISTRICT NO. 6
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 4. CASH AND TEMPORARY INVESTMENTS (CONTINUED)

The rate of interest in non-demand interest-bearing accounts shall be set by the State Board of Finance, but in no cash 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 of the United States or are backed by the full faith and credit of those governments.

The collateral pledged is listed in the table of contents of this report and as listed below. The types of collateral allowed are limited to direct obligations of the United States Government and all bonds issued by any agency, district or political subdivision of the State of New Mexico as limited by Section 6-10-16, NMSA 1978.

<u>Type</u>	<u>NM Bank & Trust</u>	<u>Century Bank</u>	<u>Total</u>
Total deposits	\$ 686,068	121,466	807,534
Less: FDIC coverage	(250,000)	(121,466)	(371,466)
Total uninsured public funds	<u>\$ 436,068</u>	<u>-</u>	<u>436,068</u>
Collateral requirement (50%)	\$ 218,034	-	218,034
Pledged securities	<u>1,409,840</u>	<u>-</u>	<u>1,409,840</u>
(Over) under collateralized	<u>\$ (1,191,806)</u>	<u>-</u>	<u>(1,191,806)</u>

By operation of federal law, beginning January 1, 2013, funds deposited in a noninterest-bearing transaction account no longer will receive unlimited deposit insurance coverage by the Federal Deposit Insurance Corporation (FDIC). Beginning January 1, 2013, all of the District's accounts at an insured depository institution, including all noninterest-bearing transaction accounts, will be insured by the FDIC up to the standard maximum deposit insurance amount of \$250,000, however, time deposits, savings deposits and interest bearing NOW accounts of a public unit in an institution in the SAME STATE will be insured up to \$250,000 in aggregate and separate from the \$250,000 coverage for public unit demand deposits at the same institution.

Deposits

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

**STATE OF NEW MEXICO
MESA VISTA CONSOLIDATED SCHOOL DISTRICT NO. 6
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 4. CASH AND TEMPORARY INVESTMENTS (CONTINUED)

Custodial Credit Risk – Deposits. Custodial risk is the risk that in the event of bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of June 30, 2018, \$436,068 of the District's bank balances of \$807,534 were exposed to custodial credit risk. \$436,068 was uninsured and collateralized by collateral held by the pledging bank's trust department not in the District's name, and \$ -0- was uninsured and uncollateralized. At June 30, 2018, the carrying amount of these deposits was \$281,872.

Reconciliation to Statement of Net Position

Governmental Funds – Balance Sheet	
Cash and cash equivalents	\$ 807,534
Cash - restricted	118,104
Statement of Fiduciary Assets and Liabilities	<u>121,466</u>
Total per bank	925,638
Add outstanding checks and other reconciling items	<u>(404,510)</u>
Total Governmental Funds Cash	<u>\$ 521,128</u>
Total per financial statements	
Cash	\$ 281,872
Restricted cash held by NMFA	118,104
Agency fund cash	<u>121,152</u>
Total Governmental Funds Cash	<u>\$ 521,128</u>

The District utilizes internal pooled accounts for some of their programs and funds. Negative cash balances in individual funds that were part of the pooled account were reclassified as due to/from accounts in the combining balance sheet as of June 30, 2018. The following individual funds had negative cash balances as of June 30, 2018:

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NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 4. CASH AND TEMPORARY INVESTMENTS (CONTINUED)

General Fund:	
Operational - 11000	\$ (215,515)
Transportation - 13000	(3,612)
Food Service – 21000	(28,081)
Athletics – 22000	(1,635)
Title I -24101	(20,768)
IDEA B Entitlement - 24106	(37,815)
IDEA B Preschool - 24109	(119)
Fresh Fruits and Vegetables - 24118	(2,455)
IDEA-B Results Plan - 24132	(30,595)
Teacher/Principal Training Fund - 24154	(14,409)
Title I School Improvement - 24162	(9,331)
Rural Education Achievement - 25233	(6,335)
Dual Credit Instructional Materials - 27103	(139)
Reads to Lead - 27114	(39,099)
Truancy Initiative - 27141	(33,512)
Pre-K Initiative - 27149	(49,128)
Breakfast for Elementary Students – 27155	(1,606)
Bond Building – 31100	(26,384)
	<u>\$ (520,538)</u>

NOTE 5. INTERFUND TRANSFERS

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

Governmental Funds	Transfers In	Transfers Out
Operational Fund - 11000	\$ -	26,187
Title I– 24101	1,442	-
IDEA B Preschool Fund - 24109	500	-
Title I School Improvement - 24162	8,110	-
Pre-K Initiative - 27149	16,135	-
Total	<u>\$ 26,187</u>	<u>26,187</u>

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NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 6. RECEIVABLES

Receivables are deemed to be 100% collectible as of June 30, 2018, and are as follows:

	Property Taxes	Intergovernmental
Operational Fund - 11000	\$ 9,200	-
Title I - 24101	-	20,918
IDEA-B Entitlement - 24106	-	40,780
Fresh Fruits and Vegetables - 24118	-	2,455
IDEA-B Results Plan - 24132	-	26,301
Title I School Improvement - 24162	-	9,196
Title XIX Medicaid - 25153	-	5,134
Truancy Initiative - 27141	-	6,727
Pre-K Initiative - 27149	-	11,812
Breakfast for Elementary Students - 27155	-	1,606
Capital Improvements SB-9 - 31701	121,941	-
Debt Service - 41000	255,340	-
Total due from other governments	\$ 386,481	124,929

NOTE 7. CAPITAL ASSETS

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

	Balance 6/30/2017	Increases	Decreases	Transfers	Balance 6/30/2018
Capital assets, not depreciated					
Land	\$ 292,443	-	-	-	292,443
Construction in progress	8,435,188	-	-	(8,435,188)	-
Total not depreciated	8,727,631	-	-	(8,435,188)	292,443
Capital assets, depreciated					
Buildings & improvements	17,688,735	485,405	-	8,435,188	26,609,328
Furniture, fixtures, & equipment	1,934,660	33,289	-	-	1,967,949
Land improvements	959,330	-	-	-	959,330
Total depreciated	20,582,725	518,694	-	8,435,188	29,536,607
Accumulated depreciation					
Buildings & improvements	8,294,810	406,787	-	-	8,701,597
Furniture, fixtures, & equipment	1,549,074	59,743	-	-	1,608,817
Land improvements	495,635	52,323	-	-	547,958
Total accumulated depreciation	10,339,519	518,853	-	-	10,858,372
Total capital assets, depreciated net	\$ 18,970,837	(159)	-	-	18,970,678

**STATE OF NEW MEXICO
MESA VISTA CONSOLIDATED SCHOOL DISTRICT NO. 6
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 7. CAPITAL ASSETS (CONTINUED)

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

Instruction	\$ 232,372
Support Services – Students	24,360
Support Services – General Administration	42,048
Support Services – School Administration	58,773
Central Services	36,639
Operations & Maintenance of Plant	78,046
Student Transportation	<u>46,615</u>
Total depreciation expense	\$ <u>518,853</u>

Construction commitments – The District is involved in long-term construction projects as part of their master plan for upgrading the District buildings. The amount in the capital projects funds designated for subsequent years expenditures are committed for funding these projects. Interest on construction projects is not capitalized.

NOTE 8. COMPENSATED ABSENCES

During the year ended June 30, 2017, the following changes occurred in accrued compensated absences:

Balance June 30, 2017	Leave Used	Leave Accrued	Balance June 30, 2018	Amount Due in One Year
\$ <u>34,468</u>	<u>52,780</u>	<u>42,298</u>	<u>23,986</u>	<u>23,986</u>

NOTE 9. 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. As part of a Public School Capital Outlay program with the Public School Facilities Authority, there was a local match advance of \$440,910. The local match advance is to be repaid by 2021 and does not bear any interest (see Note 15. Prior Year Restatement). The details of the bonds and advance as of June 30, 2018 are as follows:

Bond Issues	Original Amount	Interest Rates	Balance	Current Portion
Series 2013	\$ 865,000	0.22% to 1.81%	\$ 815,000	50,000
Series 2014	865,000	2.08% to 2.52%	865,000	-
Series 2015	1,680,000	0.60% to 3.74%	1,680,000	-
Series 2017	805,000	0.10% to 3.45%	805,000	-
Public School Facilities - Advance	<u>440,910</u>	None	<u>440,910</u>	-
Total	\$ <u>4,655,910</u>		\$ <u>4,605,910</u>	<u>50,000</u>

**STATE OF NEW MEXICO
MESA VISTA CONSOLIDATED SCHOOL DISTRICT NO. 6
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 9. LONG-TERM DEBT (CONTINUED)

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

Year Ending June 30,	Principal	Interest	Total Payment
2019	\$ 270,000	89,148	359,148
2020	270,000	85,395	355,395
2021	715,910	80,841	796,751
2022	280,000	75,706	355,706
2023	290,000	69,957	359,957
2024-2028	1,385,000	247,102	1,632,102
2029-2033	875,000	59,210	934,210
2034-2038	520,000	1,632	521,632
Total	\$ 4,605,910	708,991	5,314,901

During the year ended June 30, 2018 the following changes occurred in long-term liabilities:

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
Compensated Absences	\$ 34,468	42,298	52,780	23,986	23,986
Bonds Payable:					
Series 2013	865,000	-	50,000	815,000	50,000
Series 2014	865,000	-	-	865,000	-
Series 2015	1,680,000	-	-	1,680,000	-
Series 2017	805,000	-	-	805,000	-
Public School Facilities - Advance	440,910	-	-	440,910	-
Total Bonds Payable	4,655,910	-	50,000	4,605,910	50,000
Total Long-term Debt	\$ 4,690,378	-	60,482	4,629,896	73,986

The liability of compensated absences is liquidated with resources from the general fund and several special revenue funds.

NOTE 10. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injury to employees; and natural disasters. The New Mexico Public Schools Insurance Authority (NMPSIA) was formed on April 5, 1985 under the New Mexico Public Schools Insurance Authority Act, Chapter 22, Section 2 of the New Mexico Statutes Annotated (NMSA 978), as

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

NOTE 10. RISK MANAGEMENT (CONTINUED)

amended, as an insurance fund to provide health, disability and life insurance coverage (benefits coverage), and property, casualty and workers' compensation insurance coverage (risk coverage) to participating public schools, school board members, public school employees, and retirees within the State of New Mexico. The District is one of 91 members that participate in NMPSIA. Participation in NMPSIA is mandatory for all K-12 public schools except those with enrollment exceeding 60,000 students. Participation is voluntary for other public education institutions. The District pays an annual premium to the pool for its general insurance coverage. The agreement for formation of NMPSIA provides that the pool will be self-sustaining through member premiums. NMPSIA establishes self-insured retentions by line of coverage and procures insurance or reinsurance, where indicated, in excess of the self-insured retention on a per occurrence basis. Annual financial reports can be obtained from NMPSIA or viewed on their website at <https://nmpsia.com/information.html>.

NOTE 11. CONTINGENT LIABILITIES

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

NOTE 12. PENSION PLAN – EDUCATIONAL RETIREMENT BOARD

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

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

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

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

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

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

required to be members of the Plan, unless specifically excluded.

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

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

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

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

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

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

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

**STATE OF NEW MEXICO
MESA VISTA CONSOLIDATED SCHOOL DISTRICT NO. 6
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

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

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

Benefit Options – The Plan has three benefit options available.

- **Option A – Straight Life Benefit** – The single life annuity option has no reductions to the monthly benefit, and there is no continuing benefit due to a beneficiary or estate, except the balance, if any, of member contributions plus interest less benefits paid prior to the member’s death.
- **Option B – Joint 100% Survivor Benefit** – The single life annuity monthly benefit is reduced to provide for a 100% survivor’s benefit. The reduced benefit is payable during the life of the member, with the provision that, upon death, the same benefit is paid to the beneficiary for his or her lifetime. If the beneficiary predeceases the member, the member’s monthly benefit is increased to the amount the member would have received under Option A Straight Life benefit. The member’s increased monthly benefit commences in the month following the beneficiary’s death.
- **Option C – Joint 50% Survivor Benefit** – The single life annuity monthly benefit is reduced to provide for a 50% survivor’s benefit. The reduced benefit is payable during the life of the member, with the provision that, upon death, the reduced 50% benefit is paid to the beneficiary for his or her lifetime. If the beneficiary predeceases the member, the member’s monthly benefit is increased to the amount the member would have received under Option A Straight Life benefit. The member’s increased monthly benefit commences in the month following the beneficiary’s death.

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

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

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

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

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NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

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

greater than 90%, the COLA reductions will decrease. The retirees with benefits at or below the median and with 25 or more years of service credit will have a 5% COLA reduction; their average COLA will be 1.7%.

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

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

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

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

The contribution requirements are established in statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the New Mexico Legislature. For the fiscal years ended June 30, 2018 and 2017, the District paid employee and employer contributions of \$303,628 and \$343,998, which equal the amount of the required contributions for each fiscal year.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2018, the District reported a liability of \$9,702,058 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016. The total pension liability was rolled-forward from the valuation date to the plan year ending June 30, 2017 using generally accepted actuarial principles. The roll-forward incorporates the impact of the new assumptions adopted by the Board on April 21, 2017. There were no other significant events of changes in benefit provisions that required an adjustment to the roll-forward liabilities as of June 30, 2017. Therefore, the employer’s portion was established as of the measurement date of June 30, 2017. The District’s proportion of the net pension liability was based on a projection of the District’s long-term share of contributions to the pension plan relative to the projected contributions of all participating educational institutions, actuarially determined. At June 30, 2017, the

**STATE OF NEW MEXICO
MESA VISTA CONSOLIDATED SCHOOL DISTRICT NO. 6
NOTES TO THE FINANCIAL STATEMENTS
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NOTE 12. PENSION PLAN – EDUCATIONAL RETIREMENT BOARD (CONTINUED)

District’s proportion was 0.08730 %, which was a decrease of 0.00974% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the District recognized pension expense of \$824,461. At June 30, 2018, District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 17,416	149,469
Changes in assumptions	2,832,221	-
Net difference between projected and actual earnings on pension plan investments	-	1,331
Changes in proportion and differences between contributions and proportionate share of contributions	-	531,622
Employer contributions subsequent to the measurement date	303,628	-
Total	\$ 3,153,265	682,422

\$303,628 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2018	\$ 799,734
2019	903,925
2020	543,445
2021	(79,889)
2022	-
Thereafter	-

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

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

Inflation	2.50%										
Salary increases	3.25% composed of 2.50% inflation, plus a 0.75% productivity increase rate, plus a step-rate promotional increase for members with less than 10 years of service.										
Investment rate of return	7.25% compounded annually, net of expenses. This is made up of a 2.50% inflation rate and a 4.75 real rate of return.										
Average of Expected Remaining Service Lives	<table border="0"> <tr> <td style="padding-right: 20px;">Fiscal year</td> <td style="text-align: center;"><u>2017</u></td> <td style="text-align: center;"><u>2016</u></td> <td style="text-align: center;"><u>2015</u></td> <td style="text-align: center;"><u>2014</u></td> </tr> <tr> <td>Service life in years</td> <td style="text-align: center;">3.35</td> <td style="text-align: center;">3.77</td> <td style="text-align: center;">3.92</td> <td style="text-align: center;">3.88</td> </tr> </table>	Fiscal year	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	Service life in years	3.35	3.77	3.92	3.88
Fiscal year	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>							
Service life in years	3.35	3.77	3.92	3.88							
Mortality	<p>Healthy males: Based on the RP-2000 Combined Healthy Mortality Table with White Collar adjustments, not set back. Generational mortality improvements with Scale BB from the table’s base year of 2000.</p> <p>Healthy females: Based on GRS Southwest Region Teacher Mortality Table, set back one year. Generational mortality improvements in accordance with Scale BB from the table’s base year of 2012.</p> <p>Disabled males: RP-2000 Disabled Mortality Table for males, set back three years, projected to 2016 with Scale BB.</p> <p>Disabled females: RP-2000 Disabled Mortality Table for females, no set back, projected to 2016 with Scale BB.</p> <p>Active members: RP-2000 Employee Mortality Tables, with males set back two years and scaled at 80%, and females set back five years and scaled at 70%. Static mortality improvement from the table’s base year of 2000 to the year 2016 in accordance with Scale BB. No future improvement was assumed for preretirement mortality.</p>										
Retirement Age	Experience-based table rates based on age and service, adopted by the Board on June 12, 2015 in conjunction with the six-year experience study for the period ending June 30, 2014.										
Cost-of-living increases	1.90% per year, compounded annually.										
Payroll growth	3.00% per year (with no allowance for membership growth).										
Contribution accumulation	The accumulated member account balance with interest is estimated at the valuation date by assuming that member contributions increased 5.50% per year for all years prior to the valuation date. Contributions are credited with 4.00% interest, compounded annually, applicable to the account balances in the past as well as the future.										

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JUNE 30, 2018**

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

Disability incidence Approved rates are applied to eligible members with at least 10 years of service.

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

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

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

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

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

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

Sensitivity of the District’s proportionate share of the net pension liability to changes in the discount rate. The following presents the District’s proportionate share of the net pension liability calculated

**STATE OF NEW MEXICO
MESA VISTA CONSOLIDATED SCHOOL DISTRICT NO. 6
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

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

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

	1% Decrease (4.90%)	Current Discount Rate (5.90%)	1% Increase (6.90%)
Mesa Vista Consolidated School District No. 6 proportionate share of the net pension liability	\$ <u>12,629,666</u>	<u>9,702,058</u>	<u>7,308,976</u>

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

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

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

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

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

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

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

**STATE OF NEW MEXICO
MESA VISTA CONSOLIDATED SCHOOL DISTRICT NO. 6
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

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

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

Contributions – Employer and employee contributions to the Fund total 3% for non-enhanced retirement plans and 3.75% of enhanced retirement plans of each participating employee’s salary as required by Section 10-7C-15 NMSA 1978. The contributions are established by statute and are not based on an actuarial calculation. All employer and employee contributions are non-refundable under any circumstance, including termination of the employer’s participation in the Fund. Contributions to the Fund from the District were \$43,841 for the year ended June 30, 2018.

OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB - At June 30, 2018, the District reported a liability of \$2,663,264 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of the date. The District’s proportion of the net OPEB liability was based on actual contributions provided to the Fund for the year ending June 30, 2017. At June 30, 2017, the District’s proportion was 0.05877 percent.

For the year ended June 30, 2018, the District recognized OPEB expense of \$105,882. At June 30, 2018 the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

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

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	102,202
Changes in assumptions	-	465,638
Net difference between projected and actual earnings on OPEB plan investments	-	38,313
Employer contributions subsequent to the measurement date	43,841	-
Total	\$ 43,841	606,153

Deferred outflows of resources totaling \$43,841 represent District contributions to the Fund made subsequent to the measurement date and will be recognized as a reduction of net OPEB liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

Year ended June 30:		
2019	\$	(128,872)
2020		(128,872)
2021		(128,872)
2022		(128,872)
2023		(128,872)
Total	\$	<u>(606,153)</u>

Valuation Date	June 30,2017
Actuarial cost method	Entry age normal, level percent of pay, calculated on individual employee basis
Asset valuation method	Market value of assets
Inflation	2.50% for ERB; 2.25% for PERA
Projected payroll increases	3.50%
Investment rate of return	7.25%, net of OPEB plan investment expense and margin for adverse deviation including inflation

**STATE OF NEW MEXICO
MESA VISTA CONSOLIDATED SCHOOL DISTRICT NO. 6
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

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

Health care cost trend rate 8% graded down to 4.5% over 14 years for Non-Medicare medical plan costs and 7.5% graded down to 4.5% over 12 years for Medicare medical plan costs

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

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

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

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

STATE OF NEW MEXICO
MESA VISTA CONSOLIDATED SCHOOL DISTRICT NO. 6
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

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

Sensitivity of the net OPEB liability to changes in the discount rate and healthcare cost trend rates.

The following presents the net OPEB liability of the District, as well as what the District’s net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.81 percent) or 1-percentage-point higher (4.81 percent) than the current discount rate; percent) than the current rate:

	1% Decrease (2.81%)	Current Discount Rate (3.81%)	1% Increase (4.81%)
\$	<u>3,230,498</u>	<u>2,663,264</u>	<u>2,218,218</u>

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

	1% Decrease	Current Trend Rates	1% Increase
\$	<u>2,265,290</u>	<u>2,663,264</u>	<u>2,973,586</u>

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

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

**STATE OF NEW MEXICO
MESA VISTA CONSOLIDATED SCHOOL DISTRICT NO. 6
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 14. DEFICIENT FUND BALANCE

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

Operational:	
Transportation - 13000	\$ (3,612)
Reads to Lead - 27114	(39,099)
Pre-K Initiative - 27149	(37,316)
Food Services - 21000	(25,264)
Athletics - 22000	(1,997)
Preschool IDEA-B - 24109	(119)
IDEA-B Student Success - 24132	(4,294)
Title II Teacher Quality - 24154	(14,409)
Title I School Improvement - 24162	(135)
Rural Education Achievement - 25233	(6,335)
Dual Credit Instructional Materials - 27103	(139)
Truancy Initiative - 27141	(26,785)
Total	<u>\$ (159,504)</u>

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

NOTE 15. PRIOR YEAR RESTATEMENT

Governmental activities and component unit net position at June 30, 2017 was restated as a result of implementation of Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

Governmental activities net position at June 30, 2017 was restated as a result of management identifying debt with the Public School Facilities Authority that had erroneously not been recorded in the Statement of Net Position.

Implementation of GASB 75	\$ 3,163,535
Public School Facilities Authority Advance	<u>440,910</u>
Total Restatement	<u>\$ 3,604,445</u>

NOTE 16. RECENT ACCOUNTING PRONOUNCEMENTS

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multi-Employer Plans*, for OPEB. This statement establishes standards for recognizing and measuring liabilities, deferred outflows

**STATE OF NEW MEXICO
MESA VISTA CONSOLIDATED SCHOOL DISTRICT NO. 6
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 16. RECENT ACCOUNTING PRONOUNCEMENTS (CONTINUED)

of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee services. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed. GASB Statement No. 75 was effective for periods after June 15, 2017. The District has adopted this statement for the year ending June 30, 2018.

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

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

In May 2017, the GASB issued Statement No. 86, *Certain Debt Extinguishment issues*. This statement establishes essentially the same requirements as GASB Statement No.7, for when a government places cash and other monetary assets acquired with only existing resources in an irrevocable trust to extinguish debt. However, in financial statements using the economic resources measurement focus, governments should recognize any difference between the reacquisition price (the amount required to be placed in the trust) and the net carrying amount of the debt defeased in substance using only existing resources as a separately identified gain or loss in the period of defeasance. Governments that defease debt using only existing resources should provide a general description of the transaction in the notes to the financial statements in the period of defeasance. In all periods following an in-substance defeasance of debt using only existing resources, the amount of that debt that remains at period-end should be disclosed. GASB Statement No. 86 was effective for periods beginning after June 15, 2017. The District adopted this statement; however, there were no debt extinguishments and the implementation of this statement had no effect on the District's financial statements.

**STATE OF NEW MEXICO
MESA VISTA CONSOLIDATED SCHOOL DISTRICT NO. 6
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 17. NEW ACCOUNTING PRONOUNCEMENTS

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

GASB Statement No. 83, Certain Asset Retirement Obligations

GASB Statement No. 84, Fiduciary Assets

GASB Statement No. 87, Leases

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

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

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

NOTE 18. OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES

Generally accepted accounting principles require disclosures as part of the Combined Statements of certain information concerning individual funds including:

- A. The following funds exceeded approved budgetary authority for the year ended June 30, 2018:

<u>Fund-Function</u>	<u>Excess over Budget</u>
Operational – 11000	
Instruction	\$ 27,952
Support services	139,091
Food service operations	59
Student Transportation – 13000	
Instruction	3,612
Teacher/Principal Training & Recruiting – 24154	
Instruction	47
Capital Improvement SB-9 – 31701	
Capital outlay	563
Debt Service – 41000	
Support services	1,733

REQUIRED SUPPLEMENTARY INFORMATION

**STATE OF NEW MEXICO
PUBLIC EDUCATION DEPARTMENT
MESA VISTA CONSOLIDATED SCHOOL DISTRICT NO. 6
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
June 30, 2018**

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

	30-Jun				
	Fiscal Year	2018	2017	2016	2015
Measurement Date	2018	2017	2016	2015	2014
School's Proportion of the Net Pension Liability (Asset)		0.09%	0.10%	0.10%	0.10%
School's Proportionate Share of Net Pension Liability (Asset)	\$ 9,702	\$ 6,983	6,345	5,717	
School's Covered-Employee Payroll	\$ 2,185	2,771	2,785	2,762	
School's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Its Covered-Employee Payroll	444.03%	252.00%	227.83%	206.99%	
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	52.95%	61.58%	63.97%	66.54%	

* *Governmental Accounting Standards Board Statement No. 68* requires ten years of historical information be presented; however, until a full 10-year trend is compiled, the statement only requires presentation of information for those years that information is available. Complete information for Mesa Vista Consolidated School District No. 6 is not available prior to fiscal year 2015, the year the statement's requirements became effective.

STATE OF NEW MEXICO
MESA VISTA CONSOLIDATED SCHOOL DISTRICT NO. 6
SCHEDULE OF DISTRICT CONTRIBUTIONS
June 30, 2018

	New Mexico Educational Retirement Board Pension Plan			
	Last Ten Fiscal Years*			
	(Dollars in Thousands)			
	2018	2017	2016	2015
Contractually Required Contribution	\$ 304	236	271	220
Contributions in Relation to the Contractually Required Contribution	304	228	238	220
Contribution Deficiency (Excess)	\$ -	8	33	-

**Governmental Accounting Standards Board Statement No. 68* requires ten years of historical information be presented; however, until a full 10-year trend is compiled, the statement only requires presentation of information for those years that information is available. Complete information for Mesa Vista Consolidated School District No. 6 is not available prior to fiscal year 2015, the year the statement's requirements became effective.

**STATE OF NEW MEXICO
PUBLIC EDUCATION DEPARTMENT
MESA VISTA CONSOLIDATED SCHOOL DISTRICT NO. 6
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
June 30, 2018**

**New Mexico Retiree Health Care Authority
For Last 10 Fiscal Years*
(Dollars in Thousands)**

	Fiscal Year Measurement Date	30-Jun 2018 2017
District's Proportion of the Net OPEB liability (Asset)		0.06%
District's Proportionate Share of Net OBEB Liability (Asset)		\$ 2,663
District's Covered-Employee Payroll		\$ 2,448
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Its Covered-Employee Payroll		108.78%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability		11.34%

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

STATE OF NEW MEXICO
MESA VISTA CONSOLIDATED SCHOOL DISTRICT NO. 6
SCHEDULE OF DISTRICT CONTRIBUTIONS
June 30, 2018

New Mexico Retiree Health Care Authority
Last Ten Fiscal Years*
(Dollars in Thousands)

	<u>2018</u>
Contractually Required Contribution	\$ 186
Contributions in Relation to the	<u>94</u>
Contribution Deficiency (Excess)	<u>\$ 92</u>
Employer's covered-employee payroll	\$ 2,448
Contributions as a percentage of covered- employee payroll	3.84%

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

**STATE OF NEW MEXICO
MESA VISTA CONSOLIDATED SCHOOL DISTRICT NO. 6
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2018**

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

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

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

SUPPLEMENTARY INFORMATION

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COMBINING GENERAL FUND

STATE OF NEW MEXICO
MESA VISTA CONSOLIDATED SCHOOL DISTRICT NO. 6
COMBINING BALANCE SHEET-GENERAL FUND
June 30, 2018

	OPERATIONAL 11000	TEACHERAGE 12000
	<u> </u>	<u> </u>
ASSETS		
<i>Current assets</i>		
Cash	\$ -	27,053
Accounts receivable		
Property taxes	9,200	-
Interfund receivables	305,023	-
Inventory	-	-
	<u> </u>	<u> </u>
<i>Total assets</i>	\$ <u>314,223</u>	<u>27,053</u>
 LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES		
<i>Current liabilities</i>		
Accounts payable	\$ 53,892	-
Unearned revenue	-	-
Interfund payables	215,515	-
	<u> </u>	<u> </u>
<i>Total liabilities</i>	<u>269,407</u>	-
 <i>Deferred Inflows</i>		
Unavailable revenue	8,725	-
	<u> </u>	<u> </u>
<i>Total deferred inflows</i>	<u>8,725</u>	-
 <i>Fund balances (deficit)</i>		
Nonspendable	-	-
Restricted	-	-
Unassigned	36,091	27,053
	<u> </u>	<u> </u>
<i>Total fund balance (deficit)</i>	<u>36,091</u>	<u>27,053</u>
 <i>Total liabilities, deferred inflows, and fund balance (deficit)</i>	\$ <u>314,223</u>	<u>27,053</u>

TRANSPORTATION 13000	INSTRUCTIONAL MATERIALS 14000	TOTALS
-	7,765	34,818
-	-	9,200
-	-	305,023
-	-	-
-	7,765	349,041
-	-	53,892
-	-	-
3,612	-	219,127
3,612	-	273,019
-	-	8,725
-	-	8,725
-	-	-
-	7,765	7,765
(3,612)	-	59,532
(3,612)	7,765	67,297
-	7,765	349,041

STATE OF NEW MEXICO
MESA VISTA CONSOLIDATED SCHOOL DISTRICT NO. 6
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GENERAL FUND
For the Year Ended June 30, 2018

	OPERATIONAL 11000	TEACHERAGE 12000
Revenues		
Residential/non-residential taxes	\$ 68,695	-
Fees-users	101	-
State grants	3,043,674	-
Federal grants	20,283	-
Miscellaneous	21,789	600
<i>Total revenues</i>	<u>3,154,542</u>	<u>600</u>
Expenditures		
Current		
Instruction	1,506,686	-
Support services		
Students	181,337	-
General administration	341,139	-
School administration	487,485	-
Central services	305,158	-
Operations & maintenance of plant	650,022	-
Student transportation	142,249	-
Other support services	105	-
Food services-operations	10,219	-
Capital outlay	-	-
<i>Total expenditures</i>	<u>3,624,400</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(469,858)</u>	<u>600</u>
Other financing sources (uses)		
Operating transfers	(26,187)	-
<i>Total other financing sources (uses)</i>	<u>(26,187)</u>	<u>-</u>
Net change in fund balances	(496,045)	600
Fund balances, beginning of year	<u>532,136</u>	<u>26,453</u>
Fund balances, end of year	<u>\$ 36,091</u>	<u>27,053</u>

TRANSPORTATION 13000	INSTRUCTIONAL MATERIALS 14000	TOTALS
-	-	68,695
-	-	101
240,999	7,691	3,292,364
-	-	20,283
-	-	22,389
<u>240,999</u>	<u>7,691</u>	<u>3,403,832</u>
-	2,072	1,508,758
-	-	181,337
-	-	341,139
-	-	487,485
-	-	305,158
-	-	650,022
243,075	-	385,324
-	-	105
-	-	10,219
-	-	-
<u>243,075</u>	<u>2,072</u>	<u>3,869,547</u>
<u>(2,076)</u>	<u>5,619</u>	<u>(465,715)</u>
-	-	(26,187)
-	-	(26,187)
(2,076)	5,619	(491,902)
<u>(1,536)</u>	<u>2,146</u>	<u>559,199</u>
<u><u>(3,612)</u></u>	<u><u>7,765</u></u>	<u><u>67,297</u></u>

**STATE OF NEW MEXICO
MESA VISTA CONSOLIDATED SCHOOL DISTRICT NO. 6
OPERATIONAL FUND - 11000
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET (NON-GAAP BASIS) AND ACTUAL
For the Year Ended June 30, 2018**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
Revenues				
Residential/non-residential taxes	\$ 19,431	19,431	68,992	49,561
Fees-users	1,250	1,250	101	(1,149)
State grants	2,786,381	2,829,651	3,043,674	214,023
Federal grants	9,000	9,000	20,283	11,283
Miscellaneous	10,500	10,500	21,789	11,289
<i>Total revenues</i>	<u>2,826,562</u>	<u>2,869,832</u>	<u>3,154,839</u>	<u>285,007</u>
Cash balance budgeted	<u>540,946</u>	<u>540,946</u>		
<i>Total revenues and cash</i>	<u>3,367,508</u>	<u>3,410,778</u>		
Expenditures				
Current				
Instruction	1,481,171	1,473,960	1,501,912	(27,952)
Support services				
Students	270,947	285,826	177,547	108,279
General administration	274,260	283,660	318,332	(34,672)
School administration	453,194	480,597	487,485	(6,888)
Central services	200,575	288,582	298,784	(10,202)
Operations & maintenance of plant	569,580	535,152	643,457	(108,305)
Student transportation	52,840	52,840	142,249	(89,409)
Other support services	2,211	2,211	105	2,106
Food service - operations	-	10,161	10,220	(59)
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>3,304,778</u>	<u>3,412,989</u>	<u>3,580,091</u>	<u>(167,102)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>62,730</u>	<u>(2,211)</u>	<u>(425,252)</u>	<u>117,905</u>
Other financing sources				
Operating transfers	-	-	(26,187)	26,187
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>(26,187)</u>	<u>26,187</u>
Net change in fund balances	<u>62,730</u>	<u>(2,211)</u>	<u>(451,439)</u>	<u>(451,439)</u>
Cash or fund balance June 30, 2017	<u>532,136</u>	<u>532,136</u>	<u>532,136</u>	<u>532,136</u>
Cash or fund balance June 30, 2018	<u>\$ 594,866</u>	<u>529,925</u>	<u>80,697</u>	<u>80,697</u>
Reconciliation to GAAP Basis:				
Adjustments to revenues			(297)	
Adjustments to expenditures			(44,309)	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ (496,045)</u>	

See Notes to Financial Statements

**STATE OF NEW MEXICO
MESA VISTA CONSOLIDATED SCHOOL DISTRICT NO. 6
TEACHERAGE FUND - 12000
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET (NON-GAAP BASIS) AND ACTUAL
For the Year Ended June 30, 2018**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
Revenues				
Miscellaneous	\$ 2,100	2,100	600	(1,500)
<i>Total revenues</i>	2,100	2,100	600	(1,500)
Cash balance budgeted	26,453	26,453		
<i>Total revenues and cash</i>	28,553	28,553		
Expenditures				
Current				
Support services				
Operations & maintenance of plant	28,353	28,353	-	28,353
Capital outlay	-	-	-	-
<i>Total expenditures</i>	28,353	28,353	-	28,353
Excess (deficiency) of revenues over (under) expenditures	<u>200</u>	<u>200</u>	<u>600</u>	<u>26,853</u>
Other financing sources				
Operating transfers	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
Net change in fund balances	200	200	600	600
Cash or fund balance June 30, 2017	<u>26,453</u>	<u>26,453</u>	<u>26,453</u>	<u>26,453</u>
Cash or fund balance June 30, 2018	<u>\$ 26,653</u>	<u>26,653</u>	27,053	<u>27,053</u>
Reconciliation to GAAP Basis:				
Adjustments to revenues			-	
Adjustments to expenditures			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ 600</u>	

STATE OF NEW MEXICO
MESA VISTA CONSOLIDATED SCHOOL DISTRICT NO. 6
TRANSPORTATION FUND - 13000
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET (NON-GAAP BASIS) AND ACTUAL
For the Year Ended June 30, 2018

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
Revenues				
State grants	\$ 240,999	240,999	240,999	-
<i>Total revenues</i>	240,999	240,999	240,999	-
Cash balance budgeted	-	-		
<i>Total revenues and cash</i>	240,999	240,999		
Expenditures				
Current				
Support services				
Student transportation	240,999	240,999	244,611	(3,612)
<i>Total expenditures</i>	240,999	240,999	244,611	(3,612)
Excess (deficiency) of revenues over (under) expenditures	-	-	(3,612)	(3,612)
Other financing sources				
Operating transfers	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
Net change in fund balances	-	-	(3,612)	(3,612)
Cash or fund balance June 30, 2017	(1,536)	(1,536)	(1,536)	(1,536)
Cash or fund balance June 30, 2018	\$ (1,536)	(1,536)	(5,148)	(5,148)
Reconciliation to GAAP Basis:				
Adjustments to revenues			-	
Adjustments to expenditures			1,536	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			\$ (2,076)	

**STATE OF NEW MEXICO
MESA VISTA CONSOLIDATED SCHOOL DISTRICT NO. 6
INSTRUCTIONAL MATERIALS FUND - 14000
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET (NON-GAAP BASIS) AND ACTUAL
For the Year Ended June 30, 2018**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
Revenues				
State grants	\$ 6,710	7,691	7,691	-
<i>Total revenues</i>	6,710	7,691	7,691	-
Cash balance budgeted	2,146	2,146		
<i>Total revenues and cash</i>	8,856	9,837		
Expenditures				
Current				
Instruction	6,710	9,837	2,072	7,765
<i>Total expenditures</i>	6,710	9,837	2,072	7,765
Excess (deficiency) of revenues over (under) expenditures	2,146	-	5,619	7,765
Other financing sources				
Operating transfers	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
Net change in fund balances	2,146	-	5,619	5,619
Cash or fund balance June 30, 2017	2,146	2,146	2,146	2,146
Cash or fund balance June 30, 2018	\$ 4,292	2,146	7,765	7,765
Reconciliation to GAAP Basis:				
Adjustments to revenues			-	
Adjustments to expenditures			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			\$ 5,619	

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NONMAJOR GOVERNMENTAL FUNDS

**STATE OF NEW MEXICO
MESA VISTA CONSOLIDATED SCHOOL DISTRICT NO. 6
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2018**

SPECIAL REVENUE FUNDS

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

FOOD SERVICE (21000) – To account for funding for the school hot lunch program. Funding is provided by fees from patrons and USDA food reimbursements, under the National School Lunch Act of 1946, as amended, New Mexico Statutes Annotated, State Law 22-13-13.

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

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

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

FRESH FRUITS AND VEGETABLES (24118) – To assist States, through cash grants, in providing free fruits and vegetables to school children in designated participating schools beginning in school year 2004/2005. Authorized by National School Lunch Act, as amended, 42 U.S.C. 1769.

IDEA-B RESULTS PLAN NON-TITLE I SCHOOLS (24132) – To improve growth rates in the areas of reading and math for students with disabilities.

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

**STATE OF NEW MEXICO
MESA VISTA CONSOLIDATED SCHOOL DISTRICT NO. 6
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2018**

SPECIAL REVENUE FUNDS (CONTINUED)

TITLE I SCHOOL IMPROVEMENT (27162) – To provide supplemental educational opportunity for academically disadvantaged children in the area of residing. Campuses are identified for program participation by the percentage of students on free or reduced price lunches. Any school with a free and reduced price lunch percentage that is equal to or greater than the total district percentage becomes eligible for program participation. Any student whose test scores fall below District established criteria and who is attending a Title I campus is eligible to receive Title I services. Poverty is the criteria that identifies a campus; education need determines the students to be served. Federal revenues accounted for in this fund are allocated to the District through the New Mexico Department of Education. Authority for creation of this fund is Part A of Chapter I of Title I of Elementary and Secondary Education Act (ESEA) of 1965, as amended, Public Law 103-383.

TITLE XIX MEDICAID (25153) – To account for monies received from the State of New Mexico to be used to provide direct services to 4 year old children in Pre-Kindergarten programs.

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

LANL FOUNDATION (26113) – Local grant sponsored by Los Alamos National Laboratory that was used to provide a scholarship to a senior high student that was to be used in a four-year program for educational efforts in pursuing an engineering degree at a New Mexico college or university.

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

TRUANCY INITIATIVE (27141) – To account for funds received to hire truancy and dropout prevention coaches with appropriate state licensure. The coaches will monitor and report on the performance of each school assigned a coach. The reporting will include information about truancy and dropout statistics, as well as documentation about various events and programming provided by the school as related to truancy and dropout prevention.

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

**STATE OF NEW MEXICO
MESA VISTA CONSOLIDATED SCHOOL DISTRICT NO. 6
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2018**

CAPITAL PROJECTS FUNDS

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

CAPITAL IMPROVEMENTS MATCH (31200) – To account for the costs relating to erecting, remodeling, making additions to, providing equipment for, or furnishing public school buildings and purchasing or improving public school grounds. Financing is provided through property taxes as specified by Article 26 of the Public School Buildings Act. (House Bill 33)

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STATE OF NEW MEXICO
MESA VISTA CONSOLIDATED SCHOOL DISTRICT NO. 6
COMBINING BALANCE SHEET-NONMAJOR GOVERNMENTAL FUNDS
June 30, 2018

(Page 1 of 5)

	FOOD SERVICE 21000	ATHLETICS 22000	TITLE I 24101
ASSETS			
<i>Current assets</i>			
Cash	\$ 929	-	-
Accounts receivable			
Due from other governments	-	-	20,918
Property taxes	-	-	-
Interfund receivables	-	-	-
Inventory	2,088	-	-
<i>Total assets</i>	<u>\$ 3,017</u>	<u>-</u>	<u>20,918</u>
LIABILITIES AND FUND BALANCES			
<i>Current liabilities</i>			
Accounts payable	\$ 200	362	-
Unearned revenue	-	-	-
Interfund payables	28,081	1,635	20,768
<i>Total liabilities</i>	<u>28,281</u>	<u>1,997</u>	<u>20,768</u>
<i>Deferred Inflows</i>			
Unavailable revenue	-	-	-
<i>Total deferred inflows</i>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances (deficit)</i>			
Nonspendable	2,088	-	-
Restricted	-	-	150
Unassigned	(27,352)	(1,997)	-
<i>Total fund balance (deficit)</i>	<u>(25,264)</u>	<u>(1,997)</u>	<u>150</u>
<i>Total liabilities and fund balance (deficit)</i>	<u>\$ 3,017</u>	<u>-</u>	<u>20,918</u>

PRECHOOL IDEA-B 24109	USDA FRESH FRUITS AND VEGETABLES 24118	IDEA-B STUDENT SUCCESS 24132	TITLE II TEACHER QUALITY 24154	TITLE I SCHOOL IMPROVEMENT 24162
-	-	-	-	-
-	2,455	26,301	-	9,196
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	2,455	26,301	-	9,196
-	-	-	-	-
-	-	-	-	-
119	2,455	30,595	14,409	9,331
119	2,455	30,595	14,409	9,331
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
(119)	-	(4,294)	(14,409)	(135)
(119)	-	(4,294)	(14,409)	(135)
-	2,455	26,301	-	9,196

STATE OF NEW MEXICO
MESA VISTA CONSOLIDATED SCHOOL DISTRICT NO. 6
COMBINING BALANCE SHEET-NONMAJOR GOVERNMENTAL FUNDS
June 30, 2018

(Page 3 of 5)

	TITLE XIX MEDICAID 25153	RURAL EDUCATION ACHIEVEMENT 25233	LANL FOUNDATION 26113
ASSETS			
<i>Current assets</i>			
Cash	\$ 57,109	-	26,677
Accounts receivable			
Due from other governments	5,134	-	-
Property taxes	-	-	-
Interfund receivables	-	-	-
Inventory	-	-	-
<i>Total assets</i>	<u>\$ 62,243</u>	<u>-</u>	<u>26,677</u>
LIABILITIES AND FUND BALANCES			
<i>Current liabilities</i>			
Accounts payable	\$ -	-	-
Unearned revenue	-	-	-
Interfund payables	-	6,335	-
<i>Total liabilities</i>	<u>-</u>	<u>6,335</u>	<u>-</u>
<i>Deferred Inflows</i>			
Unavailable revenue	-	-	-
<i>Total deferred inflows</i>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances (deficit)</i>			
Nonspendable	-	-	-
Restricted	62,243	-	26,677
Unassigned	-	(6,335)	-
<i>Total fund balance (deficit)</i>	<u>62,243</u>	<u>(6,335)</u>	<u>26,677</u>
<i>Total liabilities and fund balance (deficit)</i>	<u>\$ 62,243</u>	<u>-</u>	<u>26,677</u>

DUAL CREDIT INSTRUCTIONAL MATERIALS 27103	TRUANCY INITIATIVE 27141	BREAKFAST FOR ELEMENTARY STUDENTS 27155	TOTAL NONMAJOR SPECIAL REVENUE FUNDS	BOND BUILDING 31100
-	-	-	84,715	118,986
-	6,727	1,606	72,337	-
-	-	-	-	-
-	-	-	-	-
-	-	-	2,088	-
-	6,727	1,606	159,140	118,986
-	-	-	562	-
-	-	-	-	-
139	33,512	1,606	148,985	26,384
139	33,512	1,606	149,547	26,384
-	-	-	-	-
-	-	-	-	-
-	-	-	2,088	-
-	-	-	89,070	92,602
(139)	(26,785)	-	(81,565)	-
(139)	(26,785)	-	9,593	92,602
-	6,727	1,606	159,140	118,986

STATE OF NEW MEXICO
MESA VISTA CONSOLIDATED SCHOOL DISTRICT NO. 6
COMBINING BALANCE SHEET-NONMAJOR GOVERNMENTAL FUNDS
June 30, 2018

(Page 5 of 5)

	CAPITAL IMPROVEMENTS MATCH 31200	TOTAL NONMAJOR CAPITAL PROJECTS	TOTAL
ASSETS			
<i>Current assets</i>			
Cash	\$ 3,710	122,696	207,411
Accounts receivable			
Due from other governments	-	-	72,337
Property taxes	-	-	-
Interfund receivables	-	-	-
Inventory	-	-	2,088
<i>Total assets</i>	<u>\$ 3,710</u>	<u>122,696</u>	<u>281,836</u>
LIABILITIES AND FUND BALANCES			
<i>Current liabilities</i>			
Accounts payable	\$ -	-	562
Unearned revenue	-	-	-
Interfund payables	-	26,384	175,369
<i>Total liabilities</i>	<u>-</u>	<u>26,384</u>	<u>175,931</u>
<i>Deferred Inflows</i>			
Unavailable revenue	-	-	-
<i>Total deferred inflows</i>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances (deficit)</i>			
Nonspendable	-	-	2,088
Restricted	3,710	96,312	185,382
Unassigned	-	-	(81,565)
<i>Total fund balance (deficit)</i>	<u>3,710</u>	<u>96,312</u>	<u>105,905</u>
<i>Total liabilities and fund balance (deficit)</i>	<u>\$ 3,710</u>	<u>122,696</u>	<u>281,836</u>

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STATE OF NEW MEXICO
MESA VISTA CONSOLIDATED SCHOOL DISTRICT NO. 6
COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES
IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS
Year Ended June 30, 2018

(Page 1 of 5)

	FOOD SERVICE 21000	ATHLETICS 22000	TITLE I 24101
Revenues			
Fees-users	\$ 3,534	28,453	-
State grants	-	-	-
Federal grants	114,395	-	23,694
Interest income	-	-	-
Miscellaneous	-	-	-
<i>Total revenues</i>	<u>117,929</u>	<u>28,453</u>	<u>23,694</u>
Expenditures			
Current			
Instruction	-	38,397	22,967
Support services			
Students	-	-	-
Instruction	-	-	-
General administration	-	-	-
School administration	-	-	2,019
Food services-operations	145,386	-	-
Capital outlay	-	-	-
<i>Total expenditures</i>	<u>145,386</u>	<u>38,397</u>	<u>24,986</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(27,457)</u>	<u>(9,944)</u>	<u>(1,292)</u>
Other financing sources (uses)			
Operating transfers	-	-	1,442
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>1,442</u>
Net change in fund balances	(27,457)	(9,944)	150
Fund balances, beginning of year	<u>2,193</u>	<u>7,947</u>	<u>-</u>
Fund balances (deficits), end of year	<u>\$ (25,264)</u>	<u>(1,997)</u>	<u>150</u>

<u>PRESCHOOL IDEA-B 24109</u>	<u>USDA FRESH FRUITS AND VEGETABLES 24118</u>	<u>IDEA-B STUDENT SUCCESS 24132</u>	<u>TITLE II TEACHER QUALITY 24154</u>	<u>TITLE I SCHOOL IMPROVEMENT 24162</u>
-	-	-	-	-
-	-	-	-	-
-	2,455	26,301	42	14,658
-	-	-	-	-
-	-	-	-	-
<u>-</u>	<u>2,455</u>	<u>26,301</u>	<u>42</u>	<u>14,658</u>
-	-	27,795	14,451	21,071
619	-	-	-	-
-	-	-	-	-
-	-	2,800	-	1,832
-	-	-	-	-
-	2,455	-	-	-
-	-	-	-	-
<u>619</u>	<u>2,455</u>	<u>30,595</u>	<u>14,451</u>	<u>22,903</u>
<u>(619)</u>	<u>-</u>	<u>(4,294)</u>	<u>(14,409)</u>	<u>(8,245)</u>
<u>500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,110</u>
<u>500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,110</u>
<u>(119)</u>	<u>-</u>	<u>(4,294)</u>	<u>(14,409)</u>	<u>(135)</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(119)</u>	<u>-</u>	<u>(4,294)</u>	<u>(14,409)</u>	<u>(135)</u>

STATE OF NEW MEXICO
MESA VISTA CONSOLIDATED SCHOOL DISTRICT NO. 6
COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES
IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS
Year Ended June 30, 2018

	TITLE XIX MEDICAID 25153	RURAL EDUCATION ACHIEVEMENT 25233	LANL FOUNDATION 26113
Revenues			
Fees-users	\$ -	-	-
State grants	-	-	-
Federal grants	41,701	-	-
Interest income	-	-	-
Miscellaneous	-	-	-
<i>Total revenues</i>	<u>41,701</u>	<u>-</u>	<u>-</u>
Expenditures			
Current			
Instruction	-	-	-
Support services			
Students	21,076	6,335	-
Instruction	-	-	-
General administration	-	-	-
School administration	-	-	-
Food services-operations	-	-	-
Capital outlay	-	-	-
<i>Total expenditures</i>	<u>21,076</u>	<u>6,335</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>20,625</u>	<u>(6,335)</u>	<u>-</u>
Other financing sources (uses)			
Operating transfers	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	20,625	(6,335)	-
Fund balances, beginning of year	<u>41,618</u>	<u>-</u>	<u>26,677</u>
Fund balances (deficits), end of year	<u>\$ 62,243</u>	<u>(6,335)</u>	<u>26,677</u>

DUAL CREDIT INSTRUCTIONAL MATERIALS 27103	TRUANCY INITIATIVE 27141	BREAKFAST FOR ELEMENTARY STUDENTS 27155	TOTAL NONMAJOR SPECIAL REVENUE FUNDS	BOND BUILDING 31100
-	-	-	31,987	-
1,330	32,261	2,997	36,588	-
-	-	-	223,246	-
-	-	-	-	2,134
-	-	-	-	-
<u>1,330</u>	<u>32,261</u>	<u>2,997</u>	<u>291,821</u>	<u>2,134</u>
1,469	59,046	-	185,196	-
-	-	-	-	-
-	-	-	28,030	-
-	-	-	-	-
-	-	-	4,632	-
-	-	-	2,019	-
-	-	2,997	150,838	-
-	-	-	-	460,116
<u>1,469</u>	<u>59,046</u>	<u>2,997</u>	<u>370,715</u>	<u>460,116</u>
(139)	(26,785)	-	(78,894)	(457,982)
-	-	-	10,052	-
-	-	-	10,052	-
(139)	(26,785)	-	(68,842)	(457,982)
-	-	-	78,435	550,584
<u>(139)</u>	<u>(26,785)</u>	<u>-</u>	<u>9,593</u>	<u>92,602</u>

STATE OF NEW MEXICO
MESA VISTA CONSOLIDATED SCHOOL DISTRICT NO. 6
COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES
IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS
Year Ended June 30, 2018

	CAPITAL IMPROVEMENTS MATCH 31200	TOTAL NONMAJOR CAPITAL PROJECTS	TOTAL
Revenues			
Fees-users	\$ -	-	31,987
State grants	-	-	36,588
Federal grants	-	-	223,246
Interest income	-	2,134	2,134
Miscellaneous	3,710	3,710	3,710
<i>Total revenues</i>	<u>3,710</u>	<u>5,844</u>	<u>297,665</u>
Expenditures			
Current			
Instruction	-	-	185,196
Support services			
Students	-	-	28,030
Instruction	-	-	-
General administration	-	-	4,632
School administration	-	-	2,019
Food services-operations	-	-	150,838
Capital outlay	-	460,116	460,116
<i>Total expenditures</i>	<u>-</u>	<u>460,116</u>	<u>830,831</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,710</u>	<u>(454,272)</u>	<u>(533,166)</u>
Other financing sources (uses)			
Operating transfers	-	-	10,052
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>10,052</u>
Net change in fund balances	3,710	(454,272)	(523,114)
Fund balances, beginning of year	<u>-</u>	<u>550,584</u>	<u>629,019</u>
Fund balances (deficits), end of year	<u>\$ 3,710</u>	<u>96,312</u>	<u>105,905</u>

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STATE OF NEW MEXICO
MESA VISTA CONSOLIDATED SCHOOL DISTRICT NO. 6
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES-- AGENCY FUNDS
For the Year Ended June 30, 2018

	BALANCE 6/30/2017	ADDITIONS	DEDUCTIONS	BALANCE 6/30/2018
Central Office	\$ 971	392	1,051	312
Flower Acct. (Bereavement)	20	-	-	20
Interest Clearing	2,140	457	-	2,597
Class of 2011	1,891	-	-	1,891
Class of 2012	308	-	-	308
Class of 2013	2,110	-	-	2,110
Class of 2014	5,979	-	-	5,979
Class of 2015	1,424	-	-	1,424
Class of 2016	37	-	-	37
Class of 2017	948	-	-	948
Class of 2018	1,722	771	423	2,070
Class of 2019	3,169	1,789	3,704	1,254
Class of 2020	2,190	539	-	2,729
Class of 2021	446	205	-	651
Class of 2022	368	252	-	620
Class of 2023	60	346	17	389
MS/HS - Admin. Acct.	366	-	-	366
HS Lockers	97	86	43	140
Annual Account	1,647	25	-	1,672
Scholarship Account	20,973	-	3,000	17,973
Driving Permits	614	-	-	614
HS Accelerated Lost Book	604	-	-	604
Ski Club	170	-	-	170
MS/HS Student Activity	3,585	3,116	2,597	4,104
7/8th Boys Basketball	250	-	-	250
7/8th Girls Basketball	609	-	-	609
Custodian's	44	-	-	44
HS Cheerleaders	-	301	-	301
HS Drill Team	356	329	52	633
Letterman (HS Boys B.B.)	5,659	3,384	3,955	5,088
Letterwomen (HS Girls B.B.)	14	5,697	3,934	1,777
HS Baseball	2,194	1,127	2,367	954
HS Cross-Country	737	124	685	176
HS Track	135	-	-	135
HS Volleyball	8	988	472	524
MS/HS Honor Society	83	-	-	83
HS Girls Softball	287	-	-	287
Science Fund	6	-	-	6
HS Biology Club	20	-	-	20
FFA	2,190	34,537	26,797	9,930
Journalism Club	358	-	-	358
Incentive Program Carry-Over	83	-	-	83
Industrial Arts	1,432	-	-	1,432
Mariachi Bank	320	-	-	320
Mesa Club	2,724	1,072	877	2,919
HS Student Council	2,290	172	364	2,098
MS Student Council	180	-	-	180

See Notes to Financial Statements

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

	BALANCE 6/30/2017	ADDITIONS	DEDUCTIONS	BALANCE 6/30/2018
MVHS Library	236	-	-	236
Ojo Elem - Class of 2024	59	-	-	59
Ojo Elem - Class of 2025	54	-	-	54
Ojo Elem Book Fair	1	-	-	1
Ojo Golden Apple	1,728	-	-	1,728
Ojo Elem Student Council	250	-	-	250
Ojo Elem 5/6th Basketball	7,574	4,136	3,136	8,574
Ojo Elem Library	413	-	-	413
Ojo Elem Incentive	9,926	585	2,026	8,485
Ojo Elem PTO	585	-	-	585
El Rito - Admin. Acct.	484	-	-	484
El Rito Elmer Glue	318	-	-	318
El Rito Golden Apple	3,000	-	-	3,000
El Rito Boys/Girls B.B. (4/6th)	3,431	-	-	3,431
El Rito Book Fair	170	-	-	170
El Rito Student Council	476	-	-	476
El Rito Library	168	-	-	168
El Rito Elem Student Activity	15,893	1,587	1,955	15,525
El Rito - PTO	6	-	-	6
<i>Total</i>	\$ 116,590	62,017	57,455	121,152

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SUPPORTING SCHEDULES

STATE OF NEW MEXICO
MESA VISTA CONSOLIDATED SCHOOL DISTRICT NO. 6
SCHEDULE OF PLEDGED COLLATERAL
Year Ended June 30, 2018

	<u>NM Bank & Trust</u>	<u>Century Bank</u>	<u>Total All Banks</u>
FUNDS ON DEPOSIT			
Interest bearing savings	\$ 686,068	121,466	807,534
Non-interest bearing deposits	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total on deposit</i>	686,068	121,466	807,534
Less: FDIC insurance	<u>(250,000)</u>	<u>(121,466)</u>	<u>(371,466)</u>
<i>Total uninsured public funds</i>	<u>\$ 436,068</u>	<u>-</u>	<u>436,068</u>
PLEDGED COLLATERAL REQUIRED			
50% on deposits			218,034
Pledged collateral at June 30, 2018			<u>1,409,840</u>
<i>Total over (under) collateralized:</i>			<u>\$ 1,191,806</u>
SECURITY TYPE, MATURITY DATE, IDENTIFIER			
DALLAS TX AREA RAPID TRANSIT SALES TAX REV			\$ <u>1,409,840</u>
CUSIP #235241SM9, 12/01/2034			<u>\$ 1,409,840</u>

Securities held by the Heartland Financial USA Inc.

**STATE OF NEW MEXICO
MESA VISTA CONSOLIDATED SCHOOL DISTRICT NO. 6
SCHEDULE OF DEPOSITS
Year Ended June 30, 2018**

<u>Bank</u>	<u>ACCT TYPE</u>	<u>BANK BALANCE</u>	<u>OUTSTANDING CHECKS</u>	<u>OUTSTANDING DEPOSITS</u>	<u>NET CASH BALANCE</u>
NM Bank & Trust	Checking	\$ 686,068	405,101	905	281,872
Century Bank	Checking	<u>121,466</u>	<u>314</u>	-	<u>121,152</u>
		807,534	405,415	905	403,024
New Mexico Finance Authority		<u>118,104</u>	-	-	<u>118,104</u>
Total All Banks		<u>\$ 925,638</u>	<u>405,415</u>	<u>905</u>	521,128
				Less Agency Funds:	<u>121,152</u>
				Total Cash	<u><u>399,976</u></u>

**STATE OF NEW MEXICO
MESA VISTA CONSOLIDATED SCHOOL DISTRICT NO. 6
CASH RECONCILIATION
JUNE 30, 2018**

	<u>OPERATIONAL 11000</u>	<u>TEACHERAGE 12000</u>	<u>TRANSPORTATION 13000</u>
Cash, June 30, 2017	\$ 540,946	26,453	-
Add:			
2017-18 revenues	3,154,840	600	240,999
Less:			
Prior Year Warrants Voided	-	-	-
Total cash available	3,695,786	27,053	240,999
Less:			
2017-18 expenditures	(3,581,720)	-	(244,611)
Transfers to/from other funds	(26,187)	-	-
Payroll liabilities	249,726	-	-
Outstanding Loans	(298,419)	-	3,612
Cash, June 30, 2018	<u>\$ 39,186</u>	<u>27,053</u>	<u>-</u>
Fund Balance Reconciliations to GAAP Basis:			
Audit reclassifications to cash	\$ (39,186)	-	-
Cash per Books	<u>-</u>	<u>27,053</u>	<u>-</u>
Fund Balance Reconciliation to GAAP Basis:			
Modified Accrual Adjustments	36,091	-	(3,612)
Fund Balance , Modified Accrual Basis	<u>\$ 36,091</u>	<u>27,053</u>	<u>(3,612)</u>

INSTRUCTIONAL MATERIALS 14000	FOOD SERVICES 21000	ATHLETICS 22000	IMPACT AID FEDERAL FLOW-THROUGH 24000	IMPACT AID FEDERAL DIRECT 25000
2,146	105	7,947	(172,722)	17,256
7,691	117,929	28,453	211,476	54,593
-	-	-	-	-
9,837	118,034	36,400	38,754	71,849
(2,072)	(145,186)	(38,034)	(162,817)	(21,075)
-	-	-	10,051	-
-	-	-	150	-
-	27,152	1,634	113,862	-
<u>7,765</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>50,774</u>
-	929	-	-	6,335
<u>7,765</u>	<u>929</u>	<u>-</u>	<u>-</u>	<u>57,109</u>
-	(26,193)	(1,997)	(15,842)	(1,201)
<u>7,765</u>	<u>(25,264)</u>	<u>(1,997)</u>	<u>(15,842)</u>	<u>55,908</u>

STATE OF NEW MEXICO

**CASH RECONCILIATION
JUNE 30, 2018**

	LOCAL GRANTS 26000	TITLE XIX STATE FLOW-THROUGH 27000	BOND BUILDING 31100
Cash, June 30, 2017	\$ 26,677	(476,861)	130,690
Add:			
2017-18 revenues	-	576,654	303,073
Less:			
Prior Year Warrants Voided	-	-	-
Total cash available	26,677	99,793	433,763
Less:			
2017-18 expenditures	-	(241,705)	(460,146)
Transfers to/from other funds	-	16,136	-
Payroll liabilities	-	-	-
Outstanding Loans	-	125,776	26,383
Cash, June 30, 2018	\$ <u>26,677</u>	<u>-</u>	<u>-</u>
Fund Balance Reconciliations to GAAP Basis:			
Audit reclassifications to cash	\$ -	-	118,986
Cash per Books	<u>26,677</u>	<u>-</u>	<u>118,986</u>
Fund Balance Reconciliation to GAAP Basis:			
Modified Accrual Adjustments	-	(103,339)	(26,384)
Fund Balance , Modified Accrual Basis	\$ <u>26,677</u>	<u>(103,339)</u>	<u>92,602</u>

CAPITAL OUTLAY 20% 32100	CAPITAL IMPROVEMENT SB9 31701	DEBT SERVICE 41000	TOTAL
-	107,370	138,825	348,832
3,710	133,025	346,003	5,179,046
-	-	-	-
3,710	240,395	484,828	5,527,878
-	(200,752)	(151,208)	(5,249,326)
-	-	-	-
-	-	-	249,876
-	-	-	-
<u>3,710</u>	<u>39,643</u>	<u>333,620</u>	<u>528,428</u>
-	-	(215,516)	(128,452)
<u>3,710</u>	<u>39,643</u>	<u>118,104</u>	<u>399,976</u>
-	3,915	225,953	87,391
<u>3,710</u>	<u>43,558</u>	<u>344,057</u>	<u>487,367</u>

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COMPLIANCE SECTION



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

INDEPENDENT AUDITORS' REPORT

To Wayne Johnson
New Mexico State Auditor

Board of Education
Mesa Vista Consolidated School District No. 6

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons of the general fund and major special revenue funds of Mesa Vista Consolidated School District No. 6 (District) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 15, 2018.

Internal Control over Financial Reporting

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination

of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses as 2017-003, 2018-001, 2018-002, and 2018-003 to be material weaknesses.

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. We consider the deficiencies described in the accompanying schedule of findings and responses as 2017-001, 2017-002, 2017-004, 2018-004, and 2018-005 to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and which are described in the accompanying schedule of findings and responses as items 2018-006, 2018-007, 2018-008 and 2018-009.

The District's Response to Findings

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

Purpose of this Report

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

Pattillo, Brown & Hill, LLP

Pattillo, Brown & Hill, LLP
Albuquerque, New Mexico
November 15, 2018

**STATE OF NEW MEXICO
MESA VISTA CONSOLIDATED SCHOOLS
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2018**

B. FINANCIAL STATEMENT FINDINGS

2017-001 Lack of Timely Monitoring of Budget (Significant Deficiency) Repeated and Modified

CONDITION: The District had expenditure functions where actual expenditures exceeded budgetary authority:

Operational - 11000	
Instruction	\$ 27,952
Support Services	\$ 139,091
Food Service Operations	\$ 59
Student Transportation - 13000	
Instruction	\$ 3,612
Teacher/Principal Training & Recruiting- 24154	
Instruction	\$ 47
Capital Improvement SB-9 – 31701	
Capital Outlay	\$ 563
Debt Service - 41000	
Support Services	\$ 1,733

Management has not made progress in correcting this audit finding.

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

EFFECT: The District is non-compliant with State Law, and the controls established through the use of budgets have been compromised.

CAUSE: Budget adjustment requests were not submitted to the Public Education Department to obtain budgetary authority for these expenditures.

RECOMMENDATION: We recommend that the District establish a policy of budgetary review at year end, to ensure that necessary budget adjustment requests are prepared, submitted, and approved.

MANAGEMENT RESPONSE: The district has implemented processes and procedures to ensure budgetary compliance is maintained throughout the year. BARs will be submitted to the Board of Education to ensure timely submission on the OBMS reporting system and compliance with State laws and regulations. In addition, a year-end review will be done to ensure compliance.

RESPONSIBLE PARTY / TIMELINE TO CORRECT: Superintendent, Business Manager/ December 31, 2018.

**STATE OF NEW MEXICO
MESA VISTA CONSOLIDATED SCHOOLS
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2018**

B. FINANCIAL STATEMENT FINDINGS (CONTINUED)

2017-002 Unauthorized Interfund Loans (Significant Deficiency) – Repeated and Modified

CONDITION: The District did not maintain sufficient cash amounts within the General Fund to cover operational and program expenditures. Internal controls within the cash management function for fiscal year 2018 were not implemented sufficiently and cash deficits within the program funds did occur. For the year ended June 30, 2018 the General Fund did not maintain enough cash balance to cover program overages of \$215,515.

Management has not made progress in correcting this audit finding.

CRITERIA: According to NMAC 6.20.2.14 Cash Control Standards – A, “School districts shall establish and maintain a cash management program to safeguard cash and provide prompt and accurate reporting that adheres to cash management requirements of the Office of Management and Budget (OMB)Circular A-102, and applicable state and federal laws and regulations” and NMAC 6.20.2.14 Cash Control Standards-E, “The school district shall verify that there is sufficient cash and budget prior to the disbursement of cash. A revenue ledger is required for each revenue code as approved in the finalized budget, and additional revenue ledgers may be added as necessary.”

EFFECT: Improper cash management may result in the need to finance normal operations and may potentially result in a going concern issue for the District.

CAUSE: Requests for reimbursement for special revenue funds are not being made timely. The general fund is also experiencing declining cash balances.

RECOMMENDATION: Management should develop a plan to manage cash balances to ensure that cash balances are sufficient to cover the expenditures in the special revenue funds until reimbursements are received from the New Mexico Public Education Department.

MANAGEMENT RESPONSE: Procedures over Requests for Reimbursement (RFRs) have been implemented. RFRs are now submitted to the Public Education Department on a monthly basis. In addition, fund budgets are reviewed to ensure appropriate cash flow.

RESPONSIBLE PARTY / TIMELINE TO CORRECT: Business Manager/December 2018.

**STATE OF NEW MEXICO
MESA VISTA CONSOLIDATED SCHOOLS
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2018**

B. FINANCIAL STATEMENT FINDINGS (CONTINUED)

2017-003 Controls Over General Ledger (Material Weakness) – Repeated and modified

CONDITION: The District maintains cash balances with the New Mexico Finance Authority (NMFA). During the current year the District did not properly recorded these cash balances on its general ledger. At June 30, 2018, the cash balances held at NMFA were \$118,986.

Management at the District has not yet implemented a process to correct this audit finding.

CRITERIA: Per NMAC 6.20.2.11 Internal Control Structure Standards, every school district shall establish and maintain an internal control structure to provide management with reasonable assurance that assets are safe-guarded against loss from unauthorized use or disposition, and that transaction agree executed in accordance with management’s authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with GAAP.

EFFECT: The District did not record all transactions that effect the District and was at risk of misstating the financial statements. The District is not following good accounting practices related to cash reporting.

CAUSE: The bond issue was done under the supervision and custody of another entity and management did not acquire the information necessary to record the transactions.

RECOMMENDATION: Management needs to ensure that all transaction that pertain to the District are recorded and reconciled, even when those transactions are controlled and overseen by another entity. We recommend that the District adjust the internal control policies to ensure that bank reconciliations are completed, reviewed, and approved on a timely basis to ensure accurate reporting.

MANAGEMENT RESPONSE: The district will review the processes and procedures to ensure all cash balances reconcile to the general ledger. The business manager will contact the NMFA for a detail of balances maintained by the NMFA on behalf of the district. Reconciliations will be done on a monthly basis to ensure accurate reporting and recording of all financial activity of the district.

RESPONSIBLE PARTY / TIMELINE TO CORRECT: Business Manager / December 2018.

**STATE OF NEW MEXICO
MESA VISTA CONSOLIDATED SCHOOLS
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2018**

B. FINANCIAL STATEMENT FINDINGS (CONTINUED)

2017-004 Segregation of Duties (Significant Deficiency) – Repeated and modified

CONDITION: The District had the same individual performing accounts payable procedures, maintenance of the vendor master file, and reconciling the bank statement. Also, the responsibilities of payroll, human resources, and control over the master payroll file are being performed by the same person.

Subsequent to the fiscal year, management at the District has hired an outside company that specializes in school district business management. The school is currently in the process of correcting this audit finding.

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

EFFECT: The lack of segregation of duties increases the risk of the misappropriation of public monies.

CAUSE: The District has a limited number of personnel in the administration office and had not adequately distributed duties to segregate critical duties and responsibilities.

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 District should continue working with its outside business management team to further segregate accounting function.

MANAGEMENT RESPONSE: A new contracted business management service was hired in June 2018. The new business manager is implementing procedures to ensure the segregation of duties and other internal controls are implemented. These procedures will be reviewed by the district administration to ensure compliance with NMAC and district policies.

RESPONSIBLE PARTY / TIMELINE TO CORRECT: Superintendent, Business Manager/ December 2018.

**STATE OF NEW MEXICO
MESA VISTA CONSOLIDATED SCHOOLS
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2018**

B. FINANCIAL STATEMENT FINDINGS (CONTINUED)

2018-001 Prior Period Adjustment over Financial Reporting (Material Weakness)

CONDITION: The District obtained a Local Match Advance from the Public School Capital Outlay Council in the amount of \$440,910. This liability was not recorded on the financial statements in the prior fiscal year and beginning net assets had to be restated.

CRITERIA: 6-5-2C NMSA 1978 states that an entity shall implement internal controls designed to prevent accounting errors and violations of state and federal law and rules related to financial matters. Good internal controls include the monitoring and reporting of all liabilities.

EFFECT: Adequate internal controls were not in place to properly safeguard assets and prevent or detect material misstatements in the District's financial statements due to errors or fraud.

CAUSE: The District did not properly monitor its liabilities and the District failed to make the prior independent auditor aware of this liability.

RECOMMENDATION: The District should ensure that a comprehensive internal control structure over financial information is designed, documented, and implemented.

MANAGEMENT'S RESPONSE: The district administration and the business manager will work with the district's financial advisor and the NMFA to determine if all liabilities are properly recorded on the official books of the district. All issues found will be documented for future financial audits.

RESPONSIBLE PARTY / TIMELINE TO CORRECT: Superintendent; Business Manager/ December 2018.

**STATE OF NEW MEXICO
MESA VISTA CONSOLIDATED SCHOOLS
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2018**

B. FINANCIAL STATEMENT FINDINGS (CONTINUED)

2018-002 Internal Control Structure (Material Weakness)

CONDITION: During our test work, we were not able to obtain sufficient appropriate audit evidence to test certain transactions selected for testing.

- The supporting documentation for ten of ten journal entries selected could not be located. In addition, the District could not provide evidence that the journal entries selected were reviewed and approved by someone other than the preparer of the journal entry. The total dollar amount of the journal entries selected for testing was \$910,886.
- During the fiscal year the District paid out \$52,870 in Annual Leave. The District was unable to provide documentation on how the calculations for these payouts were calculated. The District was unable to provide support for who actually approved these payouts.
- Five Gas Card transactions were selected for testing. Not all the appropriate supporting documentation was available for three of the five transaction in the amount of \$2,749.
- In a search for unrecorded liabilities fourteen transactions were selected for testing. Supporting documentation could not be located for two of these transactions in the amount of \$8,277.
- In a random sample of twenty-five cash disbursements: there was one invoice in the amount of \$125 that could not be located. There were eight purchase requisitions in the amount of \$14,369 that could not be located. There was one purchase order in the amount of \$3,148 that could not be located. There were two purchase orders in the amount of \$576 that were issued after the vendor's invoice date.

CRITERIA: NMAC 6.20.2.17 states that each school shall establish and implement written policies and procedures for purchasing, which shall be in compliance with the procurement code Section 13-1-21, NMSA 1978. An internal control structure over purchasing shall be established and maintained to assure compliance with school district policy, and state and federal regulations. Per the school's Purchasing policy, "The Business Manager then approves the Purchase Requisition, which is then created into a Purchase Order. The PO is then printed and given to the Office Manager to order supplies that have been approved."

EFFECT: The proper maintenance of supporting documentation relating to financial transactions is necessary to mitigate possible dual payment of invoices and to resolve possible disputes with vendors, etc. Unauthorized transactions leave the District open to possible misappropriations of public monies.

CAUSE: District personnel did not follow established internal control policies and procedures of the District or the New Mexico Public Education Department.

RECOMMENDATION: We recommend the school review its policies and procedures to ensure that all policies and procedures created by the District and the New Mexico Public Education Department are being properly followed.

**STATE OF NEW MEXICO
MESA VISTA CONSOLIDATED SCHOOLS
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2018**

B. FINANCIAL STATEMENT FINDINGS (CONTINUED)

MANAGEMENT RESPONSE: The district has transitioned to a new contracted business manager as well as a new superintendent. A review of the district's policies and procedures will be completed to ensure all documentation is maintained in accordance with state law and regulation. In addition, current conflicts between policies and procedures will be addressed. In addition, a review of how the district maintains its documents will be undertaken to ensure appropriate safeguarding and maintenance.

RESPONSIBLE PARTY / TIMELINE TO CORRECT: Superintendent, Business Manager/ March 2019.

2018-003 Activity Funds (Material Weakness)

CONDITION: During our testing of the student activity funds we noted that the District is not maintaining proper and complete supporting documentation for fundraising activities:

- Twelve activity fund disbursements were selected for testing. One of these transactions in the amount of \$136 was missing the purchase requisition/purchase order but the District was able to locate the related invoice. For the remaining eleven items tested which totaled \$34,535, the District could not provide any supporting documentation for these items.
- For seven of thirty-four activity fund deposits selected for testing in the amount of \$4,143, the deposit was not made timely. For one of thirty-four activity fund deposits selected for testing in the amount of \$250, the District could not locate the supporting documentation for the deposit.
- A raffle in support of the baseball team was held. The District could not locate documentation showing that the winners of the raffle were paid out.

CRITERIA: 6-5-2C NMSA 1978 states that an entity shall implement internal controls designed to prevent accounting errors and violations of state and federal law and rules related to financial matters. NMAC 6.20.2 states that "money received and receipted shall be deposited in the bank within twenty-four (24) hours or one banking day.

EFFECT: The District is non-compliant with State Law and its own internal policies.

CAUSE: The District experienced a loss of many key personnel during the fiscal year including sponsors of the fundraisers. As a result of this, the documentation for the fundraisers cannot be located.

RECOMMENDATION: We recommend that the District implement standardized policies with respect to controls over student activity funds at all of its schools.

MANAGEMENT'S RESPONSE: The district has transitioned to a new contracted business manager as well as a new superintendent. A review of the district's policies and procedures will be completed to ensure all documentation is maintained in accordance with state law and regulation. In addition, current conflicts between policies and procedures will be addressed. In addition, a review of how the district maintains its documents will be undertaken to ensure appropriate safeguarding and maintenance.

RESPONSIBLE PARTY / TIMELINE TO CORRECT: Superintendent, Business Manager/ March 2019.

**STATE OF NEW MEXICO
MESA VISTA CONSOLIDATED SCHOOLS
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2018**

B. FINANCIAL STATEMENT FINDINGS (CONTINUED)

2018-004 Payroll Documentation (Significant Deficiency)

CONDITION: While testing a sample of twenty-five payroll transactions and a sample of five individuals for Educational Retirement participant eligibility we examined personnel files and noted the following:

- Three personnel files did not have evidence that a background check was conducted on the employee.
- Two personnel files did not contain an enrollment form into the New Mexico Educational Retirement Board.
- Seven personnel files did not contain a Form I-9. Two personnel files did not contain a Form-I-9 that was signed by an authorized representative of the District.

CRITERIA: NMAC 6.20.2.18 states the local board shall establish written payroll policies and procedures, which comply with state and federal regulations on payroll as well as maintaining strict internal controls, close supervision and financial accounting in accordance with GAAP. School districts shall maintain and have available for inspection the following employee record documentation: employment contracts (including increments), personnel/payroll action forms, certification records, employment eligibility verification (federal form I-9 for citizenship certification), federal and state withholding allowance certificates, pay deduction authorizations, pay or position change notices, Educational Retirement Act plan application, and direct deposit authorizations.

EFFECT: Employees not eligible to work in the United States may be receiving payment. Having an employee on staff without proof of a background check leaves the District vulnerable to potential lawsuits.

CAUSE: The District administrative office did not ensure that the personnel files included all the required documentation.

RECOMMENDATION: We recommend the District comply with NMAC 6.20.2.18 and obtain the required forms prior to processing the employee's payroll. We also recommend that the District tighten its policies with respect to personnel file maintenance.

MANAGEMENT RESPONSE: With the transition of business management, a check list of required documents to be maintained had been provided in each employee file. The school's policy and/or procedures will be revisited to determine the process by which employee files are maintained and reviewed on a regular basis by the HR specialist. The current files will be reviewed to ensure compliance with state requirements.

RESPONSIBLE PARTY / TIMELINE TO CORRECT: Superintendent, Business Manager/ March 2019.

**STATE OF NEW MEXICO
MESA VISTA CONSOLIDATED SCHOOLS
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2018**

B. FINANCIAL STATEMENT FINDINGS (CONTINUED)

2018-005 Request for Reimbursement (Significant Deficiency)

CONDITION: While examining Requests for Reimbursements (RFRs) we noted that for Fund 27149 “Pre-K Initiative” a Request for Reimbursement in the amount of \$25,710 was disapproved by the New Mexico Public Education Department (PED). The RFR was disapproved because it was not submitted until August 9, 2018 and because the appropriate supporting documentation was not provided.

CRITERIA: For the fiscal year ended June 30, 2018, the PED deadline for Request for Reimbursements was July 7, 2018. The PED also requires that RFRs be properly supported with appropriate documentation.

EFFECT: The District’s general fund had to absorb the \$25,710 in expenditures that normally would have been reimbursed by the PED.

CAUSE: The District was undergoing a transition of business managers at year end. The RFR was overlooked during this transition.

RECOMMENDATION: We recommend that the District establish procedures to ensure that future RFRs are properly supported and are filed in a timely manner.

MANAGEMENT RESPONSE: The new contracted business manager submitted RFRs as soon as possible. However, the date had passed the initial deadline established by the PED. The PED created an adjustment window (August 1 – August 10) where RFR’s could be submitted. RFRs were submitted attempting to draw funds that had not been submitted for RFR. However, some of the RFRs submitted did not have sufficient back up. Processes have been put into place to ensure a second review on all RFR’s being submitted and the timeliness of submissions.

RESPONSIBLE PARTY / TIMELINE TO CORRECT: Superintendent, Business Manager/ September 2018.

**STATE OF NEW MEXICO
MESA VISTA CONSOLIDATED SCHOOLS
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2018**

C. OTHER FINDINGS, AS REQUIRED BY NEW MEXICO STATE STATUTE, SECTION 12-6-5, NMSA 1978

2018-006 - PED Cash Report (Other Non- Compliance)

CONDITION: The District's cash report to the PED did not agree to the Districts General Ledger at year-end. At June 30, 2018, the General Ledger has a cash balance of \$402,142, the PED Cash Report had a cash balance of \$649,219 for a variance of \$247,077.

CRITERIA: According to State regulation 6.20.2.11 (b) (6), NMAC and Regulation SBE-6, the reports sent to the New Mexico Public Education Department (PED) must agree to the general ledger and must be finalized by July 31 following year-end.

CAUSE: This is due to a lack of oversight by the management.

EFFECT: The District is not in compliance with NMAC 6.20.2.11 (b) (6) and Regulation SBE-6.

RECOMMENDATION: All reports sent to PED must agree to the general ledger and must be finalized prior to the PED's stipulated deadlines. We recommend that all reports be reviewed before being submitted to PED.

MANAGEMENT RESPONSE: Management is aware of the issue and working towards reconciling the cash report to the general ledger. The reports were submitted at the request of the PED. PED was informed of the variance prior to submission.

RESPONSIBLE PARTY / TIMELINE TO CORRECT: Superintendent, Business Manager/ December 2018.

**STATE OF NEW MEXICO
MESA VISTA CONSOLIDATED SCHOOLS
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2018**

**C. OTHER FINDINGS, AS REQUIRED BY NEW MEXICO STATE STATUTE, SECTION 12-6-5, NMSA 1978
(CONTINUED)**

2018-007 Audit Committee Member (Other Non-Compliance)

CONDITION: During our test-work, we noted that the District did not have all four required audit committee members during the year.

CRITERIA: Per NM State Statute 22-8-12.3: "Each local school board shall appoint an audit committee that consists of two board members, one volunteer member who is a parent of a student attending that school district and one volunteer member who has experience in accounting or financial matters. The superintendent and the school district business manager shall serve as ex-officio members of the committee. "

EFFECT: The District is not in compliance with a state statute.

CAUSE: The District has failed to recruit all required audit committee members during the fiscal year.

RECOMMENDATION: We recommend the District recruit all required members as soon as possible for the audit committee to meet state statute requirements.

MANAGEMENT'S RESPONSE: Management is aware of this issue and in the process of finding an audit committee member to complete the audit committee. The superintendent will work with the Board of Education to comply with this statute.

RESPONSIBLE PARTY / TIMELINE TO CORRECT: Superintendent/ December 2018.

**STATE OF NEW MEXICO
MESA VISTA CONSOLIDATED SCHOOLS
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2018**

**C. OTHER FINDINGS, AS REQUIRED BY NEW MEXICO STATE STATUTE, SECTION 12-6-5, NMSA 1978
(CONTINUED)**

2018-008 Annual Inventory (Other Non-Compliance)

CONDITION: The District did not perform an annual inventory of its capital assets during fiscal year 2018.

CRITERIA: Section 12-6-10 (A) NMSA 1978 requires each agency to conduct an annual physical inventory of moveable chattels and equipment on the inventory list at the end of each fiscal year. The agency shall certify the correctness of the inventory after the physical inventory. This certification should be provided to the School's auditors.

EFFECT: The District did not comply with state requirements regarding capital asset inventory.

CAUSE: Internal controls are not in place to ensure an annual inventory is performed.

RECOMMENDATION: On an annual basis, complete an inventory of the District's capital assets.

MANAGEMENT RESPONSE: As the review of the district's policies and procedures are undertaken this requirement will be included to ensure compliance. A process will be put in place to ensure a year-end inventory will be conducted and complete.

RESPONSIBLE PARTY / TIMELINE TO CORRECT: Superintendent June 2019.

**STATE OF NEW MEXICO
MESA VISTA CONSOLIDATED SCHOOLS
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2018**

C. OTHER FINDINGS, AS REQUIRED BY NEW MEXICO STATE STATUTE, SECTION 12-6-5, NMSA 1978

2018-009 Travel and Per Diem (Other Non-Compliance)

CONDITION: For three of three Travel and Per Diem items selected for testing, the agenda for the conference attended was not available. The amount of these three expenditures was \$1,135.

CRITERIA: The District has an internal Travel and Per Diem policy that states that if a conference is attended, that the conference agenda must be turned in as part of the travel reimbursement documentation.

EFFECT: The District did not comply with its own Travel and Per Diem policies.

CAUSE: District personnel did not adhere to the District's internal policies regarding Travel and Per Diem.

RECOMMENDATION: The District should ensure that its Travel and Per Diem policies are adhered to in the future.

MANAGEMENT RESPONSE: The district's Travel and Per Diem Policies will be reviewed as part of the review of all other policies. In the interim, staff involved in processing travel reimbursements will require all staff going on travel to ensure agendas are being provided.

RESPONSIBLE PARTY / TIMELINE TO CORRECT: Superintendent, Business Manager/ December 2018.

**STATE OF NEW MEXICO
MESA VISTA CONSOLIDATED SCHOOL DISTRICT NO. 6
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2018**

STATUS OF PRIOR YEAR FINDINGS

2017-001 – Lack of Timely Monitoring of Budget – Repeated and Modified

2017-002 – Unauthorized Interfund Loans – Repeated and Modified

2017-003 – Controls over General Ledger – Repeated and Modified

2017-004 – Segregation of Duties – Repeated and Modified

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**STATE OF NEW MEXICO
MESA VISTA CONSOLIDATED SCHOOL DISTRICT NO. 6
EXIT CONFERENCE
JUNE 30, 2018**

An exit conference was conducted on November 14, 2018 with the following individuals:

Mesa Vista Consolidated School District No. 6:

Kisha Maestas	Member, Board of Education
Michael Lovato	Superintendent
Justine Vigil	Business Manager; The Vigil Group, LLC
Rebekah Herrera	Business Manager; The Vigil Group, LLC

Pattillo, Brown & Hill, LLP:

Chris Garner, CPA

Pattillo, Brown & Hill, LLP prepared the GAAP-basis financial statements and footnotes of Mesa Vista Consolidated School District No. 6 from the original books and records provided to them by the management of the District. The responsibility for the financial statements remains with the District.