

STATE OF NEW MEXICO
RATON PUBLIC SCHOOL DISTRICT
NO. 11

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

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INTRODUCTORY SECTION
OF
RATON PUBLIC SCHOOL DISTRICT NO. 11

ANNUAL FINANCIAL REPORT
FISCAL YEAR 2018

JULY 1, 2017 THROUGH JUNE 30, 2018



Our Mission

Our mission is to create a safe and orderly environment with a highly effective PK-13 district-wide Professional Learning Community that appropriately delivers NMCCSS to a rural, predominantly at-risk student population that will result in at least a 90% graduation of students adequately prepared for College, Career and Citizenship responsibilities.

Our Vision

We envision a highly effective district-wide safe and orderly Professional Learning Community that results in a premier school of highly engaged and highly motivated students preparing for 21st Century College, Career and Citizenship responsibilities.

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TABLE OF CONTENTS

Year Ended June 30, 2018

INTRODUCTORY SECTION

- Title Page
- iii Table of Contents
- v Official Roster

FINANCIAL SECTION

- 3 Independent Auditors' Report

BASIC FINANCIAL STATEMENTS:

Government-Wide Financial Statements:

- 6 Statement of Net Position
- 8 Statement of Activities

Fund Financial Statements:

- 9 Balance Sheet – Governmental Funds
- 11 Reconciliation of the Balance Sheet – All Governmental Funds to the Statement of Net Position
- 12 Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds
- 15 Reconciliation of the Statement of Revenue, Expenditures, and Changes In Fund Balance – All Governmental Funds to the Statement of Activities

Major Funds:

- 16 Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis):
General Fund
- Special Revenue Funds:

	<u>Fund #</u>
17 Food Service	21000
18 Title I	24101
19 Entitlement IDEA-B	24106
20 IDEA-B "Risk Pool"	24120

- 21 **Statement of Fiduciary Assets and Liabilities – Agency Funds**

Notes to the Financial Statements

- 23 Contents
- 24 Note I Summary of Significant Accounting Policies
- 35 Note II Stewardship, Compliance, and Accountability
- 37 Note III Detailed Notes On All Funds
- 41 Note IV Other Information

REQUIRED SUPPLEMENTARY INFORMATION:

- 52 Schedule of the District's Proportionate Share of Net Pension Liability
- 52 Schedule of District's Contributions
- 52 Notes to the Required Supplementary Information
- 53 Schedule of the District's Proportionate Share of Net OPEB Liability
- 53 Schedule of District's Contributions
- 53 Notes to the Required Supplementary Information

TABLE OF CONTENTS

Year Ended June 30, 2018

OTHER SUPPLEMENTAL INFORMATION (cont'd):

Combining and Individual Fund Financial Statements and Schedules:

General Fund:

58	Combining Balance Sheet
59	Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
	Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis):

Fund

60	Operating Fund	11000
61	Transportation Fund	13000
62	Instructional Materials Fund	14000

Nonmajor Governmental Funds:

68	Combining Balance Sheet
75	Combining Statement of Revenues, Expenditures, and Changes in Fund Balance

State Required Disclosures:

Fiduciary Funds:

82	Schedule of Changes in Assets and Liabilities – All Agency Funds
83	Schedule of Pledged Collateral
84	Cash Reconciliation

COMPLIANCE SECTION

87	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
89	Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by Uniform Guidance
92	Schedule of Expenditures of Federal Awards
93	Notes to the Schedule of Expenditures of Federal Awards
95	Schedule of Findings and Questioned Costs
98	Summary Schedule of Prior Year Audit Findings
99	Required Disclosure



OFFICIAL ROSTER

June 30, 2018

BOARD OF EDUCATION

Beaver Segotta	Secretary
Jason Phillips	Member
Kathy Honeyfield	President
Ted Kamp	VP
Abraham Elliott	Member

ADMINISTRATION

Andy Ortiz	Superintendent
Lita Sanchez	Business Manager
Robin Martinez	AP Specialist
Kayln Jaramillo	Payroll Specialist
Karen Walton	Supt. Secretary/ HR
Myra Baird	Incoming Business Manager

AUDIT COMMITTEE

Ted Kamp	VP
Kathy Honeyfield	President
E.J. Johnson	Parent/Business /Community
Andy Ortiz	Superintendent
Lita Sanchez	Business Manager
Myra Baird	Incoming Business Manager

FINANCE COMMITTEE

Jason Phillips	Member
Beaver Segotta	Secretary
Jose Archuleta	Parent
Sandy Mantz	Bus/Community
Andy Ortiz	Superintendent
Lita Sanchez	Business Manager
Myra Baird	Incoming Business Manager

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FINANCIAL SECTION
OF
RATON PUBLIC SCHOOL DISTRICT NO. 11

ANNUAL FINANCIAL REPORT
FISCAL YEAR 2018

JULY 1, 2017 THROUGH JUNE 30, 2018



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INDEPENDENT AUDITORS' REPORT

Wayne Johnson, State Auditor,
The Board of Education and Audit Committee of
Raton Public School District No. 11

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 Raton Public School District No. 11, as of and for the year ended June 30, 2018, and the related notes to the financial statements which collectively comprise Raton Public School District No. 11 basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to Raton Public School District No. 11's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Raton Public School District No. 11, as of June 30, 2018, and the respective changes in financial position thereof and the respective budgetary comparisons for the general fund and major special revenue funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note I.B and Note IV.C, during the year ended June 30, 2018 Raton Public School District No. 11 adopted new accounting guidance, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinions are not modified with respect to this matter.

Wayne Johnson, State Auditor,
The Board of Education and Audit Committee of
Raton Public School District No. 11

Other Matters

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Accounting principles generally accepted in the United States of America also require that the Schedule of Proportionate Share of the Net Liability and Schedule of Contributions for pensions and OPEB on pages 52 and 53 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Raton Public School District No. 11' basic financial statements. The supplemental information such as the budgetary comparisons for the major capital project fund, the combining and individual nonmajor fund financial statements, the budgetary comparisons for non-major special revenue funds, capital projects funds, debt service funds, and the other information, such as the Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the other schedules required by 2.2.2.NMAC are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 23, 2018 on our consideration of the Raton Public School District No. 11' 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 Raton Public School District No. 11' internal control over financial reporting and compliance.

Accounting & Financial Solutions, LLC
Farmington, New Mexico
October 23, 2018

BASIC FINANCIAL STATEMENTS
OF
RATON PUBLIC SCHOOL DISTRICT NO. 11

AS OF AND FOR THE YEAR ENDED
JUNE 30, 2018

STATE OF NEW MEXICO
RATON PUBLIC SCHOOL DISTRICT NO. 11

STATEMENT OF NET POSITION
 June 30, 2018

	Governmental <u>Activities</u>
Assets	
Cash and cash equivalents	\$ 1,367,382
Receivables:	
Delinquent property taxes receivable	163,177
Grant	448,046
Other receivables	693
Due from other governments	13,252
Supply inventory	17,278
Food inventory	2,506
Non-current:	
Non-depreciable assets	357,911
Depreciable capital assets, net	<u>8,412,506</u>
Total Assets	<u>10,782,751</u>
 Deferred Outflows of Resources:	
Contributions to pension subsequent to the measurement date	679,321
Difference between expected and actual pension experience	39,501
Net change in pension assumptions	6,423,595
Contributions to OPEB subsequent to the measurement date	<u>96,616</u>
Total Deferred Outflows of Resources	<u>\$ 7,239,033</u>

(cont'd; 1 of 2)

STATE OF NEW MEXICO
RATON PUBLIC SCHOOL DISTRICT NO. 11

STATEMENT OF NET POSITION
 June 30, 2018

	Governmental <u>Activities</u>
Liabilities	
Accounts payable	\$ 15,813
Accrued interest	3,198
Compensated absences	23,909
Long-term liabilities other than pensions:	
Due within one year	410,000
Due in more than one year	687,000
Aggregate net pension liability	22,004,667
Aggregate OPEB liability	<u>5,910,661</u>
Total Liabilities	<u>29,055,248</u>
 Deferred Inflows of Resources	
Advances of federal, state, and local grants	35,382
Difference between expected and actual pension experience	339,003
Net difference between projected and actual investment earnings on pension plan investments	3,019
Net change in proportionate share of pension liability	573,058
Difference between expected and actual OPEB experience	226,820
Net difference between projected and actual investment earnings on OPEB plan investments	85,029
Net change in OPEB assumptions	<u>1,033,404</u>
Total Deferred Inflows of Resources	<u>2,295,715</u>
 Net Position	
Net investment in capital assets	7,673,417
Restricted for:	
Inventories	19,784
Special revenue funds	552,172
Capital projects	246,392
Debt service	147,723
Unrestricted	<u>(21,968,667)</u>
Total Net Position	<u>\$ (13,329,179)</u>

(2 of 2)

STATE OF NEW MEXICO
RATON PUBLIC SCHOOL DISTRICT NO. 11

STATEMENT OF ACTIVITIES
 Year Ended June 30, 2018

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position Primary Government</u>	
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	
Primary government:						
Governmental activities:						
Instruction	\$ 8,504,964	\$ 12,806	\$ 1,241,533	\$ 4,778	\$ (7,245,847)	
Support Services - Students	957,769	27,796	139,813	-	(790,160)	
Support Services - Instruction	14,488	-	2,115	-	(12,373)	
Support Services - General Administration	331,534	-	48,396	238	(282,900)	
Support Services - School Administration	550,649	-	80,382	-	(470,267)	
Central Services	179,670	-	26,228	-	(153,442)	
Operations & Maintenance of Plant	1,256,159	-	183,371	21,015	(1,051,773)	
Student Transportation	360,135	-	395,800	-	35,665	
Food Services	568,460	3,466	-	-	(564,994)	
Community Services	630	-	92	-	(538)	
Bond interest paid	46,165	-	-	-	(46,165)	
Total governmental activities	\$ 12,770,623	\$ 44,068	\$ 2,117,730	\$ 26,031	(10,582,794)	
General revenues:						
Taxes:						
Property Taxes:						
General purposes						59,681
Capital projects						305,337
Debt service						476,427
Oil and gas						16,108
Grants and contributions not restricted						7,382,460
Miscellaneous income						17,337
Total general revenues						<u>8,257,350</u>
<i>Change in net position</i>						<u>(2,325,444)</u>
Net position - beginning						(3,982,812)
Restatement						<u>(7,020,923)</u>
Net position - beginning as restated						(11,003,735)
Net position - ending						<u>\$ (13,329,179)</u>

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

STATE OF NEW MEXICO
RATON PUBLIC SCHOOL DISTRICT NO. 11

GOVERNMENTAL FUNDS

Balance Sheet

June 30, 2018

	General Fund	Food Service Fund #21000	Title I Fund #24101	Entitlement IDEA-B Fund #24106
Assets				
Cash and cash equivalents	\$ 579,569	\$ 416,087	\$ -	\$ -
Receivables:				
Property taxes	12,742	-	-	-
Grant	-	-	96,777	144,165
Other receivables	-	-	693	-
Due from other governments	907	-	-	-
Due from other funds	414,465	-	-	-
Supply inventory	17,278	-	-	-
Food inventory	-	2,506	-	-
Total assets	<u>\$ 1,024,961</u>	<u>\$ 418,593</u>	<u>\$ 97,470</u>	<u>\$ 144,165</u>
 Liabilities, deferred inflows, and fund balance				
Liabilities:				
Accounts payable	\$ 15,813	\$ -	\$ -	\$ -
Due to other funds	-	-	97,470	144,165
Total liabilities	<u>15,813</u>	<u>-</u>	<u>97,470</u>	<u>144,165</u>
Deferred inflows of resources:				
Advances of federal, state, and local grants	-	-	-	-
Delinquent property taxes	<u>11,672</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>11,672</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance:				
Non-spendable:				
Inventories	17,278	2,506	-	-
Restricted for:				
Special revenue funds	-	416,087	-	-
Capital projects funds	-	-	-	-
Debt service	-	-	-	-
Unassigned	<u>980,198</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balance	<u>997,476</u>	<u>418,593</u>	<u>-</u>	<u>-</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 1,024,961</u>	<u>\$ 418,593</u>	<u>\$ 97,470</u>	<u>\$ 144,165</u>

(cont'd; 1 of 2)

STATE OF NEW MEXICO
RATON PUBLIC SCHOOL DISTRICT NO. 11

GOVERNMENTAL FUNDS

Balance Sheet
June 30, 2018

	IDEA-B "Risk Pool" <u>Fund #24120</u>	Other Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
Assets			
Cash and cash equivalents	\$ 16	\$ 371,710	\$ 1,367,382
Receivables:			
Property taxes	-	150,435	163,177
Grant	79,734	127,370	448,046
Other receivables	-	-	693
Due from other governments	-	12,345	13,252
Due from other funds	-	35,714	450,179
Parts inventory	-	-	17,278
Food inventory	-	-	<u>2,506</u>
Total assets	<u>\$ 79,750</u>	<u>\$ 697,574</u>	<u>\$ 2,462,513</u>
 Liabilities, deferred inflows, and fund balance			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ 15,813
Due to other funds	<u>79,750</u>	<u>128,794</u>	<u>450,179</u>
Total liabilities	<u>79,750</u>	<u>128,794</u>	<u>465,922</u>
Deferred inflows of resources:			
Advances of federal, state, and local grants	-	35,382	35,382
Delinquent property taxes	<u>-</u>	<u>136,316</u>	<u>147,988</u>
Total deferred inflows of resources	<u>-</u>	<u>171,698</u>	<u>183,370</u>
Fund balance:			
Non-spendable:			
Inventories	-	-	19,784
Restricted for:			
Special revenue funds	-	136,085	552,172
Capital projects funds	-	189,244	189,244
Debt service	-	71,753	71,753
Unassigned	<u>-</u>	<u>-</u>	<u>980,198</u>
Total fund balance	<u>-</u>	<u>397,082</u>	<u>1,813,151</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 79,750</u>	<u>\$ 697,574</u>	<u>\$ 2,462,513</u>

(2 of 2)

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

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STATE OF NEW MEXICO
RATON PUBLIC SCHOOL DISTRICT NO. 11

RECONCILIATION OF THE BALANCE SHEET - ALL GOVERNMENTAL FUNDS
 TO THE STATEMENT OF NET POSITION
June 30, 2018

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

Fund balances - total governmental funds	\$	1,813,151
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Capital assets		29,076,600
Accumulated depreciation		(20,306,183)
Other assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Property taxes receivable		147,988
Deferred outflow of resources are not financial resources, and therefore are not reported in the funds and include:		
Contributions to pension subsequent to the measurement date		679,321
Difference between expected and actual pension experience		39,501
Net change in pension assumptions		6,423,595
Contributions to OPEB subsequent to the measurement date		96,616
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds		
Bonds payable		(1,097,000)
Accrued interest payable		(3,198)
Accrued vacation payable		(23,909)
Net pension liability		(22,004,667)
Net OPEB liability		(5,910,661)
Deferred inflow of resources are not financial resources, and therefore are not reported in the funds and include:		
Difference between expected and actual pension experience		(339,003)
Net difference between projected and actual investment earnings on pension plan investm		(3,019)
Net change in proportionate share of pension liability		(573,058)
Difference between expected and actual OPEB experience		(226,820)
Net difference between projected and actual investment earnings on OPEB plan investme		(85,029)
Net change in OPEB assumptions		<u>(1,033,404)</u>
Net position of governmental activities	\$	<u>(13,329,179)</u>

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

STATE OF NEW MEXICO
RATON PUBLIC SCHOOL DISTRICT NO. 11

GOVERNMENTAL FUNDS

Statement of Revenues, Expenditures, and Changes in Fund Balance
Year Ended June 30, 2018

	General <u>Fund</u>	Food Service <u>Fund #21000</u>	Title I <u>Fund #24101</u>	Entitlement IDEA-B <u>Fund #24106</u>
Revenues:				
Taxes:				
Property	\$ 59,001	\$ -	\$ -	\$ -
Oil and gas	1,424	-	-	-
Intergovernmental - federal grants	32,818	536,359	249,276	272,405
Intergovernmental - state grants	7,764,169	-	-	-
Contributions - private grants	-	-	-	-
Charges for services	12,806	3,466	-	-
Investment and interest income	15,873	7,305	-	-
Miscellaneous	<u>8,340</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>7,894,431</u>	<u>547,130</u>	<u>249,276</u>	<u>272,405</u>
Expenditures:				
Current:				
Instruction	4,427,747	-	249,276	159,463
Support services:				
Students	781,902	-	-	34,923
Instruction	20,870	-	-	-
General Administration	216,990	-	-	78,019
School Administration	476,852	-	-	-
Central Services	164,195	-	-	-
Operation & Maintenance of Plant	872,296	-	-	-
Student transportation	329,117	-	-	-
Food services operations	-	474,652	-	-
Community services	576	-	-	-
Capital outlay	29,078	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Bond interest paid	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>7,319,623</u>	<u>474,652</u>	<u>249,276</u>	<u>272,405</u>
<i>Excess of revenues over expenditures</i>	574,808	72,478	-	-
Fund balance at beginning of the year	<u>422,668</u>	<u>346,115</u>	<u>-</u>	<u>-</u>
Fund balance at end of the year	<u>\$ 997,476</u>	<u>\$ 418,593</u>	<u>\$ -</u>	<u>\$ -</u>

(cont'd; 1 of 2)

STATE OF NEW MEXICO
RATON PUBLIC SCHOOL DISTRICT NO. 11

GOVERNMENTAL FUNDS

Statement of Revenues, Expenditures, and Changes in Fund Balance
Year Ended June 30, 2018

	IDEA-B "Risk Pool" <u>Fund #24120</u>	Other Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
Revenues:			
Taxes:			
Property	\$ -	\$ 770,517	\$ 829,518
Oil and gas	-	14,684	16,108
Intergovernmental - federal grants	79,750	251,356	1,421,964
Intergovernmental - state grants	-	271,608	8,035,777
Contributions - private grants	-	42,449	42,449
Charges for services	-	27,796	44,068
Investment and interest income	-	2,853	26,031
Miscellaneous	-	8,997	17,337
Total revenues	<u>79,750</u>	<u>1,390,260</u>	<u>10,433,252</u>
Expenditures:			
Current:			
Instruction	79,750	454,706	5,370,942
Support services:			
Students	-	58,452	875,277
Instruction	-	-	20,870
General Administration	-	7,970	302,979
School Administration	-	26,370	503,222
Central Services	-	-	164,195
Operation & Maintenance of Plant	-	275,671	1,147,967
Student transportation	-	-	329,117
Food services operations	-	44,847	519,499
Community services	-	-	576
Capital outlay	-	62,684	91,762
Debt service:			
Principal retirement	-	409,000	409,000
Bond interest paid	-	47,280	47,280
Total expenditures	<u>79,750</u>	<u>1,386,980</u>	<u>9,782,686</u>
<i>Excess of revenues over expenditures</i>	-	3,280	650,566
Fund balance at beginning of the year	<u>-</u>	<u>393,802</u>	<u>1,162,585</u>
Fund balance at end of the year	<u>\$ -</u>	<u>\$ 397,082</u>	<u>\$ 1,813,151</u>

(2 of 2)

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

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STATE OF NEW MEXICO
RATON PUBLIC SCHOOL DISTRICT NO. 11

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES ALL GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2018

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

Net change in fund balance - total governmental funds	\$	650,566
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current year</p>		
Capital outlay		91,762
Depreciation		(1,095,945)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
Deferred property taxes at:		
June 30, 2017		(136,061)
June 30, 2018		147,988
<p>The issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. These differences in the treatment of long-term debt and related items consist of:</p>		
Current year principal payments		409,000
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.</p>		
Compensated absences at:		
June 30, 2017		31,539
June 30, 2018		(23,909)
Accrued interest at:		
June 30, 2017		4,313
June 30, 2018		(3,198)
Deferred contributions to pension plan		679,321
Deferred contributions to OPEB plan		96,616
Pension expense		(2,942,445)
OPEB expense		(234,991)
		(234,991)
Change in net position of governmental activities	\$	(2,325,444)

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

STATE OF NEW MEXICO
RATON PUBLIC SCHOOL DISTRICT NO. 11

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final	(Budgetary Basis)	Positive (Negative)
Revenues:				
Taxes:				
Property	\$ 59,633	\$ 59,642	\$ 60,479	\$ 837
Oil and gas	1,483	1,483	1,474	(9)
Intergovernmental - federal grants	12,172	14,317	32,818	18,501
Intergovernmental - state grants	7,809,985	7,924,682	7,764,169	(160,513)
Charges for services	5,480	5,480	12,806	7,326
Investment and interest income	1,750	1,750	15,873	14,123
Miscellaneous	-	-	8,340	8,340
Total revenues	7,890,503	8,007,354	7,895,959	(111,395)
Expenditures:				
Current:				
Instruction	4,774,987	4,804,912	4,425,364	379,548
Support services:				
Students	884,401	885,419	781,902	103,517
Instruction	55,728	51,205	20,870	30,335
General Administration	261,590	258,152	216,049	42,103
School Administration	493,219	493,486	476,852	16,634
Central Services	181,000	184,788	164,297	20,491
Operation & Maintenance of Plant	1,049,900	1,160,500	874,940	285,560
Student transportation	395,800	335,295	329,274	6,021
Other Support services	8,991	8,991	-	8,991
Community services	5,119	5,119	576	4,543
Capital outlay	80,000	143,300	29,078	114,222
Total expenditures	8,190,735	8,331,167	7,319,202	1,011,965
<i>Excess (deficiency) of revenues over expenditures</i>	(300,232)	(323,813)	576,757	900,570
<i>Beginning cash balance budgeted</i>	300,232	323,813	-	(323,813)
Fund balance at beginning of the year	-	-	422,668	422,668
Fund balance at end of the year	\$ -	\$ -	999,425	\$ 999,425
RECONCILIATION TO GAAP BASIS:				
Change in inventory			(2,355)	
Change in property tax receivable			882	
Change in due from other governments			(1,728)	
Change in payables			1,932	
Change in deferred property taxes			(680)	
Fund balance at end of the year (GAAP basis)			\$ 997,476	

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

STATE OF NEW MEXICO
RATON PUBLIC SCHOOL DISTRICT NO. 11

FOOD SERVICE FUND - NO. 21000
**Statement of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)**
 Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
Revenues:				
Intergovernmental - federal grants	\$ 450,000	\$ 450,000	\$ 497,464	\$ 47,464
Charges for services	3,025	3,025	3,466	441
Investment and interest income	<u>1,000</u>	<u>1,000</u>	<u>7,305</u>	<u>6,305</u>
Total revenues	<u>454,025</u>	<u>454,025</u>	<u>508,235</u>	<u>54,210</u>
Expenditures:				
Current:				
Food services operations	635,432	635,432	436,188	199,244
Capital outlay	<u>56,557</u>	<u>56,557</u>	<u>-</u>	<u>56,557</u>
Total expenditures	<u>691,989</u>	<u>691,989</u>	<u>436,188</u>	<u>255,801</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(237,964)	(237,964)	72,047	310,011
<i>Beginning cash balance budgeted</i>	237,964	237,964	-	(237,964)
Fund balance at beginning of the year	<u>-</u>	<u>-</u>	<u>346,115</u>	<u>346,115</u>
Fund balance at end of the year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u>418,162</u>	<u><u>\$ 418,162</u></u>
RECONCILIATION TO GAAP BASIS:				
Change in inventory			<u>431</u>	
Fund balance at end of the year (GAAP basis)			<u><u>\$ 418,593</u></u>	

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

STATE OF NEW MEXICO
RATON PUBLIC SCHOOL DISTRICT NO. 11

TITLE I FUND - NO. 24101
**Statement of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2018**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
Revenues:				
Intergovernmental - federal grants	\$ 262,023	\$ 262,023	\$ 162,914	\$ (99,109)
Expenditures:				
Current:				
Instruction	<u>262,023</u>	<u>262,023</u>	<u>249,276</u>	<u>12,747</u>
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	(86,362)	(86,362)
Fund balance at beginning of the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	(86,362)	<u>\$ (86,362)</u>
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			<u>86,362</u>	
Fund balance at end of the year (GAAP basis)			<u>\$ -</u>	

STATE OF NEW MEXICO
RATON PUBLIC SCHOOL DISTRICT NO. 11

ENTITLEMENT IDEA-B FUND - NO. 24106
**Statement of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2018**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
Revenues:				
Intergovernmental - federal grants	\$ 291,467	\$ 317,081	\$ 140,138	\$ (176,943)
Expenditures:				
Current:				
Instruction	171,356	196,970	159,463	37,507
Support services:				
Students	36,923	36,922	34,923	1,999
General Administration	83,188	83,189	78,019	5,170
Total expenditures	291,467	317,081	272,405	44,676
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	(132,267)	(132,267)
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	\$ -	\$ -	(132,267)	\$ (132,267)
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			132,267	
Fund balance at end of the year (GAAP basis)			\$ -	

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

STATE OF NEW MEXICO
RATON PUBLIC SCHOOL DISTRICT NO. 11

IDEA-B "RISK POOL" FUND - NO. 24120
**Statement of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2018**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
Revenues:				
Intergovernmental - federal grants	\$ -	\$ 79,750	\$ -	\$ (79,750)
Expenditures:				
Current:				
Instruction	-	79,750	79,750	-
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	(79,750)	(79,750)
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	(79,750)	<u>\$ (79,750)</u>
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			79,734	
Change in deferred revenue			<u>16</u>	
Fund balance at end of the year (GAAP basis)			<u>\$ -</u>	

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

STATE OF NEW MEXICO
RATON PUBLIC SCHOOL DISTRICT NO. 11

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

ASSETS

Pooled cash and investments	\$ <u>166,747</u>
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LIABILITIES

Deposits held for others	\$ <u>166,747</u>
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The notes to the financial statements are an integral part of this statement.



NOTE	PAGE
I. SUMMARY OF ALL SIGNIFICANT ACCOUNTING POLICIES	
A. Reporting Entity	24
1. Blended Component Units	
2. Discretely Presented Component Units	
B. Implementation of New Accounting Principles	24
C. Government-Wide and Fund Financial Statements	29
D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation	29
1. Major Funds	30
E. Assets, Liabilities, and Net Position or Equity	30
II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY	
A. Budgetary Information	35
B. Budgetary Violations	36
C. Deficit Fund Equity	36
III. DETAILED NOTES ON ALL FUNDS	
A. Cash and Temporary Investments	37
B. Receivables	38
C. Inter-Fund Receivables and Payables	38
D. Capital Assets	39
E. Long-Term Debt	40
IV. OTHER INFORMATION	
A. Risk Management	41
B. Employee Retirement Plan	41
C. Post-Retirement Health Care Benefits	46
D. Contingent Liabilities	50
E. Cash Flows	50
F. Restatement	51
G. Subsequent Events	51



I. SUMMARY OF ALL SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Des Moines Municipal Schools (District) is a special purpose government corporation governed by an elected five-member Board of Education. The District was created under the provision of Chapter 22 Article 5, Paragraph 4, New Mexico Statutes 1978 to provide public education for the children within the District. 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 City of Raton, New Mexico and the surrounding areas. The District is responsible for all activities related to public elementary and secondary school education within its jurisdiction. The District receives funding from local, state, and federal government sources and must comply with the requirements of these funding source entities.

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

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

1. Blended Component Units

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

2. Discretely Presented Component Units

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

The summary of significant accounting policies of the District is presented to assist in the understanding of the District's financial statements. The financial statements and notes are the representation of Raton Public Schools' management who is responsible for their integrity and objectivity. The financial statements of the District conform to GAAP as applied to governmental units. GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

B. Implementation of New Accounting Principles

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

➤ **GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions***

This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, for OPEB*. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed. This Statement will be effective for the year ended June 30, 2018.

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

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

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



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

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

This Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party if the government controls the present service capacity of the beneficial interests. This Statement requires that a government recognize revenue when the resources become applicable to the reporting period.

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

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

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

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

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

Specifically, this Statement addresses the following topics:

- Blending a component unit in circumstances in which the primary government is a business-type activity that reports in a single column for financial statement presentation
- Reporting amounts previously reported as goodwill and “negative” goodwill • Classifying real estate held by insurance entities
- Measuring certain money market investments and participating interest earning investment contracts at amortized cost
- Timing of the measurement of pension or OPEB liabilities and expenditures recognized in financial statements prepared using the current financial resources measurement focus
- Recognizing on-behalf payments for pensions or OPEB in employer financial statements
- Presenting payroll-related measures in required supplementary information for purposes of reporting by OPEB plans and employers that provide OPEB
- Classifying employer-paid member contributions for OPEB
- Simplifying certain aspects of the alternative measurement method for OPEB
- Accounting and financial reporting for OPEB provided through certain multiple-employer defined benefit OPEB plans.

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



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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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



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

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

➤ **GASB Statement No. 87, *Leases***

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

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

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

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

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

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

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

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

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

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

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

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



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

C. Government-Wide and Fund Financial Statements

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

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

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

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues.

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

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

Interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

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

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

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

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

Debt Service Funds are used to account for the payment of principal and interest on long-term debt. Debt Service revenues are from taxes and other operating revenues, some of which are pledged specifically to repay certain outstanding bond issues.



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

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

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

➤ **SPECIAL REVENUE FUNDS**

Food Service (Fund No. 21000) Minimum Balance: None
 This program provides financing for the school breakfast and lunch program. Funding is provided from fees from patrons and USDA food reimbursements, under the National School Lunch Act of 1946, as amended, Public Law 79-396, Sections 2-4, 60 Stat. 230, 42 U.S.C. 1751 et seq.; 80 stat. 889, as amended; 84 stat. 270; and the Child Nutrition Act of 1966, as amended, Sections 4 and 10. Public Law 89-642, 80 stat. 886, 889, 42 U.S.C. 1773, 1779; Public Law 99-591, 100 stat. 3341; Public Law 100-71, 101 stat. 430.

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

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

IDEA-B "Risk Pool" (Fund No. 24120) Minimum Balance: None
 The IDEA-B "Risk Pool" program is to provide grants to states, that flow-through to schools, to assist them in providing a free appropriate public education to all children with disabilities. The program is funded by the United States government, under the Individuals with Disabilities Education Act, Part B, Section 611-617, and part D, Section 674 as amended, 20 U.S.C. 1711-1417 and 1420.s.

Additionally, the government reports the following fund types:

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

E. Assets, Liabilities, and Net Position or Equity

1. *Deposits and investments*

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

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

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

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

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



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

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

2. *Receivables and payables*

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due from/to other funds” (i.e., the current portion of inter-fund loans) or “advances to/from other funds” (i.e., the non-current portion of inter-fund loans). All other outstanding balances between funds are reported as “due from/to other funds.”

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

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

3. *Inventories*

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

4. *Capital assets*

Capital assets, which include property, plant, and equipment (software), are reported in the applicable governmental-wide financial statements. Beginning July 1, 2005, the threshold for defining Capital assets by the government was raised from \$1,000 to assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Software costs have been included with the cost of computer equipment and are capitalized with that equipment. The District does not develop software for internal use or any other use.

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

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

ESTIMATED USEFUL LIVES	
ASSETS	YEARS
Buildings	40 - 50
Building improvements	20
Land Improvements	10 - 20
Vehides	7
Office equipment	5
Computer equipment	3 - 5



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

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

5. *Compensated absences*

It is the District's policy to permit employees to accumulate earned but unused vacation, of which 22 days will be paid to employees upon separation from the District's service. The amount for liability has been reported in the government-wide financial statements.

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

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

6. *Long-term obligations*

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

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

7. *Pensions*

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

8. *Postemployment Benefits Other Than Pensions (OPEB)*

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the New Mexico Retiree Health Care Fund (RHCA) and additions to/deductions from RHCA's fiduciary net position have been determined on the same basis as they are reported by RHCA. For this purpose, RHCA recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

9. *Deferred Outflows/Inflows of Resources*

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

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



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

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

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

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

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

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

10. *Fund balance*

a. Non-Spendable

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

b. Restricted

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

c. Committed

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

d. Assigned

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

e. Unassigned

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

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



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

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

11. *Net Position*

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

a. Net investment in capital assets

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

b. Restricted Net Position

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

c. Unrestricted Net Position

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

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

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

12. *Indirect Costs*

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

13. *Estimates*

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

14. *Inter-fund Transactions*

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



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

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

15. Revenues

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

A school district's program costs are determined through the use of various formulas using 'program units' which take into consideration 1) early childhood education; 2) basic education; 3) special education; 4) bilingual-multicultural education, 5) size, etc. Payment is made from the public school fund under the authority of the Director of Public School Finance. The District received \$7,340,011 in state equalization guarantee distributions during the year ended June 30, 2018.

Transportation Distribution: School districts in the State of New Mexico received student transportation distributions. The transportation distribution is allocated to each school district in accordance with formulas developed by the State Transportation Director and the Director of Public School Finance. The funds shall be used only for the purpose of making payments to each school district for the to-and-from school transportation costs of students in grades K through twelve attending public school within the school district. The District received \$395,800 in transportation distributions during the year ended June 30, 2018.

Instructional Materials: The New Mexico Public Education Department (PED) receives federal mineral leasing funds from which it makes annual allocations to the various school districts for the purchase of educational materials. Of each allocation, fifty percent is restricted to the purchase of material listed on the PED 'Multiple List', while fifty percent of each allocation is available for purchases directly from vendors or transfer to the fifty percent account for purchase of material from the "Multiple List". Districts are allowed to carry forward unused textbook funds from year to year. The District received \$28,358 in instructional materials distributions during the year ended June 30, 2018.

16. Tax Abatements

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

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

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

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

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

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

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

1. In April or May, the superintendent submits to the Board of Education a proposed operating budget of the fiscal year commencing the following July. The operating budget includes proposed expenditures and the means of financing them, and has approval by the Department of Education.



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

A. Budgetary Information (cont'd)

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

The Board of Education may approve amendments to the appropriated budget, which are required when a change is made affecting budgeted ending fund balance. The appropriated budget for the year ended June 30, 2018 was properly amended by the Board through the year. New Mexico state law prohibits a Governmental Agency to exceed an individual line item. These amendments resulted in the following changes:

	ORIGINAL	FINAL
Major Funds:		
General Funds	\$ 8,190,735	\$ 8,331,167
Special Revenue Funds:		
Food Service	691,989	691,989
Title I	262,023	262,023
Entitlement IDEA-B	291,467	317,081
IDEA-B "Risk Pool"	-	79,750
Nonmajor Funds:		
Special Revenue Funds	674,060	814,226
Capital Projects Funds	410,501	434,071
Debt Service Fund	500,669	500,952
Total Budget	<u>\$ 11,021,444</u>	<u>\$ 11,431,259</u>

B. Budgetary Violations

The District did not have any budgetary violations during the year ended June 30, 2018.

C. Deficit Fund Equity

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



III. DETAILED NOTES ON ALL FUNDS

A. Cash and Temporary Investments

At June 30, 2018, the carrying amount of the District’s deposits was \$1,534,129 and the bank balance was \$2,360,991 with the difference consisting of outstanding checks.

	<u>BALANCE</u>
Financial institution:	
International Bank	\$ 2,171,078
First National Bank of NM	185,903
Less agency cash	(166,747)
Less net reconciling items	(826,862)
State agencies:	
New Mexico Finance Authority	4,010
Total cash and equivalents	<u><u>\$ 1,367,382</u></u>

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the District’s deposits may not be returned to it. New Mexico State Statutes require collateral pledged for deposits in excess of the federal deposit insurance to be delivered, or a joint safekeeping receipt be issued, to the District for at least one half of the amount on deposit with the institution. The District does not have a deposit policy for custodial credit risk, other than the following state statutes as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978). The statement listed below will meet the State of New Mexico Office of the State Auditor’s requirement in reporting the uninsured portion of the deposits. As of June 30, 2018, \$646,332 of the District’s bank deposits was exposed to custodial risk as follows:

	<u>INSURED</u>	<u>UNDER INSURED</u>	<u>TOTAL</u>
Bank deposits:			
Uninsured and uncollateralized	\$ 646,332	\$ -	\$ 646,332
Uninsured and collateral held by pledging bank's trust dept not in the District's name	<u>1,278,756</u>	<u>-</u>	<u>1,278,756</u>
Total uninsured	1,925,088	-	1,925,088
Insured (FDIC)	<u>435,903</u>	<u>-</u>	<u>435,903</u>
Total deposits	<u><u>\$ 2,360,991</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 2,360,991</u></u>
 State of New Mexico collateral requirement:			
50% of uninsured public fund bank deposits	\$ 962,545	\$ -	\$ 962,545
Pledged security	<u>1,278,756</u>	<u>-</u>	<u>1,278,756</u>
Over collateralization	<u><u>\$ 316,211</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 316,211</u></u>

The collateral pledged is listed on Schedule of Pledged Collateral in the Other Supplemental Information section of this report. The types of collateral allowed are limited to direct obligations of the United States Government and all bonds issued by any agency, district, or political subdivision of the State of New Mexico. According to the Federal Deposit Insurance Authority, public unit deposits are funds owned by the District. 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.



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

B. Receivables

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

	RECEIVABLES		DUE FROM OTHER	
	Property Taxes	Grants	Governments	Funds
Major Funds:				
General Funds	\$ 12,742	\$ -	\$ 907	\$ 414,465
Food Service	-	-	-	-
Title I	-	96,777	-	-
Entitlement IDEA-B	-	144,165	-	-
IDEA-B "Risk Pool"	-	79,734	-	-
Other Governmental Funds	<u>150,435</u>	<u>127,370</u>	<u>12,345</u>	<u>35,714</u>
Total	<u>\$ 163,177</u>	<u>\$ 448,046</u>	<u>\$ 13,252</u>	<u>\$ 450,179</u>

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

Governmental funds reported deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	UNAVAILABLE	UNEARNED
Grant drawdowns prior to meeting all eligibility requirements		
General Funds	\$ -	\$ -
Other Governmental Funds	-	35,382
Delinquent property taxes		
General Funds	11,672	-
Other Governmental Funds	<u>136,316</u>	<u>-</u>
Total deferred/unearned revenue for governmental funds	<u>\$ 147,988</u>	<u>\$ 35,382</u>

C. Inter-Fund Receivables and Payables

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

	RECEIVABLES	PAYABLES
Major Funds:		
General Funds	\$ 414,465	\$ -
Food Service	-	-
Title I	-	97,470
Entitlement IDEA-B	-	144,165
IDEA-B "Risk Pool"	-	79,750
Other Governmental Funds	<u>35,714</u>	<u>128,794</u>
Total	<u>\$ 450,179</u>	<u>\$ 450,179</u>

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



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

D. Capital Assets

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

	BEGINNING	INCREASES	DECREASES	ENDING
Governmental activities:				
<u>Capital assets not being depreciated:</u>				
Land	\$ 107,911	\$ -	\$ -	\$ 107,911
Collections of works of art	250,000	-	-	250,000
Total capital assets not being depreciated	<u>357,911</u>	<u>-</u>	<u>-</u>	<u>357,911</u>
<u>Capital assets being depreciated:</u>				
Land improvements	1,232,560	-	-	1,232,560
Buildings and improvements	25,313,597	91,762	-	25,405,359
Furniture, fixtures, and equipment	2,080,770	-	-	2,080,770
Total capital assets being depreciated	<u>28,626,927</u>	<u>91,762</u>	<u>-</u>	<u>28,718,689</u>
Less accumulated depreciation for:				
Land improvements	(559,875)	(71,753)	-	(631,628)
Buildings and improvements	(17,315,434)	(928,763)	-	(18,244,197)
Furniture, fixtures, and equipment	(1,334,929)	(95,429)	-	(1,430,358)
Total accumulated depreciation	<u>(19,210,238)</u>	<u>(1,095,945)</u>	<u>-</u>	<u>(20,306,183)</u>
Total capital assets being depreciated, net	<u>9,416,689</u>	<u>(1,004,183)</u>	<u>-</u>	<u>8,412,506</u>
Total capital assets, net	<u>\$ 9,774,600</u>	<u>\$ (1,004,183)</u>	<u>\$ -</u>	<u>\$ 8,770,417</u>

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

	AMOUNT
Instruction	\$ 732,523
Support Services - Students	82,492
Support Services - Instruction	1,248
Support Services - General Administration	28,555
Support Services - School Administration	47,427
Central Services	15,475
Operations & Maintenance of Plant	108,192
Student Transportation	31,018
Food Services	48,961
Community Services	54
Total Depreciation Expense	<u>\$ 1,095,945</u>

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

Construction commitments

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



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

E. Long-Term Debt

General Obligation Bonds

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

BOND ISSUES		ORIGINAL AMOUNT	INTEREST RATES	BALANCE	CURRENT PORTION
Series	06/01/08	\$ 2,400,000	3.35% to 4.15%	\$ 775,000	\$ 250,000
Series	05/01/15	792,000	0.67% to 1.50%	322,000	160,000
Total		<u>\$ 3,192,000</u>		<u>\$ 1,097,000</u>	<u>\$ 410,000</u>

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

YEAR ENDING JUNE 30,	PRINCIPAL	INTEREST	TOTAL REQUIREMENTS
2019	\$ 410,000	\$ 35,475	\$ 445,475
2020	437,000	23,070	460,070
2021	250,000	10,375	260,375
2022	-	-	-
2023	-	-	-
Total	<u>\$ 1,097,000</u>	<u>\$ 68,920</u>	<u>\$ 1,165,920</u>

Changes in long term debt – During the year ended June 30, 2018 the following changes occurred in liabilities reported in the general obligation bonds account group:

	BEGINNING BALANCE	ADDITIONS	RETIREMENTS	ENDING BALANCE	DUE WITHIN ONE YEAR	
Compensated absences:						
Compensated vacation	\$ 31,539	\$ 18,927	\$ 26,557	\$ 23,909	\$ 23,909	
Bonds payable						
<u>Original Amount</u>						
\$ 2,400,000	06/01/08	1,025,000	-	250,000	775,000	250,000
792,000	05/01/15	481,000	-	159,000	322,000	160,000
Total Bonds payable		<u>1,506,000</u>		<u>409,000</u>	<u>1,097,000</u>	<u>410,000</u>
		<u>\$ 1,537,539</u>	<u>\$ 18,927</u>	<u>\$ 435,557</u>	<u>\$ 1,120,909</u>	<u>\$ 433,909</u>

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

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



IV. OTHER INFORMATION

A. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injury to employees; and natural disasters. The New Mexico Public Schools Insurance Authority (NMPSIA) was formed on April 5, 1985 under the New Mexico Public Schools Insurance Authority Act, Chapter 22, Section 2 of the New Mexico Statutes Annotated (NMSA 1978), as amended, as an insurance fund to provide health, disability and life insurance coverage (benefits coverage), and property, casualty and workers' compensation insurance coverage (risk coverage) to participating public schools, school board members, public school employees, and retirees within the State of New Mexico. The District is one of 91 members that participate in NMPSIA. Participation in NMPSIA is mandatory for all K-12 public schools except those with enrollment exceeding 60,000 students. Participation is voluntary for other public education institutions. The District pays an annual premium to the pool for its general insurance coverage. The agreement for formation of NMPSIA provides that the pool will be self-sustaining through member premiums. NMPSIA establishes self-insured retentions by line of coverage and procures insurance or reinsurance, where indicated, in excess of the self-insured retention on a per occurrence basis. NMPSIA will publish its own financial report for the year ended June 30, 2018.

B. Employee Retirement Plan

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

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

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

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

For members employed before July 1, 2010, a member is eligible to retire when one of the following events occurs: the member's age and earned service credit add up to the sum of 75 or more; the member is at least sixty-five years of age and has five or more years of earned service credit; or the member has service credit totaling 25 years or more.

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

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



IV. OTHER INFORMATION (cont'd)

B. Employee Retirement Plan (cont'd)

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

If the plan's funded ratio for the next preceding fiscal year is 100%, or greater, Section 22-11-31(C)(1) of the New Mexico Statutes Annotated defines the adjustment factor as $\frac{1}{2}$ of the percentage increase of the consumer price index between the next preceding calendar year and the preceding calendar year. The adjustment factor cannot exceed four percent, nor be less than two percent. However, if the percentage increase of the consumer price index is less than two percent, the adjustment factor will be equal to the percentage increase of the consumer price index.

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

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

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

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

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

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

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

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



IV. OTHER INFORMATION (cont'd)

B. Employee Retirement Plan (cont'd)

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

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

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

Employer Contributions – In fiscal year 2018, the District was required to contribute 13.9% of the gross covered salary for employees whose annual salary is \$20,000 or less, and 13.9% of the gross covered salary for employees whose annual salary is more than \$20,000. The contribution requirements of plan members and the District are established in State statute under Chapter 22, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The District's contributions to ERB for the fiscal years ending June 30, 2018 were \$679,321, which equal the amount of the required contributions for year ended June 30, 2018.

Employers

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

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

At June 30, 2018, the District reported a liability of \$22,004,667 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and regional education cooperatives, actuarially determined. At June 30, 2017, the District's proportion was 0.1980 percent, which was a decrease of 0.00394 percent from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the District recognized pension expense of \$2,942,445.

PENSION EXPENSE CALCULATION	
Net pension liability - end of the year	\$ 22,004,667
Net pension liability - beginning of the year	(14,532,478)
Deferred outflows of resources during the year	(5,236,758)
Deferred inflows of resources during the year	(77,123)
Reductions to ending net pension liability due contributions paid	784,137
Total Pension Expense	<u>\$ 2,942,445</u>



IV. OTHER INFORMATION (cont'd)

B. Employee Retirement Plan (cont'd)

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

	OUTFLOWS	INFLOWS
Difference between expected and actual experience	\$ 39,501	\$ 339,003
Change of assumptions	6,423,595	-
Net difference between projected and actual earnings on pension plan investments	-	3,019
Changes in proportion and differences between District contributions and proportionate share of contributions	-	573,058
District contributions subsequent to the measurement date	679,321	-
Total	\$ 7,142,417	\$ 915,080

Deferred outflows of resources related to pensions in the amount of \$679,321 resulted from the District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

JUNE 30,	AMORTIZATION
2019	\$ (1,937,431)
2020	(2,344,023)
2021	(1,447,754)
2022	181,192
2023	-
Thereafter	-
Total	\$ (5,548,016)

Actuarial Assumptions

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

The total pension liability, net pension liability, and certain sensitivity information are based on an actuarial valuation performed as of June 30, 2016. The total pension liability was rolled forward from the valuation date to the Plan's year ended June 30, 2017 using generally accepted actuarial principles. The roll-forward incorporates the impact of the new assumptions adopted by the Board on April 21, 2017. There were no other significant events or changes in benefit provisions that required an adjustment to the roll-forward liabilities as of June 30, 2017. The liabilities reflect the impact of the new assumptions adopted by the Board of Trustees on April 21, 2017 as well as the change in the single discount rate between June 30, 2016 and June 30, 2017. Specifically, the liabilities measured as of June 30, 2017 incorporate the following assumptions:

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



IV. OTHER INFORMATION (cont'd)

B. Employee Retirement Plan (cont'd)

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

Actuarial Cost Method Entry Age:	Normal
Amortization Method:	Level Percentage of Payroll
Remaining Period:	Amortized - closed 30 years from June 30, 2012 to June 30, 2042
Asset Valuation Method:	5 year smoothed market for funding valuation (fair value for financial valuation)
Inflation:	2.50%
Salary Increases:	Composition: 3.00% inflation, plus 0.75% productivity increase rate, plus step rate promotional increases for members with less than 10 years of service
Investment Rate of Return:	7.25%
Single Discount Rate:	5.90%
Retirement Age:	Experience based table of age and service rates
Mortality:	Healthy Males – RP-2000 Combined Mortality Table with white collar adjustments, generational mortality improvements with scale BB.

Healthy Females – GRS Southwest Region Teacher Mortality Table, set back one year, generational mortality improvements in accordance with scale BB from the table's base year of 2012.

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

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



IV. OTHER INFORMATION (cont'd)

B. Employee Retirement Plan (cont'd)

Rate of Return

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

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

These items are developed for each major asset class.

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

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

PENSION CURRENT SINGLE RATE					
	Discount		Single Rate		
	Rate	1% Decrease	Assumption	1% Increase	
ERB (All Employers)					
2017	5.90%	\$ 14,466,972,041	\$ 11,113,468,217	\$ 8,372,251,980	
2016	7.75%	9,531,509,131	7,196,433,561	5,258,980,529	
2015	7.75%	8,715,594,530	6,477,266,299	4,596,837,569	
Raton Public Schools					
2017	5.90%	\$ 28,644,604	\$ 22,004,667	\$ 16,577,059	
2016	7.75%	19,247,930	14,532,478	10,619,985	
2015	7.75%	18,029,950	13,399,521	9,509,478	

C. Post-Retirement Health Care Benefits

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

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

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



IV. OTHER INFORMATION (cont'd)

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

Eligible retirees are:

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

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

Funding Policy

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

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

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

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

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

Employer Contributions – In fiscal year 2018, the District was required to contribute 2% of the gross covered salary for employees who are entitled to RHCA benefits. The District's contributions to RHCA for the fiscal year ending June 30, 2018 was \$96,616, which equal the amount of the required contributions for each fiscal year.

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



IV. OTHER INFORMATION (cont'd)

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

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

At June 30, 2018, the District reported a liability of \$5,910,661 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2017, the District's proportion was 0.13043 percent.

For the year ended June 30, 2018, the District recognized OPEB expense of \$234,991.

OPEB EXPENSE CALCULATION	
Net OPEB liability - end of the year	\$ 5,910,661
Net OPEB liability - beginning of the year	(7,132,910)
Deferred outflows of resources during the year	-
Deferred inflows of resources during the year	1,345,253
Reductions to ending net OPEB liability due contributions paid	<u>111,987</u>
Total OPEB Expense	<u>\$ 234,991</u>

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

	OUTFLOWS	INFLOWS
Difference between expected and actual experience	\$ -	\$ 226,820
Change of assumptions	-	1,033,404
Net difference between projected and actual earnings on OPEB plan investments	-	85,029
Changes in proportion and differences between District contributions and proportionate share of contributions	-	-
District contributions subsequent to the measurement date	<u>96,616</u>	<u>-</u>
Total	<u>\$ 96,616</u>	<u>\$ 1,345,253</u>

Deferred outflows of resources related to OPEB in the amount of \$96,616 resulted from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2018. Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	JUNE 30, AMORTIZATION
2019	\$ 286,010
2020	286,010
2021	286,010
2022	286,010
2023	201,213
Thereafter	<u>-</u>
Total	<u>\$ 1,345,253</u>



IV. OTHER INFORMATION (cont'd)

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

Actuarial Assumptions

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

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

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

Valuation Date:	June 30, 2017
Actuarial Cost Method Entry Age:	Entry age normal, level percent of pay, calculated on individual employee basis
Amortization Method:	30-year open-ended amortization, level percent of payroll
Remaining Period:	30 years as of June 30, 2016
Asset Valuation Method:	Market value of assets

Actuarial assumptions

Inflation:	2.50% for ERB; 2.25% for PERA
Projected Salary Increases:	3.50%
Investment Rate of Return:	7.25%, net of OPEB plan investment expense and margin for adverse deviation including inflation
Health Care Cost Trend Rate:	8% graded down to 4.5% over 14 years for Non-Medicare medical plan costs and 7.5% graded down to 4.5% over 12 for Medicare medical plan costs

Rate of Return

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

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



IV. OTHER INFORMATION (cont'd)

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

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

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

OPEB CURRENT SINGLE RATE				
	Discount Rate	1% Decrease	Single Rate Assumption	1% Increase
RHCA (All Employers)				
2017	3.81%	\$ 5,496,848,763	\$ 4,531,673,018	\$ 3,774,405,896
Raton Public Schools				
2017	3.81%	\$ 7,169,540	\$ 5,910,661	\$ 4,922,958

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

HEALTH COST TREND RATE			
	1% Decrease	Current Trend Rates	1% Increase
RHCA (All Employers)			
2017	\$ 3,854,499,980	\$ 4,531,673,018	\$ 5,059,700,584
Raton Public Schools			
2017	\$ 5,027,424	\$ 5,910,661	\$ 6,599,367

D. Contingent Liabilities

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

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

E. Cash Flows

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



IV. OTHER INFORMATION (cont'd)

F. Restatement

There was a restatement of the District's basic financial statements of \$7,020,923, net OPEB liability, for the implementation of GASB 75 which requires the recognition of the District's portion of the cost-sharing pension liability.

G. Subsequent Events

Subsequent events were evaluated through October 23, 2018 which is the date the financial statements were available to be issued.



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

	2018	2017	2016	2015
District's proportion of the net pension liability	0.198000%	0.201947%	0.206870%	0.222700%
District's proportionate share of the net pension liability	\$ 22,004,667	\$ 14,532,478	\$ 13,399,521	\$ 12,706,654
District's covered-employee payroll	\$ 5,643,931	\$ 5,769,465	\$ 5,880,551	\$ 6,138,457
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	389.88%	251.89%	227.86%	207.00%
Plan fiduciary net position as a percentage of the total pension liability	52.95%	61.58%	63.97%	66.54%

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

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

	2018	2017	2016	2015
Contractually required contribution	\$ 677,673	\$ 784,506	\$ 801,955	\$ 817,396
Contributions in relation to the contractually required	<u>(679,321)</u>	<u>(784,137)</u>	<u>(801,750)</u>	<u>(817,396)</u>
Contribution deficiency (excess)	<u>\$ (1,648)</u>	<u>\$ 369</u>	<u>\$ 205</u>	<u>\$ -</u>
District's Covered-employee Payroll	\$ 4,875,350	\$ 5,643,931	\$ 5,769,465	\$ 5,880,551
Contribution as a percentage of covered-employee payroll	13.93%	13.89%	13.90%	13.90%

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

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

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

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

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

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



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

	2018
District's proportion of the net OPEB liability	0.130430%
District's proportionate share of the net OPEB liability	\$ 5,910,661
District's covered-employee payroll	\$ 5,597,284
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	105.60%
Plan fiduciary net position as a percentage of the total OPEB liability	11.34%

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

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

	2018
Contractually required contribution	\$ 96,616
Contributions in relation to the contractually required	(96,616)
Contribution deficiency (excess)	\$ -
District's covered-employee Payroll	\$ 4,830,711
Contribution as a percentage of covered-employee payroll	2.00%

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

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

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

The total OPEB liability as of June 30, 2017 was determined by an actuarial valuation as of June 30, 2017. The mortality, retirement, disability, turnover and salary increase assumptions are based on the PERA annual valuation as of June 30, 2016 and the ERB actuarial experience study as of June 30, 2016.

- 1) Fiscal year 2017 valuation assumptions that changed based on this study:
 - a. Lower Investment return from 7.75% to 7.25%
 - b. Lower Inflation rate from 3.00% to 2.50%
 - c. Minor changes to demographic assumptions
- 2) Assumptions that were not changed:
 - a. Population growth per year at 0.00%
 - b. Health care cost trend rate 8% graded down to 4.5% over 14 years for Non-Medicare medical plan costs and 7.5% graded down to 4.5% over 12 for Medicare medical plan costs

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

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OTHER SUPPLEMENTAL INFORMATION
OF
RATON PUBLIC SCHOOL DISTRICT NO. 11
AS OF AND FOR THE YEAR ENDED
JUNE 30, 2018

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OTHER SUPPLEMENTAL INFORMATION

(*GENERAL FUNDS*)

OPERATING FUND (Fund No. 11000)

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

TRANSPORTATION FUND (Fund No. 13000)

Accounts for all the Transportation funds received through the state that are used in the maintaining and operating vehicles used to transport students.

INSTRUCTIONAL MATERIALS FUND (Fund No. 14000)

Accounts for all the Instructional Materials funds received through the state for the purpose of acquiring study materials for the students.

STATE OF NEW MEXICO
RATON PUBLIC SCHOOL DISTRICT NO. 11

GENERAL FUNDS
Combining Balance Sheet
June 30, 2018

	General Funds			Total General Funds
	Operational Fund #11000	Transportation Fund #13000	Instructional Materials Fund #14000	
Assets				
Cash and cash equivalents	\$ 483,479	\$ 72,141	\$ 23,949	\$ 579,569
Receivables:				
Property taxes	12,742	-	-	12,742
Due from other governments	907	-	-	907
Due from other funds	414,465	-	-	414,465
Supply inventory	<u>17,278</u>	<u>-</u>	<u>-</u>	<u>17,278</u>
Total assets	<u><u>\$ 928,871</u></u>	<u><u>\$ 72,141</u></u>	<u><u>\$ 23,949</u></u>	<u><u>\$ 1,024,961</u></u>
Liabilities, deferred inflows and fund balance				
Liabilities:				
Accounts payable	<u>\$ 15,511</u>	<u>\$ 302</u>	<u>\$ -</u>	<u>\$ 15,813</u>
Deferred inflows of resources:				
Delinquent property taxes	<u>11,672</u>	<u>-</u>	<u>-</u>	<u>11,672</u>
Fund balance:				
Non-spendable:				
Inventories	17,278	-	-	17,278
Unassigned	<u>884,410</u>	<u>71,839</u>	<u>23,949</u>	<u>980,198</u>
Total fund balance	<u>901,688</u>	<u>71,839</u>	<u>23,949</u>	<u>997,476</u>
Total liabilities, deferred inflows of resources, and fund balance	<u><u>\$ 928,871</u></u>	<u><u>\$ 72,141</u></u>	<u><u>\$ 23,949</u></u>	<u><u>\$ 1,024,961</u></u>

STATE OF NEW MEXICO
RATON PUBLIC SCHOOL DISTRICT NO. 11

GENERAL FUNDS
**Combining Statement of Revenues, Expenditures, and
 Changes in Fund Balance
 Year Ended June 30, 2018**

	General Funds			Total General Fund
	Operational Fund #11000	Transportation Fund #13000	Instructional Materials Fund #14000	
Revenues:				
Taxes:				
Property	\$ 59,001	\$ -	\$ -	\$ 59,001
Oil and gas	1,424	-	-	1,424
Intergovernmental - federal grants	32,818	-	-	32,818
Intergovernmental - state grants	7,340,011	395,800	28,358	7,764,169
Charges for services	12,806	-	-	12,806
Investment and interest income	15,873	-	-	15,873
Miscellaneous	7,819	26	495	8,340
Total revenue	7,469,752	395,826	28,853	7,894,431
Expenditures:				
Current:				
Instruction	4,402,057	-	25,690	4,427,747
Support services:				
Students	781,902	-	-	781,902
Instruction	20,870	-	-	20,870
General Administration	216,990	-	-	216,990
School Administration	476,852	-	-	476,852
Central Services	164,195	-	-	164,195
Operation & Maintenance of Plant	872,296	-	-	872,296
Student transportation	-	329,117	-	329,117
Community services	576	-	-	576
Capital outlay	29,078	-	-	29,078
Total expenditures	6,964,816	329,117	25,690	7,319,623
<i>Excess of revenues over expenditures</i>	504,936	66,709	3,163	574,808
Fund balance at beginning of the year	396,752	5,130	20,786	422,668
Fund balance at end of the year	\$ 901,688	\$ 71,839	\$ 23,949	\$ 997,476

STATE OF NEW MEXICO
RATON PUBLIC SCHOOL DISTRICT NO. 11

OPERATIONAL FUND - NO. 11000
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
Revenues:				
Taxes:				
Property	\$ 59,633	\$ 59,642	\$ 60,479	\$ 837
Oil and gas	1,483	1,483	1,474	(9)
Intergovernmental - federal grants	12,172	14,317	32,818	18,501
Intergovernmental - state grants	7,387,631	7,500,524	7,340,011	(160,513)
Charges for services	5,480	5,480	12,806	7,326
Investment and interest income	1,750	1,750	15,873	14,123
Miscellaneous	<u>-</u>	<u>-</u>	<u>7,819</u>	<u>7,819</u>
Total revenues	<u>7,468,149</u>	<u>7,583,196</u>	<u>7,471,280</u>	<u>(111,916)</u>
Expenditures:				
Current:				
Instruction	4,748,433	4,755,768	4,399,674	356,094
Support services:				
Students	884,401	885,419	781,902	103,517
Instruction	55,728	51,205	20,870	30,335
General Administration	261,590	258,152	216,049	42,103
School Administration	493,219	493,486	476,852	16,634
Central Services	181,000	184,788	164,297	20,491
Operation & Maintenance of Plant	1,049,900	1,160,500	874,940	285,560
Other Support services	8,991	8,991	-	8,991
Community services	5,119	5,119	576	4,543
Capital outlay	<u>80,000</u>	<u>80,000</u>	<u>29,078</u>	<u>50,922</u>
Total expenditures	<u>7,768,381</u>	<u>7,883,428</u>	<u>6,964,238</u>	<u>919,190</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(300,232)	(300,232)	507,042	807,274
<i>Beginning cash balance budgeted</i>	300,232	300,232	-	(300,232)
Fund balance at beginning of the year	<u>-</u>	<u>-</u>	<u>396,752</u>	<u>396,752</u>
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	<u>903,794</u>	<u>\$ 903,794</u>
RECONCILIATION TO GAAP BASIS:				
Change in inventory			(2,355)	
Change in property tax receivable			882	
Change in due from other governments			(1,728)	
Change in payables			1,775	
Change in deferred property taxes			<u>(680)</u>	
Fund balance at end of the year (GAAP basis)			<u>\$ 901,688</u>	

STATE OF NEW MEXICO
RATON PUBLIC SCHOOL DISTRICT NO. 11

TRANSPORTATION FUND - NO. 13000
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		(Negative)
Revenues:				
Intergovernmental - state grants	\$ 395,800	\$ 395,800	\$ 395,800	\$ -
Miscellaneous	-	-	26	26
Total revenues	395,800	395,800	395,826	26
Expenditures:				
Current:				
Support services:				
Student transportation	395,800	335,295	329,274	6,021
Capital outlay	-	63,300	-	63,300
Total expenditures	395,800	398,595	329,274	69,321
<i>Excess (deficiency) of revenues over expenditures</i>	-	(2,795)	66,552	69,347
<i>Beginning cash balance budgeted</i>	-	2,795	-	(2,795)
Fund balance at beginning of the year	-	-	5,130	5,130
Fund balance at end of the year	\$ -	\$ -	71,682	\$ 71,682
RECONCILIATION TO GAAP BASIS:				
Change in payables			157	
Fund balance at end of the year (GAAP basis)			\$ 71,839	

STATE OF NEW MEXICO
RATON PUBLIC SCHOOL DISTRICT NO. 11

INSTRUCTIONAL MATERIALS FUND - NO. 14000
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues:				
Intergovernmental - state grants	\$ 26,554	\$ 28,358	\$ 28,358	\$ -
Miscellaneous	<u>-</u>	<u>-</u>	<u>495</u>	<u>495</u>
Total revenues	26,554	28,358	28,853	495
Expenditures:				
Current:				
Instruction	<u>26,554</u>	<u>49,144</u>	<u>25,690</u>	<u>23,454</u>
<i>Excess (deficiency) of revenues over expenditures</i>	-	(20,786)	3,163	23,949
<i>Beginning cash balance budgeted</i>	-	20,786	-	(20,786)
Fund balance at beginning of the year	<u>-</u>	<u>-</u>	<u>20,786</u>	<u>20,786</u>
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	<u>23,949</u>	<u>\$ 23,949</u>
RECONCILIATION TO GAAP BASIS:				
Change in payables			<u>-</u>	
Fund balance at end of the year (GAAP basis)			<u>\$ 23,949</u>	

OTHER SUPPLEMENTAL INFORMATION
(NONMAJOR GOVERNMENTAL FUNDS)

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

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Nonmajor Special Revenue Funds

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

<p>Athletics (Fund No. 22000) This fund provides financing for school athletic activities. Funding is provided by fees from patrons.</p>	<p>Minimum Balance: None</p>
<p>NM Autism (Fund No. 24108) Program is to provide grants to states that flow-through to schools, to assist them in providing a free appropriate public education to all children with disabilities. The program is funded by the United States government, under the Individuals with Disabilities Education Act, Part B, Section 611-617, and part D, Section 674 as amended, 20 U.S.C. 1711-1417 and 1420.</p>	<p>Minimum Balance: None</p>
<p>Preschool IDEA-B (Fund No. 24109) The Preschool program is for the purpose of enhancing Special Education for handicapped children from ages 3 to 5. The program is funded by the United States government, under the Individuals With Disabilities Act, Part B, Section 619, as amended, Public Laws 94-142, 99-457, 100-630, 101-497, and 101-476.</p>	<p>Minimum Balance: None</p>
<p>Fresh Fruits and Vegetables (Fund No. 24118) To assist States, through cash grants, in providing free fresh fruits and vegetables to school children in designated participating schools beginning in school year 2004/2006. Authorization granted under National School Lunch Act, as amended, 42 U.S.C. 1769.</p>	<p>Minimum Balance: None</p>
<p>IDEA-B Student Success (Fund No. 24132) The purpose of this grant award is to support activities included in the school's Educational Plan for Student Success, or areas in need of improvement, identified through the instructional audit. The program is funded by the United States government, under the Individuals with Disabilities Act, Public Law 108-446 Part B.</p>	<p>Minimum Balance: None</p>
<p>Title III English Language (Fund No. 24153) To ensure that limited English proficient children (LEP) and youth, including immigrant children and youth, attain English proficiency and meet the same standards as all children and youth are expected to meet; to provide assistance to Native American, Native Hawaiian, Native American Pacific Islander, and Alaskan native children with certain modifications relative to the unique status of native American language under Federal Law; to develop to the extent possible, the native language skills of such children. The fund is authorized through the Elementary and Secondary Education Act (ESEA), as amended, Title III, Part A, Sections 3101,3129.</p>	<p>Minimum Balance: None</p>
<p>Title II Teacher Quality (Fund No. 24154) To provide grants to State Education Agencies (SEAs) on a formula basis to increase student academic achievement through strategies such as improving teacher and principal quality and increasing the number of highly qualified teachers in the classroom and highly qualified principals and assistant principals in schools and hold local educational agencies and schools accountable for improvements in the academic achievement. Authorization is granted through the Elementary and Secondary Education Act of 1965, as amended, Title II, Part A, Public Law 107-110.</p>	<p>Minimum Balance: None</p>
<p>Rural & Low-Income Schools (Fund No. 24160) To provide financial assistance to rural districts to carry out activities to help improve the quality of teaching and learning in their schools. Elementary and Secondary Education Act, Title VI, Part B.</p>	<p>Minimum Balance: None</p>
<p>Title XIX Medicaid (Fund No. 25153) To provide financial assistance from the Federal government which flows-through the State of New Mexico to school districts, for payments of medical assistance on behalf of cash assistance recipients, children, pregnant women and the aged who meet income and resource requirements, and other categorically-eligible groups. The program is funded by the U.S. government under the Social Security Act, Title XIX, as amended; Public Laws 92-223, 92-602, 93-66, 93-233, 96-499, 97-35, 97-2248, 98-369, 99-272, 99-509, 100-93, 100-202, 100-203, 100-360, 100-436, 100-485, 100-647, 101-166, 101-234, 101-239, 101-508, 101-517, 102-234, 102-170, 102-394, 103-66, 103-14, 103-333, 104-91, 104-191, 104-193, 104-208, and 104-134; Balanced Budget Act of 1997, Public Law 105-33.</p>	<p>Minimum Balance: None</p>
<p>Dual Credit Instructional Materials (Fund No. 27103) To be used for courses approved by Higher Education Department (HED) and through a college/university for which the district has an approved agreement.</p>	<p>Minimum Balance: None</p>



Nonmajor Special Revenue Funds (cont'd)

Library Go Bonds 2012 (Fund No. 27107)	Minimum Balance: None
Funds to be used for library books and library resources for public school libraries statewide. Library resources include computers, software, projectors, televisions, other related hardware and software, shelving, desks, chairs, and book trucks/carts. Senate Bill 66, Laws of 2012, 2nd Session, Chapter 54, Section 10.B.(3).	
Reads To Lead (Fund No. 27114)	Minimum Balance: None
Provides an aligned approach for districts and schools to ensure that children can read by the end of third grade—giving them essential skills for future career and college success. It also provides regional and district reading coaches, supports for intervention, and professional development for parents, teachers, reading coaches, and administrators.	
Recruitment Support (Fund No. 27128)	Minimum Balance: None
To provide support to implement a recruitment, training, and support program to ensure effective, culturally competent, and qualified teachers are placed in New Mexico public schools that have high American Indian student enrollment.	
Breakfast For Elementary Students (Fund No. 27155)	Minimum Balance: None
To provide elementary students with the nutrition necessary to facilitate learning.	
NM Grown (Fund No. 27183)	Minimum Balance: None
Funds under this award are to be used to purchase locally grown New Mexico fresh fruits and vegetables, to be made available at no charge to students. Funds have been received as appropriation through the General Appropriations Act to distribute to school districts and charter schools.	
NM Highways (Roads) (Fund No. 28120)	Minimum Balance: None
To provide Local Government Road Funds to the Public Entity for the plan design, construction management, construction, reconstruction, pavement rehab, drainage improvements and miscellaneous construction to various parking lots and entity streets. The project is a joint and coordinated effort for which the Department and the Public Entity each have authority or jurisdiction. Pursuant to NMSA 1978, Section 67-3-28 and 67-3-28.2 and the State Transportation Commission Policy No. 44-12.	
Youth Conservation Corp (Fund No. 28133)	Minimum Balance: None
Plan, design, establish, and manage a Youth Conservation Corps Project (the Project) including recruiting, guiding, and coordinating the work of Corps members and providing them with job and life skills training and educational opportunities in accordance with the NMYCC Act	
Sloat-Prince Foundation (Fund No. 29102)	Minimum Balance: None
To provide support for poets in schools.	
City/County Grants (Fund No. 29107)	Minimum Balance: None
To provide support for a health education program within the school and to provide workbooks, materials for educational demonstrations and funds to support a nutrition-focused event for the school.	



Nonmajor Capital Projects Funds

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

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

State SB-9 Match (Fund No. 31700) Minimum Balance: None
To account for funds distributed under the Public School Capital Outlay Improvements Act (22-25-1 to 22-25-10 NMSA 1978) to any school district that has imposed a tax for capital outlays and maintenance. An amount from the public school capital improvements fund that is equal to the amount by which the revenue estimated to be received from the imposed tax as specified in Subsection B of section 22-25-3 NMSA 1978, assuming a one hundred percent collection rate, is less than an amount calculated by multiplying the product obtained by the rate imposed in the District under the Public School Capital Improvements Act. The distribution shall be made by December 1, of each year that the tax is imposed in accordance with Section 22-25-3 NMSA 1978. Provided, however, in the event that sufficient funds are not available in the public school capital improvement funds to make the state distribution provided for in this section, the dollar per program unit figure shall be reduced as necessary.

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

Ed Technology Equipment Act (Fund No. 31900) Minimum Balance: None
This fund is used to account for the revenues and expenditures associated with Education Technology Bonds in the purchasing of equipment used in the educational process.

Nonmajor Debt Service Funds

Debt service funds are used to account for the payment of principal and interest on long-term debt. Debt Service revenues are from taxes and other operating revenues, some of which are pledged specifically to repay certain outstanding bond issues.

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

Education Technology Debt Service (Fund No. 43000) Minimum Balance: None
Used to account for the accumulation of resources for and the payment of, general long-term debt principal, interest, and related costs associated with the Education Technology bond issues.

STATE OF NEW MEXICO
RATON PUBLIC SCHOOL DISTRICT NO. 11

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

	Special Revenue Funds			
	<u>Athletics</u> <u>Fund #22000</u>	<u>NM Autism</u> <u>Fund #24108</u>	<u>Preschool</u> <u>IDEA-B</u> <u>Fund #24109</u>	<u>Fresh Fruits</u> <u>and Vegetables</u> <u>Fund #24118</u>
Assets				
Cash and cash equivalents	\$ 21,151	\$ -	\$ -	\$ -
Receivables:				
Property taxes	-	-	-	-
Grant	-	6,907	1,017	10,812
Due from other governments	-	-	-	-
Due from other funds	-	-	-	-
Total assets	<u>\$ 21,151</u>	<u>\$ 6,907</u>	<u>\$ 1,017</u>	<u>\$ 10,812</u>
 Liabilities, deferred inflows and fund balance				
Liabilities:				
Due to other funds	<u>\$ -</u>	<u>\$ 6,907</u>	<u>\$ 1,017</u>	<u>\$ 10,812</u>
Deferred inflows of resources:				
Advances of federal, state, and local grants	-	-	-	-
Delinquent property taxes	-	-	-	-
Total deferred inflows of resources	-	-	-	-
Fund balance:				
Restricted for:				
Special revenue funds	21,151	-	-	-
Capital projects funds	-	-	-	-
Debt service	-	-	-	-
Total fund balance	<u>21,151</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 21,151</u>	<u>\$ 6,907</u>	<u>\$ 1,017</u>	<u>\$ 10,812</u>

(cont'd; 1 of 7)

STATE OF NEW MEXICO
RATON PUBLIC SCHOOL DISTRICT NO. 11

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

	Special Revenue Funds			
	IDEA-B Student Success Fund #24132	Title III English Language Fund #24153	Title II Teacher Quality Fund #24154	Rural & Low- Income Schools Fund #24160
Assets				
Cash and cash equivalents	\$ -	\$ 385	\$ 1,039	\$ -
Receivables:				
Property taxes	-	-	-	-
Grant	47,984	7,208	670	-
Due from other governments	-	-	-	-
Due from other funds	-	-	-	35,382
Total assets	<u>\$ 47,984</u>	<u>\$ 7,593</u>	<u>\$ 1,709</u>	<u>\$ 35,382</u>
 Liabilities, deferred inflows and fund balance				
Liabilities:				
Due to other funds	<u>\$ 47,984</u>	<u>\$ 7,593</u>	<u>\$ 1,709</u>	<u>\$ -</u>
Deferred inflows of resources:				
Advances of federal, state, and local grants	-	-	-	35,382
Delinquent property taxes	-	-	-	-
Total deferred inflows of resources	-	-	-	<u>35,382</u>
Fund balance:				
Restricted for:				
Special revenue funds	-	-	-	-
Capital projects funds	-	-	-	-
Debt service	-	-	-	-
Total fund balance	-	-	-	-
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 47,984</u>	<u>\$ 7,593</u>	<u>\$ 1,709</u>	<u>\$ 35,382</u>

(cont'd; 2 of 7)

STATE OF NEW MEXICO
RATON PUBLIC SCHOOL DISTRICT NO. 11

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

Special Revenue Funds

	<u>Title XIX Medicaid Fund #25153</u>	<u>Dual Credit Instructional Materials Fund #27103</u>	<u>Libraries GO Bond 2012 Fund #27107</u>	<u>Reads to Lead Fund #27114</u>	<u>Recruitment Support Fund #27128</u>
Assets					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Receivables:					
Property taxes	-	-	-	-	-
Grant	2,170	445	-	41,383	-
Due from other governments	-	-	-	-	-
Due from other funds	-	-	-	-	-
Total assets	<u>\$ 2,170</u>	<u>\$ 445</u>	<u>\$ -</u>	<u>\$ 41,383</u>	<u>\$ -</u>
 Liabilities, deferred inflows and fund balance					
Liabilities:					
Due to other funds	<u>\$ 2,170</u>	<u>\$ 445</u>	<u>\$ -</u>	<u>\$ 41,383</u>	<u>\$ -</u>
Deferred inflows of resources:					
Advances of federal, state, and local grants	-	-	-	-	-
Delinquent property taxes	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-
Fund balance:					
Restricted for:					
Special revenue funds	-	-	-	-	-
Capital projects funds	-	-	-	-	-
Debt service	-	-	-	-	-
Total fund balance	-	-	-	-	-
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 2,170</u>	<u>\$ 445</u>	<u>\$ -</u>	<u>\$ 41,383</u>	<u>\$ -</u>

(cont'd; 3 of 7)

STATE OF NEW MEXICO
RATON PUBLIC SCHOOL DISTRICT NO. 11

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

	Special Revenue Funds			
	Breakfast for Elementary Students <u>Fund #27155</u>	NM Grown <u>Fund #27183</u>	NM Highway Dept (Road) <u>Fund #28120</u>	Youth Conservation Corp <u>Fund #28133</u>
Assets				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Receivables:				
Property taxes	-	-	-	-
Grant	704	983	5,006	2,081
Due from other governments	-	-	-	-
Due from other funds	-	-	-	-
Total assets	<u>\$ 704</u>	<u>\$ 983</u>	<u>\$ 5,006</u>	<u>\$ 2,081</u>
Liabilities, deferred inflows and fund balance				
Liabilities:				
Due to other funds	<u>\$ 704</u>	<u>\$ 983</u>	<u>\$ 5,006</u>	<u>\$ 2,081</u>
Deferred inflows of resources:				
Advances of federal, state, and local grants	-	-	-	-
Delinquent property taxes	-	-	-	-
Total deferred inflows of resources	-	-	-	-
Fund balance:				
Restricted for:				
Special revenue funds	-	-	-	-
Capital projects funds	-	-	-	-
Debt service	-	-	-	-
Total fund balance	-	-	-	-
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 704</u>	<u>\$ 983</u>	<u>\$ 5,006</u>	<u>\$ 2,081</u>

(cont'd; 4 of 7)

STATE OF NEW MEXICO
RATON PUBLIC SCHOOL DISTRICT NO. 11

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

	Special Revenue Funds			Capital Projects Funds	
	Sloat-Prince Foundation Fund #29102	City/County Grants Fund #29107	Total Non-Major Special Revenue Funds	Special Capital Outlay - State Fund #31400	State SB-9 Match Fund #31700
Assets					
Cash and cash equivalents	\$ 114,602	\$ -	\$ 137,177	\$ 13,268	\$ 711
Receivables:					
Property taxes	-	-	-	-	-
Grant	-	-	127,370	-	-
Due from other governments	-	-	-	-	-
Due from other funds	-	332	35,714	-	-
Total assets	\$ 114,602	\$ 332	\$ 300,261	\$ 13,268	\$ 711
 Liabilities, deferred inflows and fund balance					
Liabilities:					
Due to other funds	\$ -	\$ -	\$ 128,794	\$ -	\$ -
Deferred inflows of resources:					
Advances of federal, state, and local grants	-	-	35,382	-	-
Delinquent property taxes	-	-	-	-	-
Total deferred inflows of resources	-	-	35,382	-	-
Fund balance:					
Restricted for:					
Special revenue funds	114,602	332	136,085	-	-
Capital projects funds	-	-	-	13,268	711
Debt service	-	-	-	-	-
Total fund balance	114,602	332	136,085	13,268	711
Total liabilities, deferred inflows of resources, and fund balance	\$ 114,602	\$ 332	\$ 300,261	\$ 13,268	\$ 711

(cont'd; 5 of 7)

STATE OF NEW MEXICO
RATON PUBLIC SCHOOL DISTRICT NO. 11

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

	Capital Projects Funds			Debt Service Funds	
	Capital Improvements SB-9 Fund #31701	Ed Technology Equipment Act Fund #31900	Total Non-Major Capital Projects Funds	Debt Service Fund #41000	Ed Tech Debt Service Fund #43000
Assets					
Cash and cash equivalents	\$ 160,855	\$ 4,003	\$ 178,837	\$ 39,759	\$ 15,937
Receivables:					
Property taxes	62,699	-	62,699	61,079	26,657
Grant	-	-	-	-	-
Due from other governments	4,856	-	4,856	4,679	2,810
Due from other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 228,410</u>	<u>\$ 4,003</u>	<u>\$ 246,392</u>	<u>\$ 105,517</u>	<u>\$ 45,404</u>
 Liabilities, deferred inflows and fund balance					
Liabilities:					
Due to other funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Deferred inflows of resources:					
Advances of federal, state, and local grants	-	-	-	-	-
Delinquent property taxes	<u>57,148</u>	<u>-</u>	<u>57,148</u>	<u>55,695</u>	<u>23,473</u>
Total deferred inflows of resources	<u>57,148</u>	<u>-</u>	<u>57,148</u>	<u>55,695</u>	<u>23,473</u>
Fund balance:					
Restricted for:					
Special revenue funds	-	-	-	-	-
Capital projects funds	171,262	4,003	189,244	-	-
Debt service	<u>-</u>	<u>-</u>	<u>-</u>	<u>49,822</u>	<u>21,931</u>
Total fund balance	<u>171,262</u>	<u>4,003</u>	<u>189,244</u>	<u>49,822</u>	<u>21,931</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 228,410</u>	<u>\$ 4,003</u>	<u>\$ 246,392</u>	<u>\$ 105,517</u>	<u>\$ 45,404</u>

(cont'd; 6 of 7)

STATE OF NEW MEXICO
RATON PUBLIC SCHOOL DISTRICT NO. 11

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

	Total Non-Major Debt Service Fund	Total Nonmajor Governmental Funds
Assets		
Cash and cash equivalents	\$ 55,696	\$ 371,710
Receivables:		
Property taxes	87,736	150,435
Grant	-	127,370
Due from other governments	7,489	12,345
Due from other funds	<u>-</u>	<u>35,714</u>
Total assets	<u>\$ 150,921</u>	<u>\$ 697,574</u>
Liabilities, deferred inflows and fund balance		
Liabilities:		
Due to other funds	<u>\$ -</u>	<u>\$ 128,794</u>
Deferred inflows of resources:		
Advances of federal, state, and local grants	-	35,382
Delinquent property taxes	<u>79,168</u>	<u>136,316</u>
Total deferred inflows of resources	<u>79,168</u>	<u>171,698</u>
Fund balance:		
Restricted for:		
Special revenue funds	-	136,085
Capital projects funds	-	189,244
Debt service	<u>71,753</u>	<u>71,753</u>
Total fund balance	<u>71,753</u>	<u>397,082</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 150,921</u>	<u>\$ 697,574</u>

(7 of 7)

STATE OF NEW MEXICO
RATON PUBLIC SCHOOL DISTRICT NO. 11

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

Special Revenue Funds

	Athletics Fund #22000	NM Autism Fund #24108	Preschool IDEA-B Fund #24109	Fresh Fruits and Vegetables Fund #24118	IDEA-B Student Success Fund #24132
Revenues:					
Taxes:					
Property	\$ -	\$ -	\$ -	\$ -	\$ -
Oil and gas	-	-	-	-	-
Intergovernmental - federal grants	-	7,175	24,562	35,053	68,038
Intergovernmental - state grants	-	-	-	-	-
Contributions - private grants	-	-	-	-	-
Charges for services	27,796	-	-	-	-
Investment and interest income	386	-	-	-	-
Miscellaneous	-	-	-	-	-
Total revenues	<u>28,182</u>	<u>7,175</u>	<u>24,562</u>	<u>35,053</u>	<u>68,038</u>
Expenditures:					
Current:					
Instruction	22,608	7,175	24,562	-	68,038
Support services:					
Students	-	-	-	-	-
General Administration	-	-	-	-	-
School Administration	-	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-	-
Food services operations	-	-	-	35,053	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal retirement	-	-	-	-	-
Bond interest paid	-	-	-	-	-
Total expenditures	<u>22,608</u>	<u>7,175</u>	<u>24,562</u>	<u>35,053</u>	<u>68,038</u>
<i>Excess (deficiency) of revenues over expenditures</i>	5,574	-	-	-	-
Fund balance at beginning of the year	<u>15,577</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of the year	<u>\$ 21,151</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(cont'd; 1 of 6)

STATE OF NEW MEXICO
RATON PUBLIC SCHOOL DISTRICT NO. 11

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

	Special Revenue Funds				
	Title III English Language Fund #24153	Title II Teacher Quality Fund #24154	Rural & Low- Income Schools Fund #24160	Title XIX Medicaid Fund #25153	Dual Credit Instructional Materials Fund #27103
Revenues:					
Taxes:					
Property	\$ -	\$ -	\$ -	\$ -	\$ -
Oil and gas	-	-	-	-	-
Intergovernmental - federal grants	7,594	42,336	11,725	54,873	-
Intergovernmental - state grants	-	-	-	-	1,608
Contributions - private grants	-	-	-	-	-
Charges for services	-	-	-	-	-
Investment and interest income	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total revenues	<u>7,594</u>	<u>42,336</u>	<u>11,725</u>	<u>54,873</u>	<u>1,608</u>
Expenditures:					
Current:					
Instruction	7,594	42,336	11,725	-	1,608
Support services:					
Students	-	-	-	28,503	-
General Administration	-	-	-	-	-
School Administration	-	-	-	26,370	-
Operation & Maintenance of Plant	-	-	-	-	-
Food services operations	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal retirement	-	-	-	-	-
Bond interest paid	-	-	-	-	-
Total expenditures	<u>7,594</u>	<u>42,336</u>	<u>11,725</u>	<u>54,873</u>	<u>1,608</u>
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	-	-	-
Fund balance at beginning of the year	-	-	-	-	-
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(cont'd; 2 of 6)

STATE OF NEW MEXICO
RATON PUBLIC SCHOOL DISTRICT NO. 11

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

	Special Revenue Funds				
	Libraries GO		Recruitment	Breakfast for	
	Bond 2012 <u>Fund #27107</u>	Reads to Lead <u>Fund #27114</u>	Support <u>Fund #27128</u>	Elementary Students <u>Fund #27155</u>	NM Grown <u>Fund #27183</u>
Revenues:					
Taxes:					
Property	\$ -	\$ -	\$ -	\$ -	\$ -
Oil and gas	-	-	-	-	-
Intergovernmental - federal grants	-	-	-	-	-
Intergovernmental - state grants	-	260,206	-	9,794	-
Contributions - private grants	-	-	-	-	-
Charges for services	-	-	-	-	-
Investment and interest income	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total revenues	-	260,206	-	9,794	-
Expenditures:					
Current:					
Instruction	-	260,206	-	-	-
Support services:					
Students	-	-	-	-	-
General Administration	-	-	-	-	-
School Administration	-	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-	-
Food services operations	-	-	-	9,794	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal retirement	-	-	-	-	-
Bond interest paid	-	-	-	-	-
Total expenditures	-	260,206	-	9,794	-
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	-	-	-
Fund balance at beginning of the year	-	-	-	-	-
Fund balance at end of the year	\$ -	\$ -	\$ -	\$ -	\$ -

(cont'd; 3 of 6)

STATE OF NEW MEXICO
RATON PUBLIC SCHOOL DISTRICT NO. 11

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

	Special Revenue Funds				Total Nonmajor Special Revenue Funds
	NM Highway Dept (Road) Fund #28120	Youth Conservation Corp Fund #28133	Sloat-Prince Foundation Fund #29102	City/County Grants Fund #29107	
Revenues:					
Taxes:					
Property	\$ -	\$ -	\$ -	\$ -	\$ -
Oil and gas	-	-	-	-	-
Intergovernmental - federal grants	-	-	-	-	251,356
Intergovernmental - state grants	-	-	-	-	271,608
Contributions - private grants	-	-	12,343	30,106	42,449
Charges for services	-	-	-	-	27,796
Investment and interest income	-	-	-	-	386
Miscellaneous	-	-	-	175	175
Total revenues	-	-	12,343	30,281	593,770
Expenditures:					
Current:					
Instruction	-	-	8,854	-	454,706
Support services:					
Students	-	-	-	29,949	58,452
General Administration	-	-	-	-	-
School Administration	-	-	-	-	26,370
Operation & Maintenance of Plant	-	-	-	-	-
Food services operations	-	-	-	-	44,847
Capital outlay	-	-	-	-	-
Debt service:					
Principal retirement	-	-	-	-	-
Bond interest paid	-	-	-	-	-
Total expenditures	-	-	8,854	29,949	584,375
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	3,489	332	9,395
Fund balance at beginning of the year	-	-	111,113	-	126,690
Fund balance at end of the year	\$ -	\$ -	\$ 114,602	\$ 332	\$ 136,085

(cont'd; 4 of 6)

STATE OF NEW MEXICO
RATON PUBLIC SCHOOL DISTRICT NO. 11

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

	Capital Projects Funds				Total Nonmajor Capital Projects Funds
	Special Capital Outlay - State Fund #31400	State SB-9 Match Fund #31700	Capital Improvements SB-9 Fund #31701	Ed Technology Equipment Act Fund #31900	
Revenues:					
Taxes:					
Property	\$ -	\$ -	\$ 301,522	\$ -	\$ 301,522
Oil and gas	-	-	5,697	-	5,697
Intergovernmental - federal grants	-	-	-	-	-
Intergovernmental - state grants	-	-	-	-	-
Contributions - private grants	-	-	-	-	-
Charges for services	-	-	-	-	-
Investment and interest income	-	-	1,680	787	2,467
Miscellaneous	-	-	8,822	-	8,822
Total revenues	-	-	317,721	787	318,508
Expenditures:					
Current:					
Instruction	-	-	-	-	-
Support services:					
Students	-	-	-	-	-
General Administration	-	-	3,120	-	3,120
School Administration	-	-	-	-	-
Operation & Maintenance of Plant	-	-	186,723	88,948	275,671
Food services operations	-	-	-	-	-
Capital outlay	-	-	62,684	-	62,684
Debt service:					
Principal retirement	-	-	-	-	-
Bond interest paid	-	-	-	-	-
Total expenditures	-	-	252,527	88,948	341,475
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	65,194	(88,161)	(22,967)
Fund balance at beginning of the year	13,268	711	106,068	92,164	212,211
Fund balance at end of the year	\$ 13,268	\$ 711	\$ 171,262	\$ 4,003	\$ 189,244

(cont'd; 5 of 6)

STATE OF NEW MEXICO
RATON PUBLIC SCHOOL DISTRICT NO. 11

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

	Debt Service Funds			Total
	Debt Service	Ed Tech	Total Nonmajor	Nonmajor
	<u>Fund #41000</u>	<u>Fund #43000</u>	<u>Debt Service</u>	<u>Governmental</u>
			<u>Funds</u>	<u>Funds</u>
Revenues:				
Taxes:				
Property	\$ 293,369	\$ 175,626	\$ 468,995	\$ 770,517
Oil and gas	5,590	3,397	8,987	14,684
Intergovernmental - federal grants	-	-	-	251,356
Intergovernmental - state grants	-	-	-	271,608
Contributions - private grants	-	-	-	42,449
Charges for services	-	-	-	27,796
Investment and interest income	-	-	-	2,853
Miscellaneous	-	-	-	8,997
Total revenues	<u>298,959</u>	<u>179,023</u>	<u>477,982</u>	<u>1,390,260</u>
Expenditures:				
Current:				
Instruction	-	-	-	454,706
Support services:				
Students	-	-	-	58,452
General Administration	3,040	1,810	4,850	7,970
School Administration	-	-	-	26,370
Operation & Maintenance of Plant	-	-	-	275,671
Food services operations	-	-	-	44,847
Capital outlay	-	-	-	62,684
Debt service:				
Principal retirement	250,000	159,000	409,000	409,000
Bond interest paid	41,388	5,892	47,280	47,280
Total expenditures	<u>294,428</u>	<u>166,702</u>	<u>461,130</u>	<u>1,386,980</u>
<i>Excess (deficiency) of revenues over expenditures</i>	4,531	12,321	16,852	3,280
Fund balance at beginning of the year	<u>45,291</u>	<u>9,610</u>	<u>54,901</u>	<u>393,802</u>
Fund balance at end of the year	<u>\$ 49,822</u>	<u>\$ 21,931</u>	<u>\$ 71,753</u>	<u>\$ 397,082</u>

(6 of 6)

OTHER SUPPLEMENTAL INFORMATION

(STATE REQUIRED DISCLOSURES)

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

STATE OF NEW MEXICO
RATON PUBLIC SCHOOL DISTRICT NO. 11

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

<u>ASSETS</u>	Balance <u>June 30, 2017</u>	<u>Receipts</u>	<u>Disbursements</u>	Balance <u>June 30, 2018</u>
Cash and cash equivalents:				
Central Office	\$ 8,927	\$ 19,717	\$ 15,152	\$ 13,492
Raton High School	130,094	203,399	196,369	137,124
Raton Middle School	4,995	8,303	5,795	7,503
Raton Intermeditae School	2,853	1,996	949	3,900
Longfellow Elementary	4,726	6,804	6,802	4,728
	<u>\$ 151,595</u>	<u>\$ 240,219</u>	<u>\$ 225,067</u>	<u>\$ 166,747</u>
 <u>LIABILITIES</u>				
Deposits held for others	<u>\$ 151,595</u>	<u>\$ 240,219</u>	<u>\$ 225,067</u>	<u>\$ 166,747</u>

STATE OF NEW MEXICO
RATON PUBLIC SCHOOL DISTRICT NO. 11

SCHEDULE OF PLEDGED COLLATERAL
June 30, 2018

	<u>International Bank</u>	<u>First National Bank of New Mexico</u>	<u>New Mexico Finance Authority</u>
Cash on deposit at June 30, 2018:			
Checking and savings	\$ 2,171,078	\$ 185,903	\$ 4,010
Less: FDIC coverage	(250,000)	(185,903)	-
Uninsured funds	<u>\$ 1,921,078</u>	<u>\$ -</u>	<u>\$ 4,010</u>
 Amount requiring pledged collateral:			
50% collateral requirement	\$ 960,539	\$ -	\$ 2,005
Pledged collateral	<u>1,274,746</u>	<u>-</u>	<u>4,010</u>
Excess (deficiency) of pledged collateral	<u>\$ 314,207</u>	<u>\$ -</u>	<u>\$ 2,005</u>

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

<u>International Bank:</u>	<u>Maturity</u>	<u>CUSIP #</u>	<u>Market Value</u>
FHLM	1/15/2045	3137F5SM2	<u>\$ 1,274,746</u>

The above securities are held at Bank of the West, Denver CO.

STATE OF NEW MEXICO
RATON PUBLIC SCHOOL DISTRICT NO. 11

CASH RECONCILIATION
Year Ended June 30, 2018

	<u>Beginning Cash</u>	<u>Receipts</u>	<u>Distributions</u>	<u>Other</u>	<u>Net Cash End of Period</u>	<u>Adjustments to the report</u>	<u>Total Cash on Report</u>
Operations	\$ 219,192	\$ 7,471,279	\$ 6,964,237	\$ (242,755)	\$ 483,479	\$ -	\$ 483,479
Transportation	5,590	395,826	329,275	-	72,141	-	72,141
Instructional Materials	20,786	28,853	25,690	-	23,949	-	23,949
Food Services	344,040	508,235	436,188	-	416,087	-	416,087
Athletics	15,577	28,182	22,608	-	21,151	-	21,151
Federal Flowthrough Funds	1,424	507,075	797,913	290,854	1,440	-	1,440
Federal Direct Funds	-	52,713	54,873	2,160	-	-	-
State Flowthrough Funds	-	268,610	271,607	2,997	-	-	-
Local/State	111,113	43,593	38,804	(1,300)	114,602	-	114,602
Special Capital Outlay - State	13,268	-	-	-	13,268	-	13,268
State SB-9 Match	-	50,758	-	(50,047)	711	-	711
Capital Improvements SB-9	84,936	328,447	252,528	-	160,855	-	160,855
Ed Technology Equipment A	92,164	787	88,948	-	4,003	-	4,003
Debt Service	24,400	309,786	294,427	-	39,759	-	39,759
Ed Tech Debt Service	-	184,548	166,702	(1,909)	15,937	-	15,937
Agency Funds	-	-	-	-	-	166,747	166,747
Total	\$ 932,490	\$ 10,178,692	\$ 9,743,800	\$ -	\$ 1,367,382	\$ 166,747	\$ 1,534,129

<u>Account Name</u>	<u>Bank Name</u>	<u>Account Type</u>	<u>Bank Amount</u>		
Operational	Wells Fargo	Checking - Interest	\$ 85,000	Adjustments to report:	
Operational	Wells Fargo	Checking - Interest	1,419,056	Agency funds	\$ 166,747
Debit	Wells Fargo	Checking - Non-Interest	-	Interfund loans - pooled cash ⁽¹⁾	-
Ed Tech	NMFA	Escrow	7	Interfund loans - pooled cash ⁽¹⁾	-
Ed Tech	NMFA	Escrow	4,003	Clearing account	-
Activities	First National of NM	Checking - Interest	185,903	Total adjustment to the report	<u>\$ 166,747</u>
Clearing	Wells Fargo	Checking - Interest	667,022		
			<u>\$ 2,360,991</u>	Adjustments to cash:	
				Bank Balance	\$ 2,360,991
				Cash on hand	-
				Outstanding deposits	509
				Outstanding checks	(827,371)
				Errors	-
				Total adjusted cash	<u>\$ 1,534,129</u>

COMPLIANCE SECTION

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

§

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

§

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

§

Summary Schedule of Prior Year Audit Findings

§

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

§

Required Disclosure

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

INDEPENDENT AUDITORS' REPORT

Wayne Johnson, State Auditor,
The Board of Education and Audit Committee of
Raton Public Schools

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, the aggregate remaining fund information, the budgetary comparisons of the general fund and major special revenue funds, of the Raton Public Schools as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Raton Public Schools' basic financial statements, and the combining and individual funds and related budgetary comparisons of Raton Public Schools, presented as supplemental information, and have issued our report thereon dated October 23, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit, of the financial statements, we considered Raton Public Schools' 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 Raton Public Schools' internal control. Accordingly, we do not express an opinion on the effectiveness of Raton Public Schools' internal control.

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

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

Compliance and other matters

As part of obtaining reasonable assurance about whether Raton Public Schools' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. We also noted certain other matters that are required to be reported pursuant to *Government Auditing Standards* and pursuant to Section 12-6-5, NMSA 1978, which are described in the accompanying schedule of findings and questioned costs as finding 2018-001.

Wayne Johnson, State Auditor,
The Board of Education and Audit Committee of
Raton Public Schools

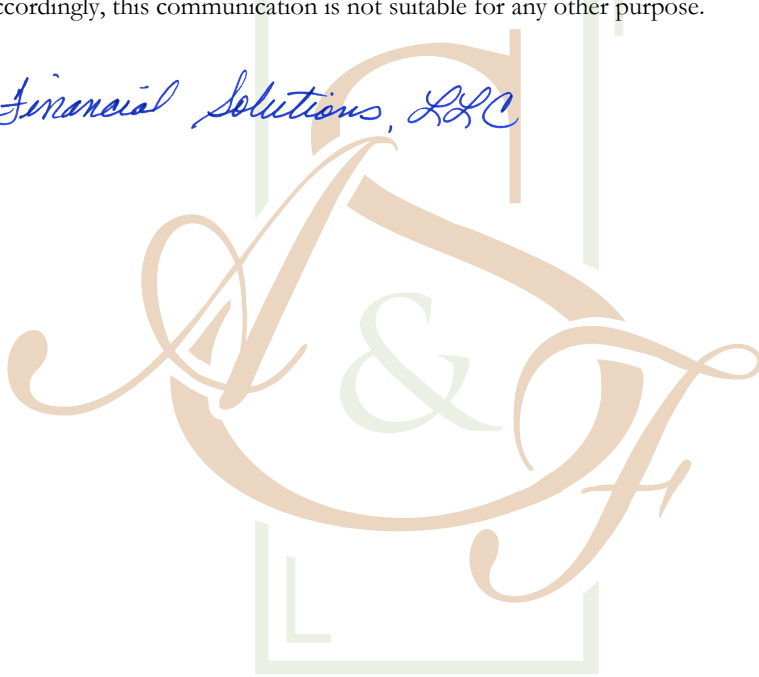
Raton Public Schools' Response to Findings

Raton Public Schools' responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. Raton Public Schools' responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

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

Accounting & Financial Solutions, LLC
Farmington, New Mexico
October 23, 2018



REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL
OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
REQUIRED BY UNIFORM GUIDANCE

INDEPENDENT AUDITOR'S REPORT

Wayne Johnson, State Auditor,
The Board of Education and Audit Committee of
Raton Public Schools

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

Wayne Johnson, State Auditor,
The Board of Education and Audit Committee of
Raton Public Schools

Report on Internal Control Over Compliance

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

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

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

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

Accounting & Financial Solutions, LLC
Farmington, New Mexico
October 23, 2018

SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS

STATE OF NEW MEXICO
RATON PUBLIC SCHOOL DISTRICT NO. 11
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 Year Ended June 30, 2018

<u>Federal Grantor/Pass - Through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Passed To Subrecipients</u>	<u>Cluster Programs</u>	<u>Federal Expenditures</u>
U.S. Department of Agriculture:					
Direct Program:					
Forest Reserve	10.665	11000	\$ -		\$ 19,267
Pass-Through Program From:					
New Mexico Department of Education:					
<u>Child Nutrition Cluster:</u>					
USDA National School Lunch Program	10.555	21000	-	\$ 284,214	
USDA School Breakfast Program	10.553	21000	-	151,543	
Total Child Nutrition Cluster					435,757
Fresh Fruits and Vegetables	10.582	24118	-		35,053
Pass-Through Program From:					
New Mexico Human Service Department:					
USDA Commodities Program	10.565	21000	-		38,895
<i>Subtotal Pass-Through Programs</i>					509,705
<i>Total U.S. Department of Agriculture</i>					528,972
 U.S. Department of Education:					
Direct Programs:					
Impact Aid Indian Education	84.041	11000	-		13,552
Pass-Through Programs From:					
New Mexico Department of Education:					
<u>Special Education (IDEA) Cluster:</u>					
Entitlement IDEA-B	84.027	24106	-	\$ 272,405	
NM Autism	84.027A	24108	-	7,175	
Preschool IDEA-B	84.173A	24109	-	24,562	
IDEA-B "Risk Pool"	84.027	24120	-	79,750	
IDEA-B Student Success	84.027A	24132	-	68,038	
Total Special Education (IDEA) Cluster					451,930
Title I	84.010	24101	-		249,276
Title III English Language	84.365	24153	-		7,594
Title II Teacher Quality	84.367	24154	-		42,336
Rural & Low-Income Schools	84.358	24160	-		11,725
<i>Subtotal Pass-Through Programs</i>					762,861
<i>Total U.S. Department of Education</i>					776,413
 U.S. Department of Health and Human Services:					
Pass-Through Program From:					
New Mexico Department of Health:					
Title XIX Medicaid	93.778	25153	-		54,873
Total Expenditures of Federal Awards			\$ -		\$ 1,360,258

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



1. Scope of audit pursuant to OMB Uniform Grant Guidance

All federal grant operations of Raton Public School District No. 11 (the “District”) are included in the scope of the Office of Management and Budget (“OMB”) Uniform Grant Guidance audit (the “Single Audit”). The Single Audit was performed in accordance with the provisions of the OMB Circular Compliance Supplement (Revised May 2018 the “Compliance Supplement”). Compliance testing of all requirements are described in the Compliance Supplement, was performed for the grants programs noted below. These programs represent all federal award programs and other grants with fiscal year 2018 cash and non-cash expenditures to ensure coverage of at least 20% (LOW risk auditee) of federally granted funds. Actual coverage is approximately 32% of total cash and non-cash federal award program expenditures. Total cash expenditures were in the amount of \$1,321,363 and all non-cash expenditures amounted to \$38,895.

<u>MAJOR FEDERAL AWARD PROGRAM DESCRIPTION</u>	<u>EXPENDITURE</u>
Cash Assistance:	
Child Nutrition (USDA) Cluster	<u>\$ 435,757</u>

The District did not have any federal programs considered Type A programs for the year ended June 30, 2018.

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

2. Summary of significant accounting policies

Basis of presentation

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) includes the federal grant activity of the District under programs of the federal government for the year ended June 30, 2018. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Uniform Grant Guidance. Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position and changes in net position of the District. All federal programs considered active during the year ended June 30, 2018, are reflected on the Schedule. An active federal program is defined as a federal program for which there were receipts or disbursements of funds or accrued (deferred) grant revenue adjustments during the fiscal year or a federal program considered as not completed or closed out at the beginning of the fiscal year. The Schedule is prepared using the accrual basis of accounting. Grant revenues are recorded for financial reporting purposes when the District has met the qualifications for the respective grant. Grant revenues for the Food Donation Program are based upon commodities received, at amounts per standard price listing, published quarterly by the United States Department of Agriculture (the “USDA”). In addition, there is no federal insurance in effect during the year and loan or loan guarantee outstanding at year end.

Accrued and deferred reimbursements

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

3. Reconciliation of Federal Awards to Expenditure of Federal Awards

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

	<u>AMOUNT</u>
Federal Sources	\$ 1,421,964
Indirect costs from federal programs	-
Unexpended federal sources from current year	(191,889)
Prior year federal sources expended	130,183
Total Expenditures of Federal Awards	<u>\$ 1,360,258</u>



4. Unexpended Federal Awards

There were federal awards received during the year ended June 30, 2018 that were not expended during the year. These awards will be reported in subsequent years when they have been expended. Those amounts are as follows:

	CFDA #	FUND #	PY FEDERAL SOURCES	UNEXPENDED AWARDS		
			CARRYOVER EXPENDED DURING 2018	CARRYOVER FROM PY	2018 AWARDS	TOTAL
Child Nutrition Cluster	10.553 & 10.555	21000	\$ 129,798	-	\$ 191,505	\$ 191,505
Title III English Language	84.365	24153	-	385	-	385
			<u>\$ 129,798</u>	<u>\$ 385</u>	<u>\$ 191,505</u>	<u>\$ 191,890</u>



I. SUMMARY OF AUDIT RESULTS

	<u>Yes</u>	<u>No</u>	<u>Occurrences</u>
FINANCIAL STATEMENTS:			
Type of auditor's report issued: <u>Unmodified</u>			
Internal control over financial reporting:			
Material weakness(es) identified?	—	<u>✓</u>	—
Significant deficiency(ies) identified?	—	<u>✓</u>	—
Noncompliance material to financial statements noted?	—	<u>✓</u>	—
FEDERAL AWARDS:			
Internal control over major programs:			
Material weakness(es) identified?	—	<u>✓</u>	—
Significant deficiency(ies) identified?	—	<u>✓</u>	—
Type of auditor's report issued on compliance with major programs: <u>Unmodified</u>			
Any audit findings disclosed that are required to be reported in accordance with Section 200.516 of the Uniform Guidance?	—	<u>✓</u>	—
The programs treated as major programs include:			
<u>Name of Federal Program or Cluster</u>			<u>CFDA Number</u>
Child Nutrition (USDA) Cluster			10.553 & 10.555
The threshold for distinguishing types A and B programs: <u>\$750,000</u>			
Auditee qualified as low-risk auditee?	<u>✓</u>	—	



II. FINDINGS RELATED TO FINANCIAL STATEMENTS

2018 – 001 CASH MANAGEMENT AND RESTRICTED FUNDS (Original No. 2017-003)
 (Repeat of prior year finding; update and revised)
Other Matter – Does not rise to the level of significant deficiency

Condition: The District used a cash balance from a restricted fund in order to cover a deficit cash balance of another in the amount of \$35,382.

During cash test work, we noted 3 checks that were written over a year before June 30, 2018 with a total of \$423 listed as outstanding checks on the June 30, 2018 bank reconciliation

Status from prior year: The current issue is an improvement from the previous year which had 16 outstanding checks over a year old. s on the June 30, 2018 bank reconciliation

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.”

NMAC 6.20.2.14 states “vouchers shall be numbered in such a manner as to provide a cross-reference between the voucher, the check, and the check register. All blank checks shall be properly safeguarded and an inventory of unused checks shall be taken periodically. Completed vouchers and supporting documentation is to be placed in numerical sequence, by the month in which they were paid, and filed for future reference and annual audit. (1) Each warrant or check issued shall have printed on its face the words, ‘void after one year from date’. Whenever any warrant or check is unpaid for one year, the fiscal officer shall cancel it in accordance with Section 6-10-57(A), NMSA 1978. (2) The fiscal officer shall keep a register of all canceled warrants/checks. The register shall show the number, date and amount, name of payee, fund out of which it was payable, and date of cancellation. The face amount shall revert and be credited to the fund against which the warrant/check was drawn.”

Effect of Condition: Management is out of compliance with the restrictions of the cash usage within the special revenue funds. The District is not following the state law and is not following good accounting practices related to cash reporting.

Cause: Management inadvertently used a special revenue fund to covered deficit cash balances in other funds instead of using the Operational Fund cash balance. Management has not monitored outstanding checks during monthly reconciliation of the bank statements the reconciliation is not being reviewed by person separate from the transaction and reconciliation processes.

Recommendation: The District needs to ensure that all staff members are trained and knowledgeable in the allowable uses of resources within the special revenue funds. We also recommend that the District adjust the internal control policies to ensure that bank reconciliations are completed, reviewed, and approved on a timely basis and thoroughly enough to ensure accurate reporting.

Management’s response: The District had to borrow money from the Operational Fund to Debt Service and Ed Tech Debt Service since Colfax County Treasurer hadn't collected enough in taxes and we didn't have enough in reserves. We will make sure not to loan from a special revenue fund to another special revenue fund. Stale dated checks will be reviewed monthly.

Responsible party(ies) for corrective action(s): Business Manger

Corrective action(s) timeline: The loans were paid back to Operational Fund by June 30, 2018. Stale dated outstanding checks will be researched and completed by December 31, 2018.



III. AUDIT FINDINGS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

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

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

YEAR ENDED JUNE 30, 2018

I. NOT RESOLVED

2017 – 003 STALE DATED CHECKS

Current Status: Not resolved. Repeated in the current year.

II. RESOLVED

2017 – 001 INTERNAL CONTROL STRUCTURE

Current Status: Resolved. Not repeated in the current year.

2017 – 002 PURCHASES MADE PRIOR TO APPROVAL (Original No. 2016-002)

Current Status: Resolved. Not repeated in the current year.

2017 – 004 RELATED PARTY PROCURMENT NOT ADVERTIZED

Current Status: Resolved. Not repeated in the current year.

2017 – 005 BACKGROUND CHECKS

Current Status: Resolved. Not repeated in the current year.



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

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

RATON PUBLIC SCHOOL DISTRICT NO. 11

Ted Kemp	Member, Board of Education / Audit Committee
Andy Ortiz	Superintendent; Member, Audit Committee
Myra Baird	Business Manager; Member, Audit Committee
Lita Sanchez	Outgoing Business Manager

ACCOUNTING & FINANCIAL SOLUTIONS, LLC

Terry Ogle, CPA	Partner
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