

State of New Mexico
Roswell Independent School District
No. 4

FINANCIAL STATEMENTS

For the Year Ended June 30, 2018



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Introductory Section

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June 30, 2018

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SIDNEY GUTIERREZ CHARTER SCHOOL

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Roswell Independent School District No. 4
Official Roster
June 30, 2018

<u>Name</u>	<u>Board of Education</u>	<u>Title</u>
Mona Kirk		Board President
Ruben Sanchez		Board Vice President
Alan Gedde		Secretary
James Edwards		Board Member
Dr. Kathleen Pittman		Board Member

Administrative Officials

Dr. Ann Lynn McIlroy		Superintendent
Chad Cole		Asst. Superintendent for Finance and Operations
Linda Purcella		Director of Business Services

Sidney Gutierrez Middle School Governing Council

Bill Wolf		President
Shawna Perry		Vice President
Yasine Armstrong		Board Member
Mike Taylor		Board Member
Kelly Smith		Board Member

Sidney Gutierrez Middle School Administrative Officials

Joe Andreis		Principal
Maria Hernandez		Director of Business Services for Sidney Gutierrez

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Report

INDEPENDENT AUDITORS' REPORT

Wayne Johnson
New Mexico State Auditor
The Office of Management and Budget
The Board of Education
Roswell Independent School District No. 4
Roswell, New Mexico

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the general fund and major special revenue funds of Roswell Independent School District No. 4 (the "District"), as of and for the year ended June 30, 2018, and the related notes to the financial statements which collectively comprise the District's basic financial statements. We have also audited the combining financial statements and the budgetary comparisons for the operational, transportation, and instructional materials funds of the discretely presented component unit presented as supplementary information, as defined by the Government Accounting Standards Board, as of and for the year ended June 30, 2018 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.

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

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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Roswell Independent School District No. 4, 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. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the combining financial statements and the budgetary comparisons for the operational, transportation, and instructional materials funds of the discretely presented component unit as of June 30, 2018 and the respective changes in financial position for the year ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis* on pages 13 through 23, the GASB Supplementary Pension Schedules, and the GASB supplementary other post-employment benefits schedules on pages 92 through 102 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 inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, combining financial statements, budgetary comparisons of the operational, transportation, and instructional materials funds, 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* (Uniform Guidance), and the supporting schedules on pages 148 through 159 required by 2.2.2 NMAC are presented for the purposes of additional analysis and are not a required part of the basic financial statements.

The combining financial statements, budgetary comparisons of the operational, transportation, and instructional materials funds, the Schedule of Expenditures of Federal Awards, and the supporting schedules on pages 148 through 159 required by 2.2.2 NMAC are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial

statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining financial statements, budgetary comparisons of the operational, transportation, and instructional materials funds, the Schedule of Expenditures of Federal Awards and Supporting Schedules on pages 148 through 159 required by 2.2.2 NMAC are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2018, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Carr, Riggs & Ingram, L.L.C.

Carr, Riggs & Ingram, LLC
Albuquerque, NM
November 13, 2018

Roswell Independent School District No. 4
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
Unaudited

Introduction

The discussion and analysis of Roswell Independent School District's ("the District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2018. The intent of this discussion and analysis is to look at the District's financial performance as a whole. Furthermore, readers of the discussion and analysis should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

Financial Highlights for the District

Key financial highlights for fiscal year 2018 are as follows:

- + The District has successfully maintained the financial reporting processes as required by the Governmental Accounting Standards Board Statement No. 34.
- + Total assets of governmental activities increased \$4,273,497 or 2.26%.
- + Total liabilities of governmental activities increased \$123,483,370 or 72.04%.
- + The District had \$126,969,769 in expenses related to governmental activities; \$25,032,582 of these expenses were offset by program specific charges for services and sales, grants, and contributions. General revenues, primarily State Equalization Guarantee, property taxes, and grants and entitlements of \$81,238,290 were adequate to provide for these programs.
- + The District's net position decreased by \$20,698,897 in addition to a restatement of \$62,393,810.

Financial Highlights for the Sidney Gutierrez Charter School

Key financial highlights for fiscal year 2018 are as follows:

- + The Charter School has successfully maintained the financial reporting processes as required by the Governmental Accounting Standards Board Statement No. 34.
- + Total assets of governmental activities increased \$70,806 or 16.76%. Total liabilities of governmental activities increased \$1,086,122 or 117.42%.
- + The Charter School had \$915,129 in expenses related to governmental activities; \$40,771 of these expenses were offset by program specific charges for grants, and contributions. General revenues, primarily State Equalization Guarantee, property taxes, oil and gas taxes and investment income of \$694,043 were adequate to provide for these programs. The Charter School's net position decreased by \$180,315 in addition to a restatement of \$498,996.

Roswell Independent School District No. 4

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2018

Unaudited

Using the Basic Financial Statements

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the Roswell Independent School District as a financial whole, or as an entire operating entity.

The statement of net position and statement of activities provide information about the activities of the whole District and the Charter School, presenting both an aggregate view of the District's and Charter School's finances and a longer term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds with all other non-major funds presented in total in a single column. For the District, the General Fund is the most significant fund.

Statement of Net Position and Statement of Activities

While this report contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2018?" The statement of net position and the statement of activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting system used by most private sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash was received or paid.

These two statements report the District's and the Charter School's net position and changes in net position. This change in net position is important because it identifies whether the financial position of the District and the Charter School has improved or diminished for the District as a whole. The cause of this change may be the result of many factors, some financial, some not. Nonfinancial factors include the District's and Charter School's property tax base, facility conditions, required educational programs, and other factors. In the statement of net position and the statement of activities, all of the District's and Charter School's activities are reported in one column each. The columns are labeled:

Governmental Activities - Most of the School District's activities are reported in governmental funds, which focus on how monies flow into and out of those funds and the balances left at fiscal yearend for spending in future periods. These funds are reported using an accounting method called modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent in the near future to finance educational programs. The relationship, or differences, between governmental activities reported in the statement of net position and the statement of activities and the governmental funds is reconciled in the financial statements.

Roswell Independent School District No. 4
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
Unaudited

The Statement of Activities reflects the cost of program services and the charges for services and sales, grants, and contributions offsetting those services. The Statement of Activities (pages 26-27), for governmental activities, indicates the total cost of services and the net cost of services. It identifies the cost of these services supported by revenues from state entitlements. The dependence upon revenues from the State of New Mexico for governmental activities is apparent. Over 67.22% of District revenues are being spent on Direct Instruction.

	2018	2017	Variance
Assets			
Current and other assets	\$ 47,650,170	\$ 41,406,720	\$ 6,243,450
Capital assets, net of accumulated depreciation	145,583,219	147,553,172	(1,969,953)
Total assets	193,233,389	188,959,892	4,273,497
Deferred outflows of resources			
Deferred outflows related to pension plan and OPEB	67,744,868	17,464,929	50,279,939
Total deferred outflows of resources	67,744,868	17,464,929	50,279,939
Total assets and deferred outflows of resources	\$ 260,978,257	\$ 206,424,821	\$ 54,553,436
Liabilities			
Current liabilities	\$ 11,683,030	\$ 11,957,404	\$ (274,374)
Net pension and OPEB liability	246,708,258	121,891,033	124,817,225
Other long-term liabilities	36,510,071	37,569,552	(1,059,481)
Total liabilities	294,901,359	171,417,989	123,483,370
Deferred inflows of resources			
Deferred inflows related to pension plan, OPEB and debt refunding	15,711,403	1,548,630	14,162,773
Net position			
Net investment in capital assets	113,104,576	111,506,460	1,598,116
Restricted	20,737,923	15,717,513	5,020,410
Unrestricted	(183,477,004)	(93,765,771)	(89,711,233)
Total net position	(49,634,505)	33,458,202	(83,092,707)
Total liabilities, net position and deferred inflows of resources	\$ 260,978,257	\$ 206,424,821	\$ 54,553,436

Roswell Independent School District No. 4
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
Unaudited

	2018	2017	Variance
Program revenues:			
Charges for services	\$ 589,301	\$ 644,699	\$ (55,398)
Operating grants and contributions	21,502,725	23,165,346	(1,662,621)
Capital grants and contributions	2,940,556	6,571,698	(3,631,142)
General revenues:			
Property taxes	8,402,962	8,307,156	95,806
Oil and gas taxes	103,964	93,694	10,270
State equalization guarantee	70,860,703	67,547,830	3,312,873
Investment income	399,932	111,698	288,234
Miscellaneous income	1,470,729	428,401	1,042,328
Total revenues	106,270,872	106,870,522	(599,650)
Program expenses:			
Instruction	71,432,430	60,140,111	11,292,319
Support services	27,386,671	21,226,837	6,159,834
Central services	4,267,077	3,425,671	841,406
Operation and maintenance of plant	12,260,264	11,413,406	846,858
Student transportation	2,943,895	2,620,070	323,825
Food services	7,753,439	7,607,922	145,517
Interest and other charges	925,993	1,275,513	(349,520)
Total expenses	126,969,769	107,709,530	19,260,239
Increase (decrease) in net position	\$ (20,698,897)	\$ (839,008)	\$ (19,859,889)

Government-wide Financial Analysis of the District

Net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows were exceeded by liabilities and deferred inflows by \$49,634,505 at the close of the most recent fiscal year. By far the largest portion of the District's net position reflects its investment in capital assets, less any debt used to acquire those assets that is still outstanding. The District uses these assets to provide services to its students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Roswell Independent School District No. 4
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
Unaudited

The District's net position decreased by \$20,698,897 during the current fiscal year. Additionally, net position decrease due primarily to the other post-employment benefit liability that was placed in the books due to the current implementation of GASB 75. This resulted in a restatement of (\$62,393,810). At the end of the current fiscal year, the District is able to report positive balances in two of three categories of net position for the government as a whole. The same situation held true for the prior fiscal year.

The District's Funds

The District's governmental funds are accounted for using the modified accrual basis of accounting. Total governmental funds had revenues and other financing sources of \$110,270,226 and expenditures and other financing uses of \$103,652,119. The net change in fund balance for the year was an increase of \$6,618,107. Approximately 97.12% of the total fund balances of the governmental funds constitute spendable fund balance, which is available for spending at the government's discretion. The remainder of fund balance is not spendable to indicate that it is not available for new spending because it has already been committed to the purchase of inventories, per Balance Sheet – Governmental Funds.

Reporting the School District's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's only major governmental funds are the General Fund, Title I Special Revenue Fund, Entitlement IDEA-B Fund, Bond Building Capital Projects Fund, and Debt Service Fund.

Governmental Funds

Most of the District's activities are reported in governmental funds, which focus on how monies flow into and out of those funds and the balances left at fiscal yearend for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent in the near future to finance educational programs. The relationship, or differences, between governmental activities reported in the statement of net position and the statement of activities and the governmental funds is reconciled in the financial statements. The general fund is the chief operating fund of the District. As of June 30, 2018, spendable fund balance of the general fund was \$14,711,832. Nonspendable fund balance of the general fund was \$702,035. As a measure of the general fund's liquidity, it may be useful to compare the spendable fund balance to total fund expenditures. Spendable fund balance of the general fund represents 19.88% of total general fund expenditures.

**Roswell Independent School District No. 4
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
Unaudited**

The fund balance of the District's general fund increased by \$2,921,133 during the current fiscal year due to the District spending less for Instruction and Support Services while receiving more State Equalization Guarantee income and income from E-rate access board revenue.

The Title I special revenue fund has total spendable fund balance of \$25,914, all of which is restricted for education. The total fund balance of the Title I special revenue decreased by \$33,123 in the current fiscal year due to in the current fiscal year a decrease in federal flowthrough revenue.

The Entitlement IDEA-B fund has total spendable fund balance of \$58,469, all of which is restricted for education. The total fund balance of the Entitlement IDEA-B fund increased in the current fiscal year by \$100,144 due to decrease in support services expenses by \$216,280 which was offset by decrease in grants revenue of \$116,117.

The bond building capital projects fund has total spendable fund balance of \$8,627,037, all of which is restricted for capital acquisitions and improvements. The total fund balance of the bond building fund increased by \$1,651,790 in the current fiscal year due a bond refunding.

The debt service fund has a total spendable fund balance of \$6,335,298 all of which is restricted for the payment of debt service. The net increase of \$213,656 in fund balance during the current year resulted from debt proceeds offset by a slight increase in debt service expenditures.

General Fund Budgeting Highlights

The District's budget is prepared according to New Mexico law and Public Education Department Regulations and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

The following table examines the summary budget performance of the major and combined non-major funds for the fiscal year ending June 30, 2018. Detailed budget performance is examined through the expenditures on the Statement of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual for each fund (in thousands of dollars).

	Final Budget	Actual	Variance
General Fund	\$ 80,996	\$ 73,997	\$ 6,999
Title I Special Revenue Fund	3,457	2,615	842
Bond Building Capital Projects Fund	11,039	2,253	8,786
Entitlement IDEA-B Fund	3,517	2,202	1,315
Debt Service Fund	12,060	5,961	6,099

**Roswell Independent School District No. 4
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
Unaudited**

During the course of fiscal 2018, the District amended its budget as needed.

For the General Fund, final budgeted revenues and other financing sources, excluding budgeted cash balance, are less than budgeted expenditures by \$5,682,809.

Expenditures and other financing uses were budgeted at \$80,996,415, while actual expenditures were \$74,355,986. The difference between budget and actual expenditures was due to less spending on general supplies, substitutes, overtime wages and other expenses and other budgetary items throughout the year.

Actual revenues for the general fund were \$76,054,094 and revenues from state sources constitute 97.6% of the total. Actual revenues exceeded actual expenditures by \$1,698,108.

The primary increase in general fund revenue over that of the prior year is due to the increase in State Equalization Guarantee payment of approximately \$3.3 million. These revenues increased due to an increase in State General Fund revenues appropriated each year by state legislation for public education operations throughout the State of New Mexico.

All of the cash in the Bond Building Capital Projects Fund was budgeted; however, not all of the projects were completed as of June 30, 2018. There is one elementary school facility, which was undergoing design for new facility construction, that will be scheduled for the start of project construction in January of 2019. 28% of the total cost to complete this project is being funded by local General Obligation Bond funds, and the remaining 72% the total estimated cost to complete this project has been appropriated and awarded to the school district by the State's Public Schools Capital Outlay Council.

The Debt Service fund also budgets the entire cash balance, however, the bulk of the fund balance is restricted for subsequent year's bond payments, and the rapid amortization of outstanding debt.

Roswell Independent School District No. 4
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
Unaudited

Sidney Gutierrez Charter School Financials

	2018	2017	Variance
Assets			
Current and other assets	\$ 436,695	\$ 361,427	\$ 75,268
Capital assets, net of accumulated depreciation	56,689	61,151	(4,462)
Total assets	493,384	422,578	70,806
Deferred outflows of resources			
Deferred outflows related to pension plan and OPEB	612,054	167,054	445,000
Total deferred outflows of resources	612,054	167,054	445,000
Total assets and deferred outflows of resources	\$ 1,105,438	\$ 589,632	\$ 515,806
Liabilities			
Current liabilities	\$ 38,439	\$ 44,831	\$ (6,392)
Net pension and OPEB liability	1,972,638	880,124	1,092,514
Total liabilities	2,011,077	924,955	1,086,122
Deferred inflows of resources			
Deferred inflows related to pension plan and OPEB	123,953	14,958	108,995
Net position			
Net investment in capital assets	56,689	61,151	(4,462)
Restricted	32,528	33,139	(611)
Unrestricted	(1,118,809)	(444,571)	(674,238)
Total net position	(1,029,592)	(350,281)	(679,311)
Total liabilities, net position and deferred inflows of resources	\$ 1,105,438	\$ 589,632	\$ 515,806

**Roswell Independent School District No. 4
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
Unaudited**

	2018	2017	Variance
Program revenues:			
Operating grants and contributions	\$ 40,771	\$ 46,136	\$ (5,365)
General revenues:			
Property taxes	13,169	12,819	350
Oil and gas taxes	155	152	3
State equalization guarantee	676,703	611,219	65,484
Investment income	4,016	2,694	1,322
Total revenues	734,814	673,020	61,794
Program expenses	915,129	802,491	128,953
Increase (decrease) in net position	\$ (180,315)	\$ (129,471)	\$ (67,159)

Financial Analysis of the Charter School

Assets and deferred outflows were exceeded by liabilities and deferred inflows by \$1,029,592 at the close of the most recent fiscal year. The largest portion of the Charter School's net position reflects its investment in capital assets. The Charter School uses these assets to provide services to its students.

Capital Assets

At the end of fiscal 2018, the District had \$226,802,302 invested in capitalized assets with associated accumulated depreciation of \$81,219,083. At the end of fiscal 2017, the Charter School had \$83,853 invested in capitalized assets with associated accumulated depreciation of \$27,164. Activity in the capital asset accounts is reported in Note 6 to the financial statements. As part of the District's adoption of the GASB Statement 34 reporting model, the value of District owned land and buildings were adjusted to correspond to historical cost or to appraised value (if historical cost was not available).

Debt

On February 3, 2015, the voters of Chaves County passed and authorized the continuation of local Debt Service levy required in support of an additional \$16 million for General Obligation Bonds to be used for school facility construction, renovation and improvement of the district's aging facilities, while continuing to leverage historically favorable market conditions, the district's Aa2 bond rating and the availability of the State's Public Schools Capital Outlay Council project matching funds. On September 8, 2017, the District sold, awarded and issued Series 2017A and Series 2017B identified bonds in the amounts of \$3,730,000 and \$5,670,000, respectively. Series 2017A & B identified bonds were sold at a combined net premium amount of \$595,905.

Roswell Independent School District No. 4
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
Unaudited

Series 2017A Bonds represent the remaining unissued balance of the February 3, 2015 local voter authorization, and will be used for ongoing school facility construction. Series 2017B Refunding Bonds represent the specific refunding of callable Series 2009 GO Bonds, which resulted in a total debt service savings of \$203,792.50 (PV Savings of \$238,743.82) at refunding. At June 30, 2018, the District had outstanding bonds payable of \$39,740,000. Details of the activity in the long-term debt accounts of the District can be found in Note 7 to the financial statements.

Economic Factors and Next Year's Budget

The Roswell Independent School District is located in Chaves County. Chaves County continues to build upon and maintain a balanced economy, as observed by the increases to the assessed value of real property located within Chaves County during 2017 and 2018. Existing residential and commercial real estate continues to turnover, within the county, and new and diverse retail, aviation and oil and nature gas support services businesses continue to locate and expand within Roswell and the surrounding Chaves County area.

The local economy's primary drivers continue to be affordable housing, excellent climate, intersecting four lane highways, world-class airport runway facilities, with current direct flights to and from Dallas, TX, and the more recent addition of direct flights to and from Phoenix, AZ, along with an unsaturated secondary retail market that is centrally located within the Southeast corner of the state. The area is a supporter of the state's oil and natural gas energy sector, with close proximity to the bulk of the state's production within this sector's economic activity.

In January of 2018, the New Mexico Oil and Gas Association, citing a report by the New Mexico Tax Research Institute, stated a \$1.743 billion increase to the state's general fund, as a result of increased production within the state's area oil and natural gas industries.

The Roswell Independent School District receives approximately 97% of its annual operating fund budget from State Equalization Guarantee (SEG) formula funding. The SEG formula and State declared unit values are applied to the School District's Operational funding source, based on total appropriated funds, divided across total statewide student membership units. The objectives of the formula are (1) to equalize educational opportunity statewide (by crediting certain local and federal support and then distributing state support in an objective manner) and (2) to retain local autonomy in actual use of funds by allowing funds to be used in local districts at the discretion of local policy making bodies. The basis for the formula is in the number of students enrolled. Weighting factors are assigned to students that receive special services, i.e., special education and bilingual education services as well as other factors based on the training and experience of the teaching staff and the district's at-risk population.



**Roswell Independent School District No. 4
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
Unaudited**

Contacting the District's Financial Management

The financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the District's finances and to reflect the District's accountability for the monies it receives. Questions about this report or additional financial information needs should be directed to:

Chad Cole
Assistant Superintendent for Finance and Operations
Roswell Independent School District
300 N. Kentucky Avenue
Roswell, NM 88201
ccole@risd.k12.nm.us
(575) 627-2537

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Financial Statements

Roswell Independent School District No. 4
Statement of Net Position
June 30, 2018

	Primary Governmental Activities	Component Unit Charter School
Assets		
Current assets		
Cash and cash equivalents	\$ 34,521,301	\$ 435,519
Investments	2,658	-
Receivables:		
Property taxes	549,575	843
Due from other governments	4,163,236	-
Other	912,199	-
Inventory	700,674	-
Prepaid expense	485,148	333
Total current assets	41,334,791	436,695
Noncurrent assets		
Restricted assets:		
Cash and cash equivalents	6,212,654	-
Bond discounts, net of accumulated amortization of \$42,205	102,725	-
Capital assets	226,802,302	83,853
Less: accumulated depreciation	(81,219,083)	(27,164)
Total noncurrent assets	151,898,598	56,689
Total assets	193,233,389	493,384
Deferred outflows of resources		
Deferred outflow - Pension	66,782,381	605,073
Deferred outflow - OPEB	962,487	6,981
Total deferred outflows of resources	67,744,868	612,054
Total assets and deferred outflows of resources	\$ 260,978,257	\$ 1,105,438

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

	Primary Government Governmental Activities	Component Unit Charter School
Liabilities		
Current liabilities		
Accounts payable	\$ 442,243	\$ 163
Accrued payroll	5,485,196	35,678
Unearned revenue	-	2,598
Accrued interest	511,495	-
Accrued compensated absences	429,096	-
Current portion of bonds payable	4,815,000	-
Total current liabilities	11,683,030	38,439
Noncurrent liabilities		
Accrued compensated absences	87,458	-
Bonds payable	34,925,000	-
Bond premium, net of accumulated amortization of \$814,960	1,497,613	-
Net pension liability	194,181,183	1,552,552
Net OPEB liability	52,527,075	420,086
Total noncurrent liabilities	283,218,329	1,972,638
Total liabilities	294,901,359	2,011,077
Deferred inflows of resources		
Deferred inflows - pension	3,573,450	28,341
Deferred inflows - OPEB	11,955,041	95,612
Other deferred inflows related to debt refunding	182,912	-
Total deferred inflows of resources	15,711,403	123,953
Net position		
Net investment in capital assets	113,104,576	56,689
Restricted for:		
Debt service	8,366,678	-
Capital projects	2,912,425	31,988
Special revenue	9,458,820	540
Unrestricted	(183,477,004)	(1,118,809)
Total net position	(49,634,505)	(1,029,592)
Total liabilities, deferred inflows of resources, and net position	\$ 260,978,257	\$ 1,105,438

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

Roswell Independent School District No. 4
Statement of Activities
For the Year Ended June 30, 2018

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
Primary government			
Governmental Activities:			
Instruction	\$ 71,432,430	\$ 177,676	\$ 7,690,943
Support services - students	13,777,952	34,270	1,483,436
Support services - instruction	1,852,881	4,609	199,495
Support services - general administration	4,354,102	10,830	468,795
Support services - school administration	7,392,024	18,386	795,880
Central services	4,267,077	10,614	459,425
Operation and maintenance of plant	12,260,264	30,495	1,320,031
Student transportation	2,943,895	-	2,700,407
Other support services	9,712	24	1,046
Food services operations	7,753,439	302,397	6,383,267
Interest and other charges	925,993	-	-
Total governmental activities	126,969,769	589,301	21,502,725
Total primary government	\$ 126,969,769	\$ 589,301	\$ 21,502,725
Component Unit:			
Sidney Gutierrez Charter School	\$ 915,129	\$ -	\$ 40,771

General Revenues:

Taxes:

Property taxes, levied for operating programs

Property taxes, levied for debt services

Property taxes, levied for capital projects

Oil and gas taxes

State equalization guarantee

Investment income

Miscellaneous income

Total general revenues

Change in net position

Net position - beginning, as originally stated

Net position - restatement (note 17)

Net position - beginning, as restated

Net position - ending

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

<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>	
Capital Grants and Contributions	Governmental Activities	Component Unit	
\$ 1,821,044	\$ (61,742,767)	\$	-
351,245	(11,909,001)		-
47,236	(1,601,541)		-
111,000	(3,763,477)		-
188,447	(6,389,311)		-
108,782	(3,688,256)		-
312,554	(10,597,184)		-
-	(243,488)		-
248	(8,394)		-
-	(1,067,775)		-
-	(925,993)		-
2,940,556	(101,937,187)		-
\$ 2,940,556	(101,937,187)		-
\$ -		(874,358)	
	374,271		-
	5,906,229		-
	2,122,462	13,169	
	103,964	155	
	70,860,703	676,703	
	399,932	4,016	
	1,470,729	-	
	81,238,290	694,043	
	(20,698,897)	(180,315)	
	33,458,202	(350,281)	
	(62,393,810)	(498,996)	
	(28,935,608)	(849,277)	
	\$ (49,634,505)	\$ (1,029,592)	

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

Roswell Independent School District No. 4
Balance Sheet
Governmental Funds
June 30, 2018

	General Fund 11000, 13000, 14000	Title I Special Revenue Fund 24101	Entitlement IDEA-B 24106
Assets			
Cash and cash equivalents	\$ 12,402,328	\$ 1,703,917	\$ 379,390
Investments	1,081	-	-
Receivables:			
Property taxes	23,580	-	-
Due from other governments	-	709,703	999,383
Other	906,735	-	-
Inventory	467,235	-	-
Prepaid expense	234,800	208,640	39,058
Due from other funds	6,411,273	-	-
Total assets	\$ 20,447,032	\$ 2,622,260	\$ 1,417,831
Liabilities			
Accounts payable	\$ 268,334	\$ 4,061	\$ 296
Accrued payroll	4,748,060	114,649	86,171
Due to other funds	-	2,268,996	1,233,837
Total liabilities	5,016,394	2,387,706	1,320,304
Deferred inflows of resources			
Unavailable revenue- property taxes	16,771	-	-
Total deferred inflows of resources	16,771	-	-
Fund balances			
Nonspendable			
Inventory	467,235	-	-
Prepaid expense	234,800	208,640	39,058
Spendable			
Restricted for:			
Instructional materials	278,260	-	-
Food services	-	-	-
Extracurricular activities	-	-	-
Education	-	25,914	58,469
Capital acquisitions and improvements	-	-	-
Debt service	-	-	-
Committed for:			
Subsequent year's expenditures	541,036	-	-
Unassigned	13,892,536	-	-
Total fund balances	15,413,867	234,554	97,527
Total liabilities, deferred inflows of resources, and fund balances	\$ 20,447,032	\$ 2,622,260	\$ 1,417,831

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

Bond Building Capital Projects Fund 31100		Debt Service Fund 41000		Nonmajor Governmental Funds		Total	
\$	8,656,245	\$	6,212,654	11,379,421	\$	40,733,955	
	86		1,491	-		2,658	
	-		392,282	133,713		549,575	
	-		-	2,454,150		4,163,236	
	-		5,239	225		912,199	
	-		-	233,439		700,674	
	-		-	2,650		485,148	
	-		-	-		6,411,273	
\$	8,656,331	\$	6,611,666	\$	14,203,598	\$	53,958,718
\$	29,294	\$	-	\$	140,258	\$	442,243
	-		-		536,316		5,485,196
	-		-		2,908,440		6,411,273
	29,294		-		3,585,014		12,338,712
	-		276,368		94,064		387,203
	-		276,368		94,064		387,203
	-		-		233,439		700,674
	-		-		2,650		485,148
	-		-		-		278,260
	-		-		4,958,551		4,958,551
	-		-		1,118,814		1,118,814
	-		-		2,361,708		2,446,091
	8,627,037		-		1,927,853		10,554,890
	-		6,335,298		-		6,335,298
	-		-		-		541,036
	-		-		(78,495)		13,814,041
	8,627,037		6,335,298		10,524,520		41,232,803
\$	8,656,331	\$	6,611,666	\$	14,203,598	\$	53,958,718

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

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Roswell Independent School District No. 4
Reconciliation of the Governmental Funds Balance Sheet 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	\$ 41,232,803
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the funds	145,583,219
Other noncurrent assets are not available to pay for current period expenditures and therefore, are deferred in the funds:	
Bond discounts	102,725
Delinquent property taxes not collected within sixty days after year end are not considered "available" revenues and are considered to be unavailable revenue in the fund financial statements, but are considered revenue in the Statement of Activities	387,203
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in funds:	
Deferred gain on extinguishment of debt	(182,912)
Deferred outflows - pension (note 9)	66,782,381
Deferred inflows - pension (note 9)	(3,573,450)
Deferred outflows - OPEB (note 10)	962,487
Deferred inflows - OPEB (note 10)	(11,955,041)
Certain liabilities, including bonds payable, current and long-term portions of accrued compensated absences, and net pension liability, are not due and payable in the current period and, therefore, are not reported in the funds:	
Bond premiums	(1,497,613)
Accrued interest payable	(511,495)
Accrued compensated absences not due and payable	(516,554)
Bonds payable	(39,740,000)
Net pension liability	(194,181,183)
Net OPEB liability	(52,527,075)
Total net position - governmental funds	\$ (49,634,505)

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

Roswell Independent School District No. 4
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2018

	General Fund 11000, 13000, 14000	Title I Special Revenue Fund 24101	Entitlement IDEA-B 24106
Revenues			
Property taxes	\$ 374,468	\$ -	\$ -
Oil and gas taxes	6,082	-	-
Intergovernmental revenues:			
Federal flowthrough	-	2,581,648	2,301,687
Federal direct	488,430	-	-
Local sources	37,496	-	-
State flowthrough	71,176,125	-	-
State direct	417,340	-	-
Transportation distribution	2,700,407	-	-
Charges for services	36,825	-	-
Investment income	194,274	-	-
Miscellaneous	1,470,729	-	-
Total revenues	76,902,176	2,581,648	2,301,687
Expenditures			
Current:			
Instruction	44,280,708	1,992,642	359,286
Support services - students	6,876,674	296,504	1,732,004
Support services - instruction	1,335,833	-	-
Support services - general administration	1,304,265	103,284	101,945
Support services - school administration	4,645,128	222,341	325
Central services	2,883,533	-	7,074
Operation and maintenance of plant	9,490,570	-	909
Student transportation	2,703,639	-	-
Other support services	8,651	-	-
Food services operations	-	-	-
Capital outlay	467,665	-	-
Debt service:			
Principal	-	-	-
Interest	-	-	-
Bond issuance costs	-	-	-
Total expenditures	73,996,666	2,614,771	2,201,543
Excess (deficiency) of revenues over expenditures	2,905,510	(33,123)	100,144
Other financing sources (uses)			
Proceeds from sale of capital assets	15,623	-	-
Bond premium	-	-	-
Bond proceeds	-	-	-
Proceeds of refunding bonds	-	-	-
Debt issuance discount	-	-	-
Payment to refunding bond escrow agent	-	-	-
Total other financing sources (uses)	15,623	-	-
Net change in fund balances	2,921,133	(33,123)	100,144
Fund balances - beginning	12,492,734	267,677	(2,617)
Fund balances - end of year	\$ 15,413,867	\$ 234,554	\$ 97,527

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

Bond Building Capital Projects Fund 31100	Debt Service Fund 41000	Nonmajor Governmental Funds	Total
\$ -	\$ 5,921,106	2,028,398	\$ 8,323,972
-	73,709	24,173	103,964
-	-	7,945,191	12,828,526
-	-	1,507,626	1,996,056
-	-	340,594	378,090
-	-	5,883,072	77,059,197
-	-	23,847	441,187
-	-	-	2,700,407
-	-	552,476	589,301
87,176	33,684	84,798	399,932
-	-	-	1,470,729
87,176	6,028,499	18,390,175	106,291,361
-	-	3,376,578	50,009,214
-	-	999,552	9,904,734
-	-	25,643	1,361,476
-	58,744	2,263,112	3,831,350
-	-	211,556	5,079,350
-	-	-	2,890,607
257,912	-	5,513	9,754,904
-	-	36,044	2,739,683
-	-	-	8,651
-	-	6,441,200	6,441,200
1,994,990	-	3,266,470	5,729,125
-	4,640,000	-	4,640,000
-	1,261,286	-	1,261,286
-	539	-	539
2,252,902	5,960,569	16,625,668	103,652,119
(2,165,726)	67,930	1,764,507	2,639,242
-	-	-	15,623
450,179	145,726	-	595,905
3,730,000	-	-	3,730,000
5,670,000	-	-	5,670,000
(38,654)	-	-	(38,654)
(5,994,009)	-	-	(5,994,009)
3,817,516	145,726	-	3,978,865
1,651,790	213,656	1,764,507	6,618,107
6,975,247	6,121,642	8,760,013	34,614,696
\$ 8,627,037	\$ 6,335,298	\$ 10,524,520	\$ 41,232,803

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

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Roswell Independent School District No. 4
Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2018

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

Net change in fund balances - total governmental funds	\$ 6,618,107
--	--------------

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 and amortization expense:

Capital expenditures	5,729,125
Depreciation expense	(7,369,440)
Amortization expense of intangible assets	(183,954)
Loss on disposal of capital assets	(145,684)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenue in the funds:

Change in unavailable revenue related to property taxes receivable	(20,489)
--	----------

Governmental funds report district pension and opeb contributions as expenditures. However in the Statement of Activities, the cost of pension and opeb benefits earned net of employee contributions is reported as pension and opeb expense:

District pension contributions	6,695,714
Pension expense	(31,904,581)
District OPEB contributions	962,487
OPEB expense	(2,088,306)

Expenses in the Statement of Activities that do not consume current financial resources are not reported as expenditures in the funds:

Increase in accrued compensated absences not due and payable	(4,466)
Decrease in accrued interest payable	81,093

The issuance of long-term debt (e.g. bonds, notes, leases) 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:

Amortization of bond discount	(12,651)
Amortization of bond premiums	306,044
Bond premium capitalized	(595,905)
Bond proceeds	(3,730,000)
Proceeds of refunding bonds	(5,670,000)
Payment to refunded bond escrow agent	5,994,009
Principal payments on bonds	4,640,000

Change in net position of governmental activities	\$ (20,698,897)
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The accompanying notes are an integral part of these financial statements.

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Roswell Independent School District No. 4
General Fund (11000, 13000, 14000)
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2018

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
Revenues				
Property taxes	\$ 367,030	\$ 367,030	\$ 377,557	\$ 10,527
Oil and gas taxes	6,797	6,797	6,077	(720)
Intergovernmental revenues:				
Federal flowthrough	-	-	-	-
Federal direct	200,000	201,481	488,430	286,949
Local sources	-	-	37,258	37,258
State flowthrough	70,085,039	70,637,102	71,176,125	539,023
State direct	232,500	232,500	355,561	123,061
Transportation distribution	2,414,678	2,700,656	2,700,407	(249)
Charges for services	30,000	30,000	40,225	10,225
Investment income	130,500	131,649	194,274	62,625
Miscellaneous	1,006,391	1,006,391	678,180	(328,211)
Total revenues	74,472,935	75,313,606	76,054,094	740,488
Expenditures				
Current:				
Instruction	48,239,769	48,211,197	44,511,221	3,699,976
Support services - students	7,019,741	6,900,047	6,866,874	33,173
Support services - instruction	1,340,391	2,462,131	1,419,214	1,042,917
Support services - general administration	1,548,549	1,776,860	1,303,255	473,605
Support services - school administration	4,718,557	4,744,727	4,652,350	92,377
Central services	2,958,195	2,967,056	2,943,754	23,302
Operation and maintenance of plant	9,001,197	9,792,426	9,491,306	301,120
Student transportation	2,414,678	2,702,054	2,702,054	-
Other support services	54,999	8,652	8,651	1
Capital outlay	2,555,829	1,431,265	457,307	973,958
Total expenditures	79,851,905	80,996,415	74,355,986	6,640,429
Excess (deficiency) of revenues over expenditures	(5,378,970)	(5,682,809)	1,698,108	7,380,917
Other financing sources (uses)				
Designated cash (budgeted increase in cash)	5,378,970	5,682,809	-	(5,682,809)
Proceeds from sale of capital assets	-	-	15,531	15,531
Total other financing sources (uses)	5,378,970	5,682,809	15,531	(5,667,278)
Net change in fund balances	-	-	1,713,639	1,713,639
Fund balances - beginning of year	-	-	12,418,205	12,418,205
Fund balances - end of year	\$ -	\$ -	\$ 14,131,844	\$ 14,131,844
Net change in fund balances (Non-GAAP Budgetary Basis)				\$ 1,713,639
Adjustments to revenues for changes in state revenues and property taxes				848,174
Adjustments to expenditures for materials, other charges, transportation expenditures				359,320
Net change in fund balances (GAAP Basis)				\$ 2,921,133

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

Roswell Independent School District No. 4
Title I Special Revenue Fund (24101)
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2018

	<u>Budgeted Amounts</u>		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
Revenues				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue:				
Federal flowthrough	2,953,736	3,457,611	2,978,176	(479,435)
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Transportation distribution	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	2,953,736	3,457,611	2,978,176	(479,435)
Expenditures				
Current:				
Instruction	2,294,120	2,681,111	2,010,764	670,347
Support services - students	314,483	395,090	296,215	98,875
Support services - instruction	1,248	1,248	-	1,248
Support services - general administration	114,971	136,083	103,284	32,799
Support services - school administration	228,914	242,079	222,341	19,738
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	2,000	-	2,000
Other support services	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	2,953,736	3,457,611	2,632,604	825,007
Excess (deficiency) of revenues over expenditures	-	-	345,572	345,572
Other financing sources (uses)				
Designated cash (budgeted increase in cash)	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	-	-	345,572	345,572
Fund balance - beginning of year	-	-	(1,025,300)	(1,025,300)
Fund balance - end of year	\$ -	\$ -	\$ (679,728)	\$ (679,728)
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 345,572
Adjustments to revenues for federal grants				(396,528)
Adjustments to expenditures for instruction and students				17,833
Net change in fund balance (GAAP Basis)				\$ (33,123)

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

Roswell Independent School District No. 4
Entitlement IDEA-B (24106)
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2018

	<u>Budgeted Amounts</u>		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
Revenues				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue:				
Federal flowthrough	3,136,437	3,516,581	2,048,621	(1,467,960)
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Transportation distribution	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	3,136,437	3,516,581	2,048,621	(1,467,960)
Expenditures				
Current:				
Instruction	894,460	1,036,710	461,604	575,106
Support services - students	2,101,559	2,310,917	1,731,039	579,878
Support services - instruction	-	-	-	-
Support services - general administration	128,142	155,778	101,945	53,833
Support services - school administration	3,507	4,157	325	3,832
Central services	7,850	7,850	7,074	776
Operation and maintenance of plant	919	1,169	909	260
Student transportation	-	-	-	-
Other support services	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	3,136,437	3,516,581	2,302,896	1,213,685
Excess (deficiency) of revenues over expenditures	-	-	(254,275)	(254,275)
Other financing sources (uses)				
Designated cash (budgeted increase in cash)	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	-	-	(254,275)	(254,275)
Fund balance - beginning of year	-	-	(686,643)	(686,643)
Fund balance - end of year	\$ -	\$ -	\$ (940,918)	\$ (940,918)
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ (254,275)
Adjustments to revenues for federal grants				253,066
Adjustments to expenditures for instruction and students				101,353
Net change in fund balance (GAAP Basis)				\$ 100,144

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

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Roswell Independent School District No. 4
Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2018

	Primary Government
<hr/>	
Current Assets	
Cash and cash equivalents	\$ 1,008,637
Investments	51,165
Receivables	342
<hr/>	
Total assets	\$ 1,060,144
<hr/> <hr/>	
Current Liabilities	
Accounts payable	\$ 20,082
Deposits held in trust for others	1,040,062
<hr/>	
Total liabilities	\$ 1,060,144
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The accompanying notes are an integral part of these financial statements.

Roswell Independent School District No. 4
Notes to Financial Statements
June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

This summary of significant accounting policies of the District is presented to assist in the understanding of the District's financial statements. The financial statements and notes are the representation of the District's management that is responsible for the financial statements. The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (G12AAP) as applied to government units.

During the year ended June 30, 2018, the District adopted GASB Statements No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, The Statements are required to be implemented as of June 30, 2018, if applicable.

GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. The statement is intended to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. The statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits with regards to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency. The provisions of this Statement are effective for fiscal years beginning after June 15, 2017 and have a material effect on the financial statements.

During the year ended June 30, 2018, the District also adopted GASB No. 81 *Irrevocable Split-Interest Agreements*, GASB Statement No. 85 *Omnibus*, and GASB Statement No. 86 *Certain Debt Extinguishment Issues*. These three Statements are required to be implemented as of June 30, 2018, if applicable. The District has evaluated these three Statements and has determined that they do not have a material effect on the financial statements.

Roswell Independent School District No. 4
Notes to Financial Statements
June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. *Financial Reporting Entity*

In evaluating how to define the District for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB Statements No. 14 amended by GASB Statements No. 39, No. 61 and No. 80. Blended component units, although legally separate entities, are in substance part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

The basic-but not the only-criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters.

A second criterion used in evaluating potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Finally, the nature and significance of a potential component unit to the primary government could warrant its inclusion in the reporting entity. Based upon the application of these criteria, the District has one component unit and is not a component unit of another government agency.

The District's Board of Education approved the Sidney Gutierrez Charter School for operations in accordance with the criteria listed above. The charter school is deemed to be fiscally dependent upon the District and has been deemed to be a separate legal entity based on state statute and is presented as a discrete component unit. The discretely presented component unit does not have separately issued 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 nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The District does not have any *business-type activities*.

Roswell Independent School District No. 4
Notes to Financial Statements
June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. *Financial Reporting Entity (Continued)*

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments 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 such as the sale of lunch tickets and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function such as state and federal grants. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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

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

B. *Government-wide and fund financial statements*

The government-wide financial statements (the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The District does not have any *business-type activities*.

In the government-wide statement of net position, the governmental activities column is presented on a consolidated basis by column, and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net position is reported in three parts – Net investment in capital assets, restricted net position; and unrestricted net position.

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

Roswell Independent School District No. 4
Notes to Financial Statements
June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Government-wide and fund financial statements (Continued)

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

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

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available.

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

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period, subject to the availability criterion. Sales and use taxes are classified as derived tax revenues and are recognized as revenue when the underlying exchange takes place and the revenues are measurable and available. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met, subject to the availability criterion.

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

Roswell Independent School District No. 4
Notes to Financial Statements
June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. *Measurement focus, basis of accounting, and financial statement presentation (Continued)*

The District reports the following major governmental funds:

The *General Fund (11000)* is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. Revenues are provided by the District's school tax levy, state equalization and transportation funds, state instructional material allocations, and earnings from investments. Expenditures include all costs associated with the daily operations of the school except for those items included in other funds. The General Fund includes the *Pupil Transportation Fund*, which is used to account for transportation distribution received from the New Mexico Public Education Department, which is used to pay for the costs associated with transporting school age children. It also includes the *Instructional Materials Fund*, which is used to account for the monies received from the New Mexico Public Education Department for the purposes of purchasing instructional materials (books, manuals, periodicals, etc.) used in the education of students.

The *Title I Special Revenue Fund (24101)* is used to provide supplemental educational opportunities for academically disadvantaged children in the area where they reside. Campuses are identified for program participation by the percentage of students on free or reduced price lunches. Any school with a free and reduced price lunch percentage that is equal to or greater than the total district percentage becomes eligible for program participation. Any student whose test scores fall below District established criteria and who is attending a Title I campus is eligible to receive Title I services. Poverty is the criteria that identifies a campus; education need determines the students to be served. Federal revenues accounted for in the fund are allocated to the District through the New Mexico Public Education Department. Authority for the creation of this fund is Part A of Chapter I of Title I of Elementary and Secondary Education Act (ESEA) of 1965, as amended, Public Law 103-383.

Entitlement IDEA-B (24106) – To account for a program funded by a Federal grant to assist the District in providing free appropriate public education to all handicapped children. Funding authorized by Individuals with Disabilities Education Act, Part B, Section 611-620, as amended, Public Laws 91-230, 93-380, 94-142, 98-199, 99-457, 100-639, and 101-476, 20 U.S.C. 1411-1420.

The *Bond Building Capital Projects Fund (31100)* is used to account for the erection of, remodeling of, additions to, and furnishings of school buildings.

The *Debt Service Fund (41000)* is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs. Funding authority is the New Mexico Public Education Department.

Roswell Independent School District No. 4
Notes to Financial Statements
June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. *Measurement focus, basis of accounting, and financial statement presentation (Continued)*

Additionally, the District reports the following agency fund:

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

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

D. *Assets, Deferred outflows of resources, Liabilities, Deferred inflows of resources, and Net position or Equity*

Deposits and Investments: The District's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. State statutes authorize the District to invest in Certificates of Deposit, obligations of the U.S. Government, and the State Treasurer's Local Government Investment Pool (LGIP). The LGIP operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

Restricted Assets: The Debt Service Fund is used to report resources set aside for the payment of long-term debt principal and interest. The Capital Outlay funds are used to report resources set aside for special capital outlay projects.

Receivables and Payables: Interfund activity is reported as loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental funds are netted as part of the reconciliation to the government-wide financial statements. All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Roswell Independent School District No. 4
Notes to Financial Statements
June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Deferred outflows of resources, Liabilities, Deferred inflows of resources, and Net position or Equity (Continued)

The District receives monthly income from a tax levy in Chaves County. The funds are collected by the County Treasurer and are remitted to the District the following month. Under the modified accrual method of accounting, the amount remitted by the County Treasurer in July and August 2018 is considered “measurable and available” and, accordingly, is recorded as revenue in the governmental fund statements during the year ended June 30, 2018. Period of availability is deemed to be sixty days subsequent to year end.

Certain Special Revenue funds are administered on a reimbursement method of funding; other funds are operated on a cash advance method of funding. The funds incurred the cost and submitted the necessary request for reimbursement or advance, respectively.

Prepaid Items: Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

Inventory: The District’s method of accounting for inventory is the consumption method. Inventory in the General Fund consists of expendable supplies held for consumption.

Inventory in the Special Revenue Funds consists of U.S.D.A. commodities and other purchased food and non-food supplies. Commodities consumed during the year are reported as revenues and expenditures; unused commodities are reported as inventories. Non-commodity inventories are equally offset by a fund balance reserve, which indicates that they do not constitute “available spendable resources”: even though they are a component of net current assets. Unearned revenue of \$2,598 was recorded for unused commodity inventory as of June 30, 2018.

Capital Assets: Capital assets, which include property, plant, and equipment, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. 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.

Information Technology Equipment including software is being capitalized and included in furniture, fixtures and equipment in accordance with NMAC 2.20.1.9 C (5).

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Library books are not capitalized because they are considered to have a useful life of less than one year.

Roswell Independent School District No. 4
Notes to Financial Statements
June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Deferred outflows of resources, Liabilities, Deferred inflows of resources, and Net position or Equity (Continued)

Major outlays for capital assets and improvements are capitalized as projects are constructed. Construction projects paid for by the Public School Capital Outlay Council are included in the District's capital assets. No interest was included as part of the cost of capital assets under construction.

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

<u>Assets</u>	<u>Years</u>
Land improvements	20
Buildings and improvements	20-50
Furniture, fixtures and equipment	5-20
Intangibles	20

Deferred Inflows of Resources: In addition to liabilities, the balance sheet reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. 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 has one type of item, which arises under the modified accrual basis of accounting that qualify for reporting in this category. Accordingly, the item, unavailable revenue - property taxes is reported only in the governmental funds balance sheet. This amount is deferred and recognized as an inflow of resources in the period that the amount become available. The District has recorded \$387,203 related to property taxes considered to be "unavailable." In addition, the District has three types of items present on the Statement of Net Position which arise due to the implementation of GASB 68 related net pension totaling \$3,573,450. These items are detailed in Note 9. The District also has one item reported for this category related to the advance refunding of bonds totaling \$182,912. Lastly, the District has three types of items present on the Statement of Net Position which arise due to the implementation of GASB 75 related to OPEB liability totaling \$11,955,041. These items are detailed in Note 10. The GASB 68 and GASB 75 related items are deferred and recognized as an inflow of resources in the period that the amounts become available.

Roswell Independent School District No. 4
Notes to Financial Statements
June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Deferred outflows of resources, Liabilities, Deferred inflows of resources, and Net position or Equity (Continued)

Deferred Outflows of Resources: In addition to assets, the balance sheet reports a separate section for deferred outflows of resources. This separate financial statement element represents a use of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenditure) until that time. The District has four types of items that qualify for reporting in this category that arise due to the implementation of GASB 68 and one that arises due to the implementation of GASB 75. They total \$66,782,381 and \$962,487, respectively. The items related to the implementation of GASB 68 are detailed in Note 9 and those related to GASB 75 in Note 10. These amounts are reported in the Statement of Net Position. These amounts are deferred and recognized as outflows of resources in future periods.

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

Other Post Employment Benefit: For purposes of measuring the 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 Retiree Health Care (RHC) and additions to/deductions from RHC's fiduciary net position have been determined on the same basis as they are reported by RHC, on the economic resources measurement focus and accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Compensated Absences: The District permits administrative employees to accumulate a limited amount of earned but unused vacation, which will be paid if not used, upon termination from the District. Accumulated sick leave benefits vest with each employee in accordance with the District's policy. All vacation pay and applicable accumulated sick leave is accrued when incurred in the government-wide financial statements. A liability for these accounts is reported in the governmental funds only if they have matured. No liability is reported for unpaid accumulated sick leave, as no payment is required upon termination of service by employee.

The liability for compensated absences increased by \$4,466 for a total of \$516,554 as of June 30, 2018.

Roswell Independent School District No. 4
Notes to Financial Statements
June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Deferred outflows of resources, Liabilities, Deferred inflows of resources, and Net position or Equity (Continued)

Accrued Payroll: In the fund financial statements, governmental fund types recognize the accrual of unpaid wages and benefits that employees have earned at the close of each fiscal year. The amount recognized in the fund financial statements represents checks that were held at year end in relation to employee's summer payroll.

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 are deferred and amortized over the life of the bonds using the effective interest method or the straight-line method if the difference from the effective interest method is minimal.

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 the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Balance Classification Policies and Procedures: The District has implemented GASB Statement No. 54 and has defined the various categories reported in fund balance. For committed fund balance, the District's highest level of decision-making authority is the Board of Education. The formal action that is required to be taken to establish a fund balance commitment is a resolution of the Board of Education.

For assigned fund balance, the Board of Education or an official or body to which the School Board of Education delegates the authority is authorized to assign amounts to a specific purpose. The authorization policy is in governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed.

This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.

For the classification of fund balances, the District considers restricted or unrestricted amounts to have been spent when an expenditure is incurred for the purposes for which both restricted and unrestricted fund balance is available. Also for the classification of fund balances, the District considers committed, assigned, or unassigned amounts to have been spent when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Roswell Independent School District No. 4
Notes to Financial Statements
June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- D. *Assets, Deferred outflows of resources, Liabilities, Deferred inflows of resources, and Net position or Equity (Continued)*

Nonspendable Fund Balance: At June 30, 2018, the nonspendable fund balance in the general fund is made up of \$467,235 for inventory and \$234,800 for prepaid expenses. Nonspendable fund balances in the Title I Special Revenue Fund and Entitlement IDEA-B Fund are \$208,640 and \$39,058 for prepaid expenses.

Nonspendable fund balance in the Food Services Fund is \$233,439 for inventory. Nonspendable fund balance in the Title III-A Fund is \$240 for prepaid expenses. Nonspendable fund balance in the Teacher/Principal Training & Recruiting Fund is \$216 for prepaid expenses. Nonspendable fund balance for Carl Perkins is \$2,068 for prepaid expenses. Nonspendable fund balance in the Immigrant Funding Title XIX Fund is \$126 for prepaid expenses.

Restricted and Committed Fund Balance: At June 30, 2018, the restricted fund balance on the governmental funds balance sheet is made up of \$8,801,716 restricted for instructional materials, food services, extracurricular activities and education to the students of the District, \$10,554,890 restricted for the purpose of erecting, remodeling, making additions to and furnishing school buildings and purchasing or improving school grounds and purchasing computer software and hardware for student use in public schools, providing matching funds for capital outlay projects funded pursuant to the Public School Capital Outlay Act [22-24-1 NMSA 1978], or any combination of these purposes, and \$6,335,298 restricted for the payment of principal and interest of the future debt service requirements. The District also has committed funds of \$541,036 in the general fund rebudgeted for the subsequent year's expenditures. The District has no minimum fund balance policy. Residual amounts are reported as unassigned in the General Fund.

Net Position: Equity is classified as net position and displayed in three components:

- a. Net investment in capital assets: Consists of 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 District includes unspent bond proceeds in the amount of \$8,656,245 in the calculation of the net investment in capital assets.
- b. Restricted Net Position: Net position is reported as restricted when constraints are placed on the use either by: (1) external groups such as creditors, grantors, contributors, or laws or regulation of other governments; or (2) law through constitutional provisions or enabling legislation. Descriptions for the related restrictions for net position restricted for "special revenue, capital projects, and debt service" are described on page 48 and 106-111.
- c. Unrestricted Net Position: Net position that does not meet the definition of "Restricted" or "Net Investment in Capital Assets."

Roswell Independent School District No. 4
Notes to Financial Statements
June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Deferred outflows of resources, Liabilities, Deferred inflows of resources, and Net position or Equity (Continued)

Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant estimates for the District are management's estimate of depreciation on assets over their estimated useful lives, net pension liability and related deferred inflows and outflows of resources, and the current portion of accrued compensated absences.

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 insure 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 costs." 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 and the component unit received \$70,860,703 and \$676,703, respectively, in state equalization guarantee distributions during the year ended June 30, 2018.

Tax Revenues: The District receives mill levy and ad-valorem tax revenues primarily for debt service and capital outlay purposes. Property taxes are assessed on January 1st of each year and are payable in two equal installments, on November 10th of the year in which the tax bill is prepared and April 10th of the following year with the levies becoming delinquent 30 days (one month) thereafter. The District recognizes tax revenues in the period for which they are levied in the government-wide financial statements. The District records only the portion of the taxes considered 'measurable' and 'available' in the governmental fund financial statements. The District and Component Unit recognized \$8,402,962 and \$13,169 in tax revenues respectively, in the government-wide financial statements during the year ended June 30, 2018. Descriptions of the individual debt service and capital outlay funds contained in these financial statements include information regarding the authority for the collection and use of these taxes.

Transportation Distribution: School districts in the State of New Mexico receive student transportation distributions. The transportation distribution is allocated to each school district in accordance with formulas developed by the State Transportation Director and the 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 12 attending public school within the school district. The District received \$2,700,407 in transportation distributions during the year ended June 30, 2018.

Roswell Independent School District No. 4
Notes to Financial Statements
June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- D. *Assets, Deferred outflows of resources, Liabilities, Deferred inflows of resources, and Net position or Equity (Continued)*

Instructional Materials: The Public Education Department (Department) 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, seventy percent is restricted to the requisition of materials listed in the State Board of Education "State Adopted Instructional Material" list, while thirty percent of each allocation is available for purchases directly from vendors. Allocations received from the State by the District and the component unit for the year ended June 30, 2018 totaled \$315,422 and \$2,089, respectively.

SB-9 State Match: The Director shall distribute to any school district that has imposed a tax under the Public School Capital Improvements Act (22-25-1 to 22-25-10 NMSA 1978) an amount from the public school capital improvements fund that is equal to the amount by which the revenue estimated to be received from the imposed tax as specified in Subsection B of Section 22-25-3 NMSA 1978, assuming a one hundred percent collection rate, is less than an amount calculated by multiplying the product obtained by the rate imposed in the District under the Public School Capital Improvements Act.

The distribution shall be made by December 1 of each year that the tax is imposed in accordance with Section 22-25-3 NMSA 1978. 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. The District and the Component Unit received \$857,477 and \$5,699, respectively, in state SB-9 matching during the year ended June 30, 2018.

Public School Capital Outlay: The public school capital outlay fund was created under the provisions of Chapter 22, Article 24, NMSA 1978. The money in the fund may be used for: capital expenditures deemed by the public school capital outlay council to be necessary for an adequate educational program per Section 22-24-4(B); core administrative functions of the public school facilities authority and for project management expenses upon approval of the council per Section 22-24-4(G); and for the purpose of demolishing abandoned school district facilities, upon application by a school district to the council, per Section 22-24-4(L).

Money in the fund shall be disbursed by warrant of the Department of Finance and Administration on vouchers signed by the Secretary of Finance and Administration following certification by the council that the application has been approved.

The District and the Component Unit received \$2,182,558 and \$32,983 respectively, in Public School Capital Outlay matching during the year ended June 30, 2018.

Roswell Independent School District No. 4
Notes to Financial Statements
June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Deferred outflows of resources, Liabilities, Deferred inflows of resources, and Net position or Equity (Continued)

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

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

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

These budgets are prepared on the Non-GAAP cash basis, excluding encumbrances, with payroll and held checks being accrued and expensed, therefore, fund balances on the budget statements do not reconcile to cash due to the District's accrued payroll which is presented on the accrual basis. Carryover funds must be re-appropriated in the budget of the subsequent fiscal year. Because the budget process in the State of New Mexico requires that the beginning cash balance be appropriated in the budget of the subsequent fiscal year, such appropriated balance is legally restricted and is therefore presented as restricted fund balance.

Actual expenditures may not exceed the budget at the function (or "series") level. 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 local school board submits to the District Budget Planning Unit (DBPU) of the New Mexico Public Education Department (PED) a proposed operating budget for the ensuing fiscal year commencing July 1. The operating budget includes proposed expenditures and the means of financing them. All budgets are submitted to the State of New Mexico Public Education Department.

Roswell Independent School District No. 4
Notes to Financial Statements
June 30, 2018

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

Budgetary Information (Continued)

2. In May or June of each year, the proposed “operating” budget will be reviewed and approved by the DBPU and certified and approved by the local school board at a public hearing of which notice has been published by the local school board which fixes the estimated budget for the school district for the ensuing fiscal year.
3. The school board meeting is open for the general public unless a closed meeting has been called.
4. The “operating” budget will be used by the District until they have been notified that the budget has been approved by the DBPU and the local school board. The budget shall be integrated formally into the accounting system. Encumbrances shall be used as an element of control and shall be integrated into the budget system.
5. The District shall make corrections, revisions and amendments to the estimated budgets fixed by the local school board to recognize actual cash balances and carryover funds, if any. These adjustments shall be reviewed and approved by the DBPU.
6. The superintendent is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the school board and the State of New Mexico Public Education Department.
7. Budget change requests are processed in accordance with Supplement 1 (Budget Preparation and Maintenance) of the Manual of Procedures Public School Accounting and Budgeting. Such changes are initiated by the school district and approved by the DBPU.
8. Legal budget control for expenditures is by function.
9. Appropriations lapse at fiscal year-end. Funds unused during the fiscal year may be carried over into the next fiscal year by budgeting those in the subsequent fiscal year’s budget. The budget schedules included in the accompanying financial statements reflect the original budget and the final budget.
10. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Funds.

The School Board may approve amendments to the appropriated budget, which are required when a change is made affecting budgeted ending fund balance. New Mexico Administrative Code 6.20.2.9 prohibits the District from exceeding budgetary control at the function level.

Roswell Independent School District No. 4
Notes to Financial Statements
June 30, 2018

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

The appropriated budget for the year ended June 30, 2018, was properly amended by the District's Board of Education throughout the year. The amendments resulted in the following changes:

	Excess (deficiency) of revenues over expenditures	
	Original Budget	Final Budget
Budgeted Funds:		
General Fund	\$ (5,378,970)	\$ (5,682,809)
Title I Special Revenue Fund	-	-
Entitlement IDEA-B	-	-
Bond Building Capital Projects Fund	(4,621,306)	(5,991,320)
Debt Service Fund	(6,980,379)	(6,052,410)
Other Governmental Funds	(5,719,494)	(6,628,167)
	\$ (22,700,149)	\$ (24,354,706)

The District is required to balance its budgets each year. Accordingly, amounts that are excess or deficient are presented as changes in cash designated for expenditures, not as an excess or deficiency of revenues over expenditures. The reconciliation between the Non-GAAP budgetary basis amounts and the financial statements on the GAAP basis for each governmental fund are included in each individual budgetary comparison.

NOTE 3: DEPOSITS AND INVESTMENTS

Section 22-8-40, NMSA 1978 authorizes the investment of District funds in a wide variety of instruments including certificates of deposit and other similar obligations, state investment pool, money market accounts, and United States Government obligations. All invested funds of the District properly followed State investment requirements as of June 30, 2018.

Deposits of funds may be made in interest or non-interest bearing checking accounts in one or more banks or savings and loan associations within the geographical boundaries of the District. Deposits may be made to the extent that they are insured by an agency of the United States or collateralized as required by statute. The financial institution must provide pledged collateral for 50% of the deposit amount in excess of the deposit insurance.

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 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.

Roswell Independent School District No. 4
Notes to Financial Statements
June 30, 2018

NOTE 3: DEPOSITS AND INVESTMENTS (Continued)

All of the District's accounts at an insured depository institution, including all noninterest-bearing transaction accounts, will be insured by the FDIC up to the standard maximum deposit insurance amount of \$250,000 for all deposit accounts out of state and up to \$250,000 for all time and saving accounts plus up to \$250,000 for all demand deposit accounts held at a single institution in state.

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk, other than following state statutes as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978). At June 30, 2018, \$3,305,279 of the District's bank balances of \$3,605,378 was exposed to custodial credit risk. \$3,305,279 was uninsured and collateralized by collateral held by the pledging bank's trust department not in the District's name, and \$0 was uninsured and uncollateralized.

	Pioneer Bank	Total
Amount of deposits	\$ 3,605,378	\$ 3,605,378
FDIC coverage	(300,099)	(300,099)
Total uninsured public funds	3,305,279	3,305,279
Collateralized by securities held by pledging institutions or by its trust department or agent in other than the District's name	3,305,279	3,305,279
Uninsured and uncollateralized	\$ -	\$ -
Collateral requirement (50%)	\$ 1,652,640	\$ 1,652,640
Pledged securities	12,881,051	12,881,051
Over (under) collateralized	\$ 11,228,411	\$ 11,228,411

The collateral pledged is listed on the Schedule of Collateral Pledged by Depository for Public Funds on page 148 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, School district or political subdivision of the State of New Mexico.

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

Roswell Independent School District No. 4
Notes to Financial Statements
June 30, 2018

NOTE 3: DEPOSITS AND INVESTMENTS (Continued)

At June 30, 2018, the District's investment balances were exposed to custodial credit risk as follows:

Overnight Repurchase Agreements	Pioneer Bank	Total
Amount of deposits	\$ 39,839,977	\$ 39,839,977
Total uninsured public funds	39,839,977	39,839,977
Collateralized by securities held by pledging institutions or by its trust department or agent in other than the District's name	39,839,977	39,839,977
Uninsured and uncollateralized	\$ -	\$ -
Collateral requirement (102% of uninsured-repurchase)	\$ 40,636,777	\$ 40,636,777
Pledged securities	40,636,777	40,636,777
Over (under) collateralized	\$ -	\$ -

Reconciliation to the Statement of Net Position

The carrying amount of deposits and investments shown above are included in the District's statement of net position as follows:

Primary Government

Cash and cash equivalents	\$ 34,521,301
Restricted cash	6,212,654
Investments	2,658
Cash - Statement of Fiduciary Assets and Liabilities	1,008,637
Investments - Statement of Fiduciary Assets and Liabilities	51,165
Total cash, cash equivalents, and investments	41,796,415
Add: outstanding checks	1,653,558
Less: LGIP (Government)	(2,658)
Less: LGIP (Agency)	(1,065)
Less: Petty cash	(895)
Bank balance of deposits and investments	\$ 43,445,355

Roswell Independent School District No. 4
Notes to Financial Statements
June 30, 2018

NOTE 3: DEPOSITS AND INVESTMENTS (Continued)

Component Unit

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the Component Unit’s deposits may not be returned to it. The Component Unit does not have a deposit policy for custodial credit risk, other than following state statutes as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978). At June 30, 2018, \$198,823 of the Component Unit’s bank balances of \$448,823 was exposed to custodial credit risk. \$198,823 was uninsured and collateralized by collateral held by the pledging bank’s trust department not in the District’s name, and \$0 was uninsured and uncollateralized.

	Pioneer Bank	Total
Amount of deposits	\$ 448,823	\$ 448,823
FDIC coverage	(250,000)	(250,000)
Total uninsured public funds	198,823	198,823
Collateralized by securities held by pledging institutions or by its trust department or agent in other than the Charter's name	198,823	198,823
Uninsured and uncollateralized	\$ -	\$ -
Collateral requirement (50%)	\$ 99,412	\$ 99,412
Pledged securities	558,650	558,650
Over (under) collateralized	\$ 459,238	\$ 459,238

The collateral pledged is listed on the Schedule of Collateral Pledged by Depository for Public Funds on page 148 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, School district or political subdivision of the State of New Mexico.

Reconciliation to the Statement of Net Position

The carrying amount of deposits and investments shown above are included in the Charter’s statement of net position as follows:

Component Unit	
Cash and cash equivalents	\$ 435,519
Cash - Statement of Fiduciary Assets and Liabilities	6,719
Total cash, cash equivalents, and investments	442,238
Add: outstanding checks	6,585
Bank balance of deposits	\$ 448,823

Roswell Independent School District No. 4
Notes to Financial Statements
June 30, 2018

NOTE 3: DEPOSITS AND INVESTMENTS (Continued)

Investments

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

As of June 30, 2018, the District had the following investments and maturities:

Investment Type	Weighted Average Maturities (F)	Fair Value	Rating
New MexiGROW LGIP	100 days (WAM(F))	\$ 3,723	* AAAm **
Investments per Schedule of Deposits and Investment Accounts		\$ 3,723	

* \$1,065 of this balance is agency funds

** Based on Standard & Poor's rating

The investments are listed on Schedule of Deposit and Investment Accounts on page 149 of this report. The types of investment, interest rate, maturity date and fair value per security are included in the schedule.

Interest Rate Risk – Investments. The District does not have a formal policy limiting investment maturities that would help manage its exposure to fair value losses from increasing interest rates.

Concentration Credit Risk – Investments. For an investment, concentration credit risk is when any one issuer is 5% or more of the investment portfolio of the District. Since the District only purchases investment with high credit ratings, the additional concentration is not viewed to be an additional risk by the District. The District's policy related to concentration credit risk is to comply with the state statute as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978).

Roswell Independent School District No. 4
Notes to Financial Statements
June 30, 2018

NOTE 4: ACCOUNTS RECEIVABLE

Primary Government

Accounts receivable as of June 30, 2018, are as follows:

	General Fund	Title I	Entitlement IDEA-B
Taxes receivable:			
Property taxes	\$ 23,580	\$ -	\$ -
Due from other governments:			
State	-	-	-
Federal	-	709,703	999,383
Other receivables:			
Oil and gas taxes	465	-	-
Miscellaneous	906,270	-	-
Totals by fund	\$ 930,315	\$ 709,703	\$ 999,383

	Debt Service	Other Governmental Funds	Total
Taxes receivable:			
Property taxes	\$ 392,282	\$ 133,713	\$ 549,575
Due from other governments:			
State	-	1,584,515	1,584,515
Federal	-	869,635	2,578,721
Other receivables:			
Oil and gas taxes	5,239	-	5,704
Miscellaneous	-	225	906,495
Totals by fund	\$ 397,521	\$ 2,588,088	\$ 5,625,010

In accordance with GASB Statement No. 33, property tax revenues in the amount of \$387,203 that was not collected within the period of availability has been reclassified as deferred inflows for unavailable revenue in the governmental fund financial statements. All of the above receivables are deemed to be fully collectible.

Component Unit

Accounts receivable as of June 30, 2018, are as follows:

	Other Governmental Funds	Total
Property taxes receivable	\$ 843	\$ 843
Totals by fund	\$ 843	\$ 843

In accordance with GASB Statement No. 33, property tax revenues in the amount of \$705 that was not collected within the period of availability has been reclassified as deferred inflows for unavailable revenue in the governmental fund financial statements. All of the above receivables are deemed to be fully collectible.

Roswell Independent School District No. 4
Notes to Financial Statements
June 30, 2018

NOTE 5: INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The District records temporary interfund receivables and payables to enable the funds to operate until grant monies are received. The composition of interfund balances during the year ended June 30, 2018 is as follows:

Governmental Activities	Due from other funds	Due to other funds
General Fund	\$ 6,411,273	\$ -
Special Revenue Fund		
Title I IASA	-	2,268,996
Entitlement Idea B	-	1,233,837
Nonmajor Funds		
Migrant Children Education	-	25,000
Preschool IDEA B	-	40,000
IDEA-B Private Schools Share	-	14,025
Title III - English Language Acquisition	-	95,494
Teacher/Principal Training & Recruiting	-	173,538
Rural and Low Income Schools	-	64,600
Title I School Improvement	-	9,137
Immigrant Funding - Title III	-	94,910
Carl D Perkins Secondary Current	-	82,018
Carl D Perkins Secondary Redistribution	-	16,000
Carl D Perkins HSTW Current	-	33,867
Student Support and Academic Enrichment	-	99,300
Dual Credit Instructional Materials -FY 14-15	-	33,000
Teacher Recruitment Support Initiative	-	28,544
PreK Initiative	-	523,650
Breakfast for Elementary Students	-	97,100
Schools in Need of Improvement Grant	-	30,757
Kindergarten Three Plus	-	720,000
NM Grown Fruits and Vegetables	-	8,000
K-3 Plus 4 and 5 Pilot	-	133,000
Early Intervention CYFD	-	9,000
GRADS Instructon	-	2,500
Capital Improvements SB9	-	575,000
Total	\$ 6,411,273	\$ 6,411,273

All interfund balances are intended to be repaid within one year.

Roswell Independent School District No. 4
Notes to Financial Statements
June 30, 2018

NOTE 5: INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (Continued)

At June 30, 2018, there were no operating transfers made to close out funds.

NOTE 6: CAPITAL ASSETS

Primary Government

A summary of capital assets and changes occurring during the year ended June 30, 2018, including those changes pursuant to the implementation of GASB Statement No. 34, follows. Land and construction in progress are not subject to depreciation.

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

	Balance June 30, 2017	Additions	Deletions	Balance June 30, 2018
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 2,477,313	\$ -	\$ -	\$ 2,477,313
Construction in progress	10,265,701	4,034,046	-	14,299,747
Total capital assets not being depreciated	12,743,014	4,034,046	-	16,777,060
Capital assets being depreciated:				
Land improvements	17,389,023	58,690	-	17,447,713
Buildings and improvements	183,032,814	761,820	-	183,794,634
Furniture, fixtures and equipment	10,155,879	874,569	(2,698,951)	8,331,497
Intangibles	451,398	-	-	451,398
Total capital assets being depreciated	211,029,114	1,695,079	(2,698,951)	210,025,242
Total capital assets	223,772,128	5,729,125	(2,698,951)	226,802,302
Less accumulated depreciation:				
Land improvements	10,366,517	664,696	-	11,031,213
Buildings and improvements	58,529,277	6,180,373	-	64,709,650
Furniture, fixtures and equipment	7,078,117	524,371	(2,553,267)	5,049,221
Intangibles	245,045	183,954	-	428,999
Total accumulated depreciation	76,218,956	7,553,394	(2,553,267)	81,219,083
Total capital assets, net of depreciation	\$ 147,553,172	\$ (1,824,269)	\$ (145,684)	\$ 145,583,219

Roswell Independent School District No. 4
Notes to Financial Statements
June 30, 2018

NOTE 6: CAPITAL ASSETS (Continued)

Depreciation expense for the year ended June 30, 2018 was charged to the following functions:

Instruction	\$	4,263,808
Support services - students		798,350
Support services - instruction		105,554
Support services - general admin		127,054
Support services - school admin		360,340
Central services		666,036
Operation and maintenance of plant		204,212
Student transportation		1,061
Other support services		637,336
Food service operations		389,643
Total	\$	7,553,394

Component Unit

	Balance June 30, 2017	Additions	Deletions	Balance June 30, 2018
Governmental activities:				
Capital assets being depreciated:				
Land improvements	\$ 68,126	\$ -	\$ -	\$ 68,126
Furniture, fixtures and equipment	116,086	-	(100,359)	15,727
Total capital assets being depreciated	184,212	-	(100,359)	83,853
Less accumulated depreciation:				
Land improvements	7,806	3,365	-	11,171
Furniture, fixtures and equipment	115,255	1,097	(100,359)	15,993
Total accumulated depreciation	123,061	4,462	(100,359)	27,164
Total capital assets, net of depreciation	\$ 61,151	\$ (4,462)	\$ -	\$ 56,689

Depreciation expense in the amount of \$4,462 was charged to Instruction in the Statement of Activities.

NOTE 7: LONG-TERM DEBT

General obligation bonds are secured by and payable solely from the Debt Service Fund.

General obligation bonds are direct obligations and pledge the full faith and credit of the District. These bonds are issued with varying terms and varying amounts of principal maturing each year. All general obligation bonds as of June 30, 2018 are for governmental activities.

Roswell Independent School District No. 4
Notes to Financial Statements
June 30, 2018

NOTE 7: LONG-TERM DEBT (Continued)

Bonds outstanding at June 30, 2018 are comprised of the following:

	Series 2010	Series 2011	Series 2013	Series 2015 A
Original Issue	\$ 8,000,000	\$ 9,500,000	\$ 6,500,000	\$ 8,000,000
Principal	1-Aug	1-Aug	1-Aug	1-Aug
Interest	1-Feb	1-Feb	1-Feb	1-Feb
	1-Aug	1-Aug	1-Aug	1-Aug
Interest Rates	2.00% - 3.00%	2.00% - 3.00%	2.00% - 3.50%	2.00% - 4.00%
Maturity Date:	8/1/2023	8/1/2024	8/1/2029	8/1/1930
	Series 2015 B	Series 2017 A	Series 2017 B	
Original Issue	\$ 5,675,000	\$ 3,730,000	\$ 5,670,000	
Principal	1-Aug	1-Aug	1-Aug	
Interest	1-Feb	1-Feb	1-Feb	
	1-Aug	1-Aug	1-Aug	
Interest Rates	4.00%	3.00%	4.00%	
Maturity Date:	8/1/2021	8/1/2032	8/1/2023	

During the year ended June 30, 2018, the following changes occurred in the liabilities reported in the government-wide Statement of Net Position:

	Balance			Balance	Due Within
	June 30, 2017	Additions	Retirements	June 30, 2018	One Year
General Obligation Bonds	\$ 40,950,000	\$ 9,400,000	\$ 10,610,000	\$ 39,740,000	\$ 4,815,000
Compensated Absences	512,088	433,562	429,096	516,554	429,096
Total long-term debt	\$ 41,462,088	\$ 9,833,562	\$ 11,039,096	\$ 40,256,554	\$ 5,244,096

On September 12, 2017, the District entered into a General Obligation School Building bond series 2017A in the amounts of \$3,730,000, due in annual installments on August 1st, with interest rates from 4.00% paid semiannually through August of 2033. The balance at June 30, 2018 was \$3,730,000.

On September 12, 2017, the District issued a \$5,670,000 Go Bond (Series 2017B) with an interest rate of 4.00% to advance refund \$7,380,000 of outstanding 2009A Series GO Bonds with an interest rate of 2.25%-3.75%. The net refunding proceeds of \$5,994,009 (after paying \$106,056 of underwriting fees, insurance, and other issuance costs) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with Bank of Oklahoma (the escrow agent) to provide for all future debt service payments on the 2009A Series bonds. As a result, the 2009A Series bonds are considered to be defeased and the liability for those bonds has been removed from the government wide financial statement of net position. The advanced refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$6,788, which is reported as a deferred inflow on the government-wide statement of net position, net of amortization of \$0. The difference is being charged to operations through fiscal year 2024 using the straight line method. The District completed the advanced refunding to reduce its total debt service payment over the next six years and to obtain an economic gain of \$242,630.

Roswell Independent School District No. 4
Notes to Financial Statements
June 30, 2018

NOTE 7: LONG-TERM DEBT (Continued)

The annual requirement to amortize the District's bonds outstanding as of June 30, 2018, including interest payments, is as follows:

GO Bond Series 2010

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2019	\$ 1,000,000	\$ 162,750	\$ 1,162,750
2020	1,200,000	138,000	1,338,000
2021	1,300,000	105,000	1,405,000
2022	1,400,000	64,500	1,464,500
2023	1,450,000	21,750	1,471,750
	<u>\$ 6,350,000</u>	<u>\$ 492,000</u>	<u>\$ 6,842,000</u>

GO Bond Series 2011

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2019	\$ 735,000	\$ 224,775	\$ 959,775
2020	625,000	204,375	829,375
2021	1,500,000	172,500	1,672,500
2022	1,500,000	127,500	1,627,500
2023	1,625,000	80,625	1,705,625
2024	1,875,000	28,175	1,903,175
	<u>\$ 7,860,000</u>	<u>\$ 837,950</u>	<u>\$ 8,697,950</u>

GO Bond Series 2013

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2019	\$ -	\$ 172,250	\$ 172,250
2020	-	172,250	172,250
2021	-	172,250	172,250
2022	575,000	163,625	738,625
2023	600,000	146,000	746,000
2024-2028	3,400,000	420,250	3,820,250
2029	700,000	12,250	712,250
	<u>\$ 5,275,000</u>	<u>\$ 1,258,875</u>	<u>\$ 6,533,875</u>

Roswell Independent School District No. 4
Notes to Financial Statements
June 30, 2018

NOTE 7: LONG-TERM DEBT (Continued)

GO Bond Series 2015A

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2019	\$ 200,000	\$ 243,000	\$ 443,000
2020	225,000	239,000	464,000
2021	200,000	234,500	434,500
2022	200,000	230,500	430,500
2023	400,000	226,500	626,500
2024-2028	4,475,000	710,000	5,185,000
2029-2030	1,800,000	81,000	1,881,000
	\$ 7,500,000	\$ 1,964,500	\$ 9,464,500

GO Bond Series 2015B

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2019	\$ 1,205,000	\$ 134,200	\$ 1,339,200
2020	1,400,000	86,000	1,486,000
2021	750,000	30,000	780,000
	\$ 3,355,000	\$ 250,200	\$ 3,605,200

GO Bond Series 2017A

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2019	\$ 175,000	\$ 89,641	\$ 264,641
2020	30,000	95,913	125,913
2021	80,000	95,013	175,013
2022	20,000	92,613	112,613
2023	45,000	92,013	137,013
2024-2028	1,585,000	369,615	1,954,615
2029-2033	1,795,000	139,375	1,934,375
	\$ 3,730,000	\$ 974,183	\$ 4,704,183

Roswell Independent School District No. 4
Notes to Financial Statements
June 30, 2018

NOTE 7: LONG-TERM DEBT (Continued)

GO Bond Series 2017B

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2019	\$ 1,500,000	\$ 200,970	\$ 1,700,970
2020	1,250,000	166,800	1,416,800
2021	855,000	116,800	971,800
2022	1,185,000	82,600	1,267,600
2023	60,000	35,200	95,200
2024	820,000	32,800	852,800
	<u>\$ 5,670,000</u>	<u>\$ 635,170</u>	<u>\$ 6,305,170</u>

Compensated Absences – Administrative employees of the District are able to accrue a limited amount of vacation and other compensatory time during the year. During fiscal year June 30, 2018, compensated absences increased \$4,466 from the prior year accrual. In prior years, the general fund was typically used to liquidate such long-term liabilities. See Note 1 for more details.

NOTE 8: RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; error omissions; and natural disasters, for which the District is a member of the New Mexico Public School Insurance Authority (NMPSIA). The Authority was created to provide comprehensive core insurance programs by expanding the pool of subscribers to maximize cost containment opportunities for required insurance coverage. The District pays an annual premium to the NMPSIA based on claim experience and the status of the pool. The Risk Management Program includes Workers Compensation, General and Automobile Liability, Automobile Physical Damage, and Property and Crime coverage. Also included under the risk management program are Boiler, Machinery and Student Accident Insurance.

The NMPSIA provides coverage for up to a maximum of \$500,000,000 for each property damage claim with a \$15,000 deductible per occurrence with a maximum annual deductible of \$60,000. General liability coverage is afforded to all employees, volunteers and school board members and the limit is subject to the NMSA Tort Claims Act on a per occurrence basis. The automobile and property liability limit is subject to the provisions of the Tort Claims Act. The crime limit is \$250,000 per occurrence for Faithful Performance. A limit of \$250,000 applies to Depositor’s Forgery, Credit Card Forgery, and Money Orders. A limit of \$100,000 applies to Money and Securities, which include a \$750 deductible.

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

Roswell Independent School District No. 4
Notes to Financial Statements
June 30, 2018

NOTE 9: PENSION PLAN – EDUCATIONAL RETIREMENT BOARD

General Information about the Pension Plan

Plan description. ERB was created by the state’s Educational Retirement Act, Section 22-11-1 through 22-11-52, NMSA 1978, as amended, to administer the New Mexico Educational Employees’ Retirement Plan (Plan). The Plan is a cost-sharing, multiple employer plan established to provide retirement and disability benefits for certified teachers and other employees of the state’s public schools, institutions of higher learning, and agencies providing educational programs. The Plan is a pension trust fund of the State of New Mexico. The New Mexico legislature has the authority to set or amend contribution rates.

ERB issues a publicly available financial report and a comprehensive annual financial report that can be obtained at www.nmerb.org.

Benefits provided. A member’s retirement benefit is determined by a formula which includes three component parts: the member’s final average salary (FAS), the number of years of service credit, and a 0.0235 multiplier. The FAS is the average of the member’s salaries for the last five years of service or any other consecutive five-year period, whichever is greater. A brief summary of Plan coverage provisions follows:

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.

Retired members and surviving beneficiaries receiving benefits receive an automatic cost of living adjustment (COLA) to their benefit each July 1, beginning in the year the member attains or would have attained age 65 or on July 1 of the year following the member’s retirement date, whichever is later.

Roswell Independent School District No. 4
Notes to Financial Statements
June 30, 2018

NOTE 9: PENSION PLAN – EDUCATIONAL RETIREMENT BOARD (Continued)

Prior to June 30, 2013 the COLA adjustment was equal to one-half the change in the Consumer Price Index (CPI), except that the COLA shall not exceed 4% nor be less than 2%, unless the change in CPI is less than 2%, in which case, the Cola would equal the change in the CPI, but never less than zero. 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 1.8%. 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 1.9%.

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.

Contributions. The contribution requirements of plan members and the District are established in state statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. For the fiscal year ended June 30, 2016 employers contributed 13.90% of employees' gross annual salary to the Plan. Employees earning \$20,000 or less contributed 7.90% and employees earning more than \$20,000 contributed 10.70% of their gross annual salary.

For fiscal year ended June 30, 2018 employers contributed 13.90%, and employees earning \$20,000 or less continued to contribute 7.90% and employees earning more than \$20,000 contributed an increased amount of 10.70% of their gross annual salary. Contributions to the pension plan from the District were \$6,695,714 for the year ended June 30, 2018.

Roswell Independent School District No. 4
Notes to Financial Statements
June 30, 2018

NOTE 9: PENSION PLAN – EDUCATIONAL RETIREMENT BOARD (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: The total ERB pension liability, net pension liability, and sensitivity information were based on an annual actuarial valuation performed as of June 30, 2016. The total ERB pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2017, using generally accepted actuarial principles. Therefore, the employer’s portion was established as of the measurement date June 30, 2017. At June 30, 2018, the District and the Component Unit reported a liability of \$194,181,183 and \$1,552,552 respectively, for their proportionate share of the net pension liability. The District’s proportion of the net pension liability is based on the employer contributing entity’s percentage of total employer contributions for the fiscal year ended June 30, 2017. The contribution amounts were defined by Section 22-11-21, NMSA 1978.

At June 30, 2018, the District’s proportion was 1.74726 percent, which was an increase of 0.05349 from its proportion measured as of June 30, 2016. At June 30, 2018, the Charter’s proportion was 0.01397 percent, which was an increase of 0.00160 from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the District and the Component Unit recognized pension expense of \$31,904,581 and \$296,309 respectively. At the June 30, 2018, the District and Component Unit reported deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

Primary Government

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	\$ 348,574	\$ 2,991,544
Net difference between projected and actual earnings on pension plan investments	467,299	493,937
Changes in proportion and differences between District contributions and proportionate share of contribution	2,585,490	87,969
Changes in assumptions	56,685,304	-
District's contributions subsequent to the measurement date	6,695,714	-
Total	\$ 66,782,381	\$ 3,573,450

Roswell Independent School District No. 4
Notes to Financial Statements
June 30, 2018

NOTE 9: PENSION PLAN – EDUCATIONAL RETIREMENT BOARD (Continued)

Component Unit

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	\$ 2,787	\$ 23,919
Net difference between projected and actual earnings on pension plan investments	-	213
Changes in proportion and differences between District contributions and proportionate share of contribution	100,549	4,209
Changes in assumptions	453,220	-
Charter's contributions subsequent to the measurement date	48,517	-
Total	\$ 605,073	\$ 28,341

\$6,695,714 and \$48,517 reported as deferred outflows of resources related to pensions resulting from District and Component Unit's contributions subsequent to the measurement date of June 30, 2017 respectively, will be recognized as a reduction of the net pension liability in the year ended June 30, 2019.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Primary Government:

Year ended June 30:

2018	\$ (21,430,967)
2019	(22,859,049)
2020	(13,822,135)
2021	1,598,934
2022	-
Thereafter	-

Roswell Independent School District No. 4
Notes to Financial Statements
June 30, 2018

NOTE 9: PENSION PLAN – EDUCATIONAL RETIREMENT BOARD (Continued)

Component Unit:

Year ended June 30:

2018	\$	(210,013)
2019		(207,914)
2020		(126,074)
2021		15,786
2022		-
Thereafter		-

Actuarial assumptions. The total pension liability, net pension liability, and certain sensitivity information shown in this report are based on actuarial valuation and performed as of June 30, 2015. The liabilities reflect the impact of Senate Bill 115, signed into law March 29, 2013 and new assumptions adopted by the Board of Trustees on June 12, 2015. Specifically, the liabilities measured as of June 30, 2015 incorporate the following assumptions:

1. All members with an annual salary of more than \$20,000 will contribute 10.70% 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 COLA will be deferred until age 67.
3. COLAs for most retirees are reduced until ERB attains a 100% funded status.
4. These assumptions were adopted by the Board on June 12, 2015 in conjunction with the six year experience study period ending June 30, 2014.
5. For purposes of projecting future benefits, it is assumed that the full COLA is paid in all future years.

Roswell Independent School District No. 4
Notes to Financial Statements
June 30, 2018

NOTE 9: PENSION PLAN – EDUCATIONAL RETIREMENT BOARD (Continued)

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	3.00%
Salary Increases	Composition: 3% inflation, plus 1.25% productivity increase rate, plus step rate promotional increases for members with less than 10 years of service
Investment Rate of Return	7.75%
Retirement Age	Experience based table of age and service rates
Mortality	<p>Healthy Males – RP-2000 Combined Mortality Table with white collar adjustments, with no set back. Generational mortality improvements with scale BB from the table’s base year of 2000.</p> <p>Healthy Females – GRS Southwest Region Teacher Mortality Table, set back on year. Generational mortality improvements in accordance with scale BB from the Table’s base year of 2012.</p>

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. ERB’s investment allocation policy was reviewed and amended by the Board of Trustees on August 26, 2016. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the pension plan. The following schedule shows the current asset allocation policy adopted August 26, 2016 as well as the prior allocation policy targets.

Roswell Independent School District No. 4
Notes to Financial Statements
June 30, 2018

NOTE 9: PENSION PLAN – EDUCATIONAL RETIREMENT BOARD (Continued)

Comparative Schedule of Target Investment Allocation

Asset Class	Target Allocation	
	After 8/26/2016	Prior to 8/26/2016
Equities		
<i>Domestic Equities</i>		
Large cap equities	16%	18%
Small- mid cap equities	3%	2%
<i>Total domestic</i>	19%	20%
<i>International Equities</i>		
Developed	5%	5%
Emerging markets	9%	10%
<i>Total international</i>	14%	15%
Total equities	33%	35%
Fixed Income		
Opportunistic credit	18%	20%
Core bonds	6%	6%
Emerging market debt	2%	2%
Total fixed income	26%	28%
Alternatives		
Real estate - REITS	7%	7%
Real assets	8%	8%
Private equity	13%	11%
Global asset allocation	4%	5%
Risk parity	3%	5%
Other	5%	0%
Total alternatives	40%	36%
Cash	1%	1%
Total	100%	100%

Roswell Independent School District No. 4
Notes to Financial Statements
June 30, 2018

NOTE 9: PENSION PLAN – EDUCATIONAL RETIREMENT BOARD (Continued)

For the year ended June 30, 2017 and 2016, the annual money-weighted rates of return on pension plan investments were for each asset class above 11.91% and 2.68%, respectively.

Discount rate: A single discount rate of 5.90% and 7.75% was used to measure the total ERB pension liability as of June 30, 2017 and June 30, 2016. This single discount rate was based on the expected rate of return on pension plan investments of 7.25% and 7.75%, respectively. Based on the stated assumptions and the projection of cash flows, the Plan’s fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current pension plan members. Therefore the long term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The projection of cash flows used to determine this single discount rate assumed that Plan contributions will be made at the current statutory levels. Additionally, contributions received through the Alternative Retirement Plan (ARP), ERB’s defined contribution plan, are included in the projection of cash flows. ARP contributions are assumed to remain at a level percentage of ERB payroll, where the percentage of payroll is based on the most recent five year contribution history.

Sensitivity of the District’s proportionate share of the net pension liability to changes in the discount rate. The following table shows the sensitivity of the net pension liability to changes in the discount rate as of the fiscal year end 2016. In particular, the table presents the (employer’s) net pension liability under the current single rate assumption, as if it were calculated using a discount rate one percentage point lower (6.75%) or one percentage point higher (8.75%) than the single discount rate.

Primary Government	1% Decrease (4.90%)	Current Discount Rate (5.90%)	1% Increase (6.90%)
District's proportionate share of the net pension liability	\$ 252,775,613	\$ 194,181,183	\$ 146,285,007
Component Unit	1% Decrease (4.90%)	Current Discount Rate (5.90%)	1% Increase (6.90%)
Charter's proportionate share of the net pension liability	\$ 2,021,036	\$ 1,552,552	\$ 1,169,604

Pension plan fiduciary net position. Detailed information about the pension plan’s fiduciary net position is available in the separately issued audited financial statements as of and for June 30, 2017 and June 30, 2016 which are publicly available at www.nmerb.org.

Payables to the pension plan. Roswell Independent School District remits the legally required employer and employee contributions on a monthly basis to ERB. The ERB requires that the contributions be remitted by the 15th day of the month following the month for which contributions are withheld. At June 30, 2017 the District and Component Unit owed the ERB \$1,275,129 and \$8,273 respectively, for the contributions withheld in the month of June 2018.

Roswell Independent School District No. 4
Notes to Financial Statements
June 30, 2018

NOTE 10: OTHER POST EMPLOYMENT BENEFITS – RETIREE HEALTH CARE

General Information about the OPEB

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

NMRHCA is an independent agency of the State of New Mexico. The funds administered by NMRHCA are considered part of the State of New Mexico financial reporting entity and are OPEB trust funds of the State of New Mexico. NMRHCA’s financial information is included with the financial presentation of the State of New Mexico. *Benefits provided.* The Fund is a multiple employer cost sharing defined benefit healthcare plan that provides eligible retirees (including terminated employees who have accumulated benefits but are not yet receiving them), their spouses, dependents and surviving spouses and dependents with health insurance and prescription drug benefits consisting of a plan, or optional plans of benefits, that can be contributions to the Fund and by co-payments or out-of-pocket payments of eligible retirees.

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

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

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

Roswell Independent School District No. 4
Notes to Financial Statements
June 30, 2018

NOTE 10: OTHER POST EMPLOYMENT BENEFITS – RETIREE HEALTH CARE (Continued)

Contributions – Employer and employee contributions to the Fund total 3% for non-enhanced retirement plans and 3.75% of enhanced retirement plans of each participating employee’s salary as required by Section 10-7C-15 NMSA 1978. The contributions are established by statute and are not based on an actuarial calculation. All employer and employee contributions are non-refundable under any circumstance, including termination of the employer’s participation in the Fund. Contributions to the Fund from the District and the Charter were \$962,487 and \$6,981 for the year ended June 30, 2018.

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

At June 30, 2018, the District and charter reported liabilities of \$52,527,075 and \$420,086, respectively, for its proportionate share of the net OPEB liability. The net OPEB liabilities were measured as of June 30, 2017, and the total OPEB liabilities used to calculate the net OPEB liabilities were determined by an actuarial valuation as of that date. The District’s proportion of the net OPEB liability was based on actual contributions provided to the Fund for the year ending June 30, 2017. At June 30, 2017, the District’s and the Charter’s proportion was 1.15911 percent and 0.00927 percent, respectively.

For the year ended June 30, 2018, the District recognized OPEB expense of \$2,088,306. At June 30, 2018 the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ -	\$ 9,183,692
Net difference between projected and actual earnings on OPEB plan investments	-	755,638
Changes in proportion and differences between contributions and proportionate share of contributions	-	-
District's contributions subsequent to the measurement date	962,487	-
Differences between expected and actual experience	-	2,015,711
Total	\$ 962,487	\$ 11,955,041

Roswell Independent School District No. 4
Notes to Financial Statements
June 30, 2018

NOTE 10: OTHER POST EMPLOYMENT BENEFITS – RETIREE HEALTH CARE (Continued)

Deferred outflows of resources totaling \$962,487 represent the District’s contributions to the Fund made subsequent to the measurement date and will be recognized as a reduction of net OPEB liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

Year ended June 30:	
2019	\$ (2,541,725)
2020	(2,541,725)
2021	(2,541,725)
2022	(2,541,725)
2023	(1,788,141)
<hr/>	
Total	\$ (11,955,041)

For the year ended June 30, 2018, the recognized OPEB expense of \$16,702. At June 30, 2018 the Charter reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ -	\$ 73,449
Net difference between projected and actual earnings on OPEB plan investments	-	6,042
Changes in proportion and differences between contributions and proportionate share of contributions	-	-
Charter's contributions subsequent to the measurement date	6,981	-
Differences between expected and actual experience	-	16,121
<hr/>		
Total	\$ 6,981	\$ 95,612

Roswell Independent School District No. 4
Notes to Financial Statements
June 30, 2018

NOTE 10: OTHER POST EMPLOYMENT BENEFITS – RETIREE HEALTH CARE (Continued)

Deferred outflows of resources totaling \$6,981 represent the District’s contributions to the Fund made subsequent to the measurement date and will be recognized as a reduction of net OPEB liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

Year ended June 30:		
2019	\$	(20,327)
2020		(20,327)
2021		(20,327)
2022		(20,327)
2023		(14,304)
<hr/>		
Total	\$	(95,612)
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Actuarial assumptions. The total OPEB liability was determined by an actuarial valuation using the following actuarial assumptions:

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

Roswell Independent School District No. 4
Notes to Financial Statements
June 30, 2018

NOTE 10: OTHER POST EMPLOYMENT BENEFITS – RETIREE HEALTH CARE (Continued)

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

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

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

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

1% Decrease (2.81%)	Current Discount Rate (3.81%)	1% Increase (4.81%)
\$ 63,714,524	\$ 52,527,075	\$ 43,749,516

Roswell Independent School District No. 4
Notes to Financial Statements
June 30, 2018

NOTE 10: OTHER POST EMPLOYMENT BENEFITS – RETIREE HEALTH CARE (Continued)

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

1% Decrease (2.81%)	Current Discount Rate (3.81%)	1% Increase (4.81%)
\$ 509,558	\$ 420,086	\$ 349,887

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


1% Decrease	Current Trend Rates	1% Increase
\$ 44,677,895	\$ 52,527,075	\$ 58,647,495

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

1% Decrease	Current Trend Rates	1% Increase
\$ 357,312	\$ 420,086	\$ 469,034

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

Payable to the OPEB plan. Roswell Independent School District No. 4 remits the legally required employer and employee contribution on a monthly basis to RHC. The RHC requires that the contributions be remitted by the 15th day of the month following the month for which contributions are withheld. At June 30, 2018, the District and the Charter reported payables of \$183,472 and \$1,190 for outstanding contributions due to NMRHCA for the year ended June 30, 2018.



Roswell Independent School District No. 4
Notes to Financial Statements
June 30, 2018

NOTE 11: CONTINGENT LIABILITIES

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

The District is involved in various claims and lawsuits arising in the normal course of business. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the District's legal counsel that resolution of these matters will not have a material adverse effect on the financial condition of the District.

Roswell Independent School District No. 4
Notes to Financial Statements
June 30, 2018

NOTE 12: TAX ABATEMENTS

The District has not negotiated any tax abatement agreements. The District is affected by tax abatements entered into by other entities, as follows:

Agency number for Agency making the disclosure (Disclosing Agency)	5003	5003
Disclosing Agency Name	Chaves County	Chaves County
Disclosing Agency Type	County Government	County Government
Tax Abatement Agreement Name	Industrial Revenue Bond Project Agreement Series 2015A	Industrial Revenue Bond Project Agreement Series 2000
Name of agency affected by abatement agreement (Affected Agency)	Roswell Independent School District	Roswell Independent School District
Agency number of Affected Agency	7072	7072
Agency type of Affected Agency	Public Schools	Public Schools
Tax Abatement Agreement Name	Roswell Solar Series 2015A	AC Nutrition Series 2000
Recipient(s) of tax abatement	Roswell Solar LLC	AC Nutrition
Tax abatement program (name and brief description)	Industrial Revenue Bonds	Industrial Revenue Bonds
Specific Tax Being Abated	Property Tax	Property Tax
Authority under which abated tax is paid to Affected Agency	Industrial Revenue Bond Act, Section 4-59- 1 to 4-59-16 NMSA 1978	Industrial Revenue Bond Act, Section 4-59- 1 to 4-59-16 NMSA 1978
Gross dollar amount, on an accrual basis, by which the Affected Agency's tax revenues were reduced during the reporting period as a result of the tax abatement agreement	\$681,986	\$3,779
If the Disclosing Agency is omitting any information required in this spreadsheet or by GASB 77, cite the legal basis for such omission	N/A	N/A

Roswell Independent School District No. 4
Notes to Financial Statements
June 30, 2018

NOTE 13: OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES

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

- A. Deficit fund balance of individual funds. The District had six funds that maintained a deficit fund balance at June 30, 2018. The Charter had one fund that maintained a deficit fund balance at June 30, 2018

District

General Fund	
Transportation	\$ (1,721)
<hr/>	
Nonmajor Funds	
Schools in Need of Improvement	(30,757)
Capital Improvements SB-9 State	(45,430)
<hr/>	
Total Governmental Funds	\$ (127,980)
<hr/>	

Charter

Nonmajor Funds	
Challenge Foundation	\$ (471)
<hr/>	

- B. Excess of expenditures over appropriations. The District and Charter had no funds with excess of expenditures over appropriations for the year ended June 30, 2018.
- C. Designated cash appropriations in excess of available balance. The District and Charter had no designated cash appropriations in excess of available balances for the year ended June 30, 2018.

NOTE 14: CONCENTRATIONS

The District depends on financial resources flowing from, or associated with, both the Federal Government and the State of New Mexico. Because of this dependency, the District is subject to changes in specific flows of intergovernmental revenues based on modifications to Federal and State laws and Federal and State Appropriations.

Roswell Independent School District No. 4
Notes to Financial Statements
June 30, 2018

NOTE 15: COMMITMENTS

The District had a construction project ongoing as of the year ended June 30, 2018 that is to continue into the following fiscal year. The balance to complete the project is \$1,852,851.

NOTE 16: RESTRICTED NET POSITION

The government-wide statement of net position reports \$20,839,987 of restricted net position, all of which is restricted by enabling legislation. For descriptions of the related restrictions for net position restricted for special revenue, debt service and capital projects, see pages 48 and 106-111.

NOTE 17: NET POSITION/FUND BALANCE RESTATEMENT

The District and the Component Unit have prior period adjustments of (\$62,393,810) and (\$498,996), respectively, which was required for implementation of GASB Statement No. 75. The adjustments reflect beginning other post-employment benefit liability of (\$63,389,000) and (506,954), respectively, and beginning deferred outflow of resources – employer contributions subsequent to the measurement date of \$995,190 and \$7,958, respectively.

NOTE 18: SUBSEQUENT EVENTS

The date to which events occurring after June 30, 2018, the date of the most recent balance sheet have been evaluated for possible adjustment to the financial statement or disclosures is November 13, 2018, which is the date on which the financial statements were issued. There was one event identified that required disclosure.

On August 14, 2018, the District approved issuance of \$4 million of the remaining General Obligation bonds that will be repaid through 2033 with interest payable semiannually on August 1st and February 1st of each year starting February 1, 2019 and has a maximum net effective interest rate permitted on the bonds of 10%.

NOTE 19: SUBSEQUENT PRONOUNCEMENTS

In November 2016, GASB Statement No. 83, *Certain Asset Retirement Obligations*, was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged. The District is still evaluating how this pronouncement will affect the financial statements.

In January 2017, GASB Statement No. 84, *Fiduciary Activities*, was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged. The District is still evaluating how this pronouncement will affect the financial statements.

Roswell Independent School District No. 4
Notes to Financial Statements
June 30, 2018

NOTE 19: SUBSEQUENT PRONOUNCEMENTS (Continued)

In June 2017, GASB Statement No. 87, *Leases*, was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The District is still evaluating how this pronouncement will affect the financial statements.

In April 2018, GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged. The District is still evaluating how this pronouncement will affect the financial statements.

In June 2018, GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The District is still evaluating how this pronouncement will affect the financial statements.

In August 2018, GASB Statement No. 90, *Accounting for Majority Equity Interest, an amendment of GASB Statements No. 14 and No. 61*, was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged. The District is still evaluating how this pronouncement will affect the financial statements.

Required Supplementary Information

Roswell Independent School District No. 4
Schedule of Proportionate Share of the Net Pension Liability
Educational Retirement Board (ERB) Pension Plan
Last 10 Fiscal Years*

Primary Government	2018 Measurement Date (As of and for the Year Ended June 30, 2017)	2017 Measurement Date (As of and for the Year Ended June 30, 2016)
Roswell Independent School District No. 4's proportion of the net pension liability (asset)	1.74726%	1.69377%
Roswell Independent School District No. 4's proportionate share of the net pension liability (asset)	\$ 194,181,183	\$ 121,891,033
Roswell Independent School District No. 4's covered payroll	49,706,365	46,255,176
Roswell Independent School District No. 4's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	391%	264%
Plan fiduciary net position as a percentage of the total pension liability	52.95%	63.97%

* The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, Roswell Independent School District No. 4 and Charter School Sidney Gutierrez will present information for those years for which information is available.

See independent auditors' report.
See notes to required supplementary information.

2016 Measurement Date (As of and for the Year Ended June 30, 2015)	2015 Measurement Date (As of and for the Year Ended June 30, 2014)
1.69413%	1.69934%
\$ 109,733,312	\$ 96,959,771
48,088,200	46,835,547
228%	207%
63.97%	66.54%

*See independent auditors' report.
See notes to required supplementary information.*

**Roswell Independent School District No. 4
Schedule of Proportionate Share of the Net Pension Liability
Educational Retirement Board (ERB) Pension Plan
Last 10 Fiscal Years***

Component Unit	2018 Measurement Date (As of and for the Year Ended June 30, 2017)	2017 Measurement Date (As of and for the Year Ended June 30, 2016)
Charter School - Sidney Gutierrez's proportion of the net pension liability (asset)	0.01397%	0.01223%
Charter School - Sidney Gutierrez's proportionate share of the net pension liability (asset)	\$ 1,552,552	\$ 880,124
Charter School - Sidney Gutierrez's covered payroll	397,882	337,741
Charter School - Sidney Gutierrez's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	390%	261%
Plan fiduciary net position as a percentage of the total pension liability	52.95%	63.97%

* The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, Roswell Independent School District No. 4 and Charter School Sidney Gutierrez will present information for those years for which information is available.

*See independent auditors' report.
See notes to required supplementary information.*

	2016		2015
	Measurement		Measurement
	Date (As of and		Date (As of and
	for the Year		for the Year
	Ended June 30,		Ended June 30,
	2015)		2014)
	0.01237%		0.01126%
\$	801,238	\$	642,457
	351,514		310,302
	228%		207%
	63.97%		66.54%

*See independent auditors' report.
See notes to required supplementary information.*

Roswell Independent School District No. 4
Schedule of Contributions
Educational Retirement Board (ERB) Pension Plan
Last 10 Fiscal Years*

	As of and for the Year Ended June 30, 2018	As of and for the Year Ended June 30, 2017
Contractually required contribution	\$ 6,695,714	\$ 6,908,542
Contributions in relation to the contractually required contributions	6,695,714	6,908,542
Contribution deficiency (excess)	\$ -	\$ -
Roswell Independent School District No. 4 covered payroll	48,187,766	49,706,365
Contribution as a percentage of covered payroll	13.90%	13.90%

* The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, Roswell Independent School District No. 4 and Charter School Sydney Gutierrez will present information for those years for which information is available.

See independent auditors' report.
See notes to required supplementary information.

As of and for the Year Ended June 30, 2016	As of and for the Year Ended June 30, 2015
\$ 6,429,469	\$ 6,684,260
<hr/> 6,429,469	<hr/> 6,684,260
<hr/> <hr/> \$ -	<hr/> <hr/> \$ -
46,255,176	48,088,200
13.90%	13.90%

*See independent auditors' report.
See notes to required supplementary information.*

Roswell Independent School District No. 4
Schedule of Contributions
Educational Retirement Board (ERB) Pension Plan
Last 10 Fiscal Years*

	As of and for the Year Ended June 30, 2018	As of and for the Year Ended June 30, 2017
Contractually required contribution	\$ 48,517	\$ 55,306
Contributions in relation to the contractually required contributions	48,517	55,306
Contribution deficiency (excess)	\$ -	\$ -
Charter School - Sydney Gutierrez covered payroll	349,037	397,882
Contribution as a percentage of covered-employee payroll	13.90%	13.90%

* The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, Roswell Independent School District No. 4 and Charter School Sydney Gutierrez will present information for those years for which information is available.

See independent auditors' report.
See notes to required supplementary information.

As of and for the Year Ended June 30, 2016	As of and for the Year Ended June 30, 2015
\$ 46,946	\$ 48,861
<hr/> 46,946	<hr/> 48,861
<hr/> <hr/> \$ -	<hr/> <hr/> \$ -
337,741	351,514
13.90%	13.90%

*See independent auditors' report.
See notes to required supplementary information.*

Roswell Independent School District No. 4
Schedule of Employer's Proportionate Share of the Net OPEB Liability of
New Mexico Retiree Health Care Act Plan
New Mexico Retiree Health Care Authority (NMRHCA) Plan
Last 10 Fiscal Years*

	2018
	Measurement Date
	(As of and for
	the Year Ended
	June 30, 2017)
Primary Government	
Roswell Independent School District No. 4's proportion of the net OPEB liability	1.15911%
Roswell Independent School District No. 4's proportionate share of the net OPEB liability	\$ 52,527,075
Roswell Independent School District No. 4's covered-employee payroll	\$ 48,184,274
Roswell Independent School District No. 4's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	109.01%
Plan fiduciary net position as a percentage of the total OPEB liability	11.34%

* The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, Roswell Independent School District No. 4 will present information for those years for which information is available.

	2018
	Measurement Date
	(As of and for
	the Year Ended
	June 30, 2017)
Component Unit	
Charter School - Sidney Gutierrez's proportion of the net OPEB liability	0.00927%
Charter School - Sidney Gutierrez's proportionate share of the net OPEB liability	\$ 420,086
Charter School - Sidney Gutierrez's covered-employee payroll	\$ 349,037
Charter School - Sidney Gutierrez's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	120.36%
Plan fiduciary net position as a percentage of the total OPEB liability	11.34%

* The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, Charter School - Sidney Gutierrez will present information for those years for which information is available.

See independent auditors' report.
See notes to required supplementary information.

Roswell Independent School District No. 4
Schedule of Employer Contributions
New Mexico Retiree Health Care Authority (NMRHCA) Plan
Last 10 Fiscal Years*

		As of and for the Year Ended June 30, 2018
Contractually required contributions	\$	962,487
Contributions in relation to the contractually required contribution		(962,487)
Contribution deficiency (excess)	\$	-
Roswell Independent School District No. 4's covered-employee payroll	\$	48,184,274
Contributions as a percentage of covered-employee payroll		2.00%

* The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, Roswell Independent School District No. 4 will present information for those years for which information is available.

		As of and for the Year Ended June 30, 2018
Contractually required contributions	\$	6,981
Contributions in relation to the contractually required contribution		(6,981)
Contribution deficiency (excess)	\$	-
Charter School - Sidney Gutierrez's covered-employee payroll	\$	349,037
Contributions as a percentage of covered-employee payroll		2.00%

* The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, Charter School - Sidney Gutierrez will present information for those years for which information is available.

See independent auditors' report.
See notes to required supplementary information.

Roswell Independent School District No. 4
Notes to Required Supplementary Information
June 30, 2018

New Mexico Education Retirement Board (NMERB) Plan

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 Pension Plan – Educational Retirement Board, General Information on the Pension Plan.

Changes of assumptions.

The Board of Trustees approved the following economic and demographic assumptions used in the fiscal year 2016 actuarial calculation of the total pension liability on June 12, 2015:

- 1) Lower wage inflation from 4.25% to 3.75%
- 2) Update the mortality tables to incorporate generational improvements
- 3) Update demographic assumptions to use currently published tables, which may result in minor calculation changes
- 4) Maintain in current 3.00% inflation assumption
- 5) Retain net 4.75% real return assumption
- 6) Retain 7.75% nominal return assumption
- 7) No change to COLA assumption of 2.00% per year
- 8) Maintain current payroll growth assumption of 3.50%
- 9) Maintain experience-based rates for members who joined NMERB by June 30, 2010
- 10) Remove population growth assumption for projections
- 11) Lower population growth from .50% to zero (no impact on valuation results)

Assumption changes increased the Education Retirement Board's total pension liability by \$299,084,856 for fiscal year ending June 30, 2016 as a result of the changes of assumptions described above.

New Mexico Retiree Health Care Authority (NMRHCA) Plan

Changes of benefit terms. The NMRHCA eligibility benefits changes in recent years are described in Note 1 of the NMRHC FY17 audit available at http://nmrhca.org/uploads/FileLinks/5fccea70107e4b9fa9b1a47723691d2a/NM_RHCA_Audited_FS_6.30.17.pdf.

Changes of assumptions. The New Mexico Retiree Healthcare Authority (NMRHCA) Actuarial Valuation as of June 30, 2017 report is available at http://nmrhca.org/uploads/FileLinks/5fccea70107e4b9fa9b1a47723691d2a/NMRHCA_5507316_Final_per_Auditor_update_Final_Report_11.21.17.pdf. See the notes to the financial statements beginning on page 44 which summarizes actuarial assumptions and methods effective with the June 30, 2017 valuation.

See independent auditors' report.

Supplementary Information

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Nonmajor Governmental Funds

Roswell Independent School District No. 4
Nonmajor Governmental Fund Descriptions
June 30, 2018

SPECIAL REVENUE FUNDS

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

Food Services (21000) – This fund is utilized to account for Federal and Local sources of income relating to the food service programs. The Cafeteria Fund is segregated into two categories, one being the Federal funds and the other being Non-Federal funds. Federal funds consist of National School Lunch Program, which is administered by the State of New Mexico for the purpose of making breakfast and lunch available to all school children and to encourage the domestic consumption of agricultural commodities and other food components. Authority for the creation of this fund is NMSA 22-13-13.

Athletics (22000) – This fund is used to account for fees generated at athletic activities throughout the School District. The gate receipts are obtained from the general public and are expended in this fund. The authority for creation of this fund is 6.20.2 NMAC.

Title I Migrant Children Education (24103) – To account for a program used to provide supplemental instruction and/or support services to MEP students to increase access to education programs. Authority for creation of this fund is Title I, Part C of the Elementary and Secondary Education Act (ESEA) of 1965, as amended by the No Child Left Behind Act of 2001 (NCLB) (Pub. L. NO. 107-110).

Preschool IDEA-B (24109) – The objective of the Assistance to States for the Education of Handicapped Children Program is to assist in providing free, appropriate public education to all handicapped children from age three to five. Federal revenues accounted for in this fund are allocated to the District through the New Mexico Department of Children, Youth and Families. Authority for creation of this fund is Public Law 105-17.

Private Schools Share IDEA-B (24115) - Under 34 CFR § 300.132-300.133, an LEA must spend a proportionate amount of their IDEA-B Basic Entitlement and, if applicable, Preschool sub-grant funds for special education and related services (“equitable participation services”) to students with disabilities who are parentally placed in private elementary and secondary schools (“equitable participation services”) located in the school district served by the LEA. The private schools must be nonprofit institutions. Children aged three through five are considered to be parentally-placed private school children with disabilities, only if they are enrolled in a private school that meets the definition of elementary school in 34 CFR §300.13. New Mexico State law defines an elementary school as “a public school providing instruction for grades kindergarten through eight, unless there is a junior high school program approved by the state board [department], in which case it means a public school providing instruction for grades kindergarten through six” 22-1-3(A) NMSA 1978.

Title III-A (24153) – To provide funds to improve the educational performance of limited English proficient students by assisting the children to learn English and meet State academic content standards. Authority for creation of this fund is the Elementary and Secondary Education Act (ESEA), as amended, Title III, Part A, Sections 3101, 3129.

Roswell Independent School District No. 4
Nonmajor Governmental Fund Descriptions
June 30, 2018

SPECIAL REVENUE FUNDS (Continued)

Teacher/Principal Training & Recruiting (24154) – To improve the skills of teachers and the quality of instruction in mathematics and science, and also to increase the accessibility of such instruction to all students. Authority for creation of this fund is the Rehabilitation Act of 1973, as amended, Title III, Section 303(b)-(d). 20 U.S.C. 777a and 797a.

Rural and Low Income Schools (24160) – To account for funds used to provide financial assistance to rural districts to carry out activities to help improve the quality of teaching and learning in their schools. Elementary and Secondary Education Act of 1965 (ESEA), Title VI, Part B, as amended.

Title I School Improvement (24162) – To improve student achievement in Title I Schools with a status of Prior or Focus for 2015-2016. Sunset Elementary will utilize reform efforts/actions to help close the achievement gap in reading and math. Authority for creation of this fund is the New Mexico Public Education Department.

Immigrant Funding Title III (24163) – To ensure that limited English proficient children (LEP) and youth, including immigrant children and youth, attain English proficiency and meet the same challenging state academic content and student academic achievement standards as all children and youth are expected to meet; and provide assistance to Native American, Native Hawaiian, Native American Pacific Islander, and Alaskan Native Children with certain modifications relative to unique status of Native American language under Federal Law; to develop to the extent possible, the native language skills of such children. The authority for the creation of this fund is the Elementary and Secondary Education Act (ESEA), as amended, Title III, Part A, Sections 3101, 3129.

Carl D Perkins Cluster (24174 – Carl Perkins Secondary) (24176 – Carl Perkins Secondary – Redistribution) (24180 – Carl Perkins HSTW) (24181 - Carl Perkins HSTW - PY Unliq. Obligations) – The objective of this grant is to provide secondary and post-secondary educational institutions the opportunity to develop, implement, and operate programs using different models of curricula that integrate vocational and academic learning. Funds are acquired from federal sources through the New Mexico Public Education Department. Authority for creation of this fund is Carl D. Perkins Vocational and Applied Technology Education Act of 1990, as amended, Public Law 105-332.

Title IV – Student Support and Academic Achievement Program (24189) – The objective of this grant is to support well-rounded educational opportunities, safe and healthy students and effective use of technology.

Roswell Independent School District No. 4
Nonmajor Governmental Fund Descriptions
June 30, 2018

SPECIAL REVENUE FUNDS (Continued)

Title XIX Medicaid 3/21 years (25153) – To account for a program providing school-based screening, diagnostic services and other related health services and administrative activities in conformance with the approved Medicaid State Plan in order to improve health and developmental outcomes for children. Authority for the creation of this fund is the Social Security Act, Title XIX, as amended; Public Laws 89-97, 90-248, and 91-56; 42 U.S.C. 1396 et seq., as amended; Public Law 92-223; Public Law 92-603; Public Law 93-66; Public Law 93-233; Public Law 96-499; Public Law 97-35; Public Law 97-248; Public Law 98-369; Public Law 99-272; Public Law 99-509; Public Law 100-93; Public Law 100-202; Public Law 100-203; Public Law 100-360; Public Law 100-436; Public Law 100-485; Public Law 100-647; Public Law 101-166; Public Law 101-234; Public Law 101-239; Public Law 101-508; Public Law 101-517; Public Law 102-234; Public Law 102-170; Public Law 102-394; Public Law 103-66; Public Law 103-112; Public Law 103-333; Public Law 104-91; Public Law 104-191; Public Law 104-193; Public Law 104-208, 104-134; Balanced Budget Act of 1997, Public Law 105-33; Public Law 106-113; Public Law 106-554; Public Law 108-27; Public Law 108-173; Public Law 109-91; Public Law 109-171; Public Law 109-432; Public Law 110-28.

PNM Foundation, Inc. (26123) – To account for fund to provide competitive funds applied for by teachers for their classes. This grant will be expended for the state purpose of the project only, in compliance with the policies and guidelines of PNM Foundation. The authority for creation of this fund is the New Mexico Public Education Department.

A+ for Energy (26179) – To account for funding based on winning proposals/applications submitted by classroom teachers in order to provide innovative and motivating experiences to deepen children’s knowledge about energy conservation. The authority for creation of this fund is the authorization of the District’s Board of Education and the New Mexico Public Education Department.

Dual Credit Instructional Materials HB2 (27103) - SB943 (2007) and SB31 (2008) create a dual credit program that allows public high school students in school districts, charter schools and state-supported schools in the state to earn both high school and college credit for qualifying dual credit courses. The authority for creation of this fund is the New Mexico Public Education Department.

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

Teacher Recruitment Support (27128) – To fund teacher recruitment efforts such as signing bonuses for new teachers, covering the costs of travel to a recruiting/hiring event, updates to recruitment pages on district websites, or the cost of placing advertisements in newspapers or external websites.

Roswell Independent School District No. 4
Nonmajor Governmental Fund Descriptions
June 30, 2018

SPECIAL REVENUE FUNDS (Continued)

Truancy Initiative PED (27141) – To account for grant that is divided into two sections: School Based Law Enforcement and School-Based Family Center. Surveillance cameras were purchased and installed at the high school and Phoenix Program. The purpose was to provide staff training in truancy prevention and strategies to deal with students to improve school attendance. Resources were also available to assist families in developing strategies to improve their children’s school attendance. Funding was provided by the School Health Unit of the State of New Mexico. Authority for the creation of this fund is the New Mexico Public Education Department.

Pre-K Initiative (27149) – To account for monies received from the State of New Mexico to be used to provide direct services to children in Pre-Kindergarten programs. Authority for the creation of this fund is the New Mexico Public Education Department.

Breakfast for Elementary Students (27155) – To account for Legislative Appropriation to implement Breakfast in the Classroom for elementary schools in need of improvement based on AYP designation. Authority for the creation of this fund is the New Mexico Public Education Department.

Schools in Need of Improvement (27163) – The purpose of this program is to provide additional math or reading class instruction for students who are not proficient on the New Mexico Standards Based Assessment. Authority for creation of this fund is the authority of the New Mexico Public Education Department.

Kindergarten-Three Plus (27166) – Funds allow for an extended school year for Kindergarten through third grade students. The program focuses on acclimating young students to the structure of a classroom environment and spending additional time to prepare them for the next grade. Authority for the creation of this fund is the New Mexico Public Education Department.

2013 Pre-K Classrooms (27177) – The purpose of this fund is to account for a program, funded by the Public Education Department, to renovate and upgrade Pre-Kindergarten classrooms to meet the current kindergarten adequacy standards. Authority for the creation of this fund is the Laws of 2013, SB-60 Chapter 226, Section 53.

New Mexico Grown FFV (27183) – These funds are to be used to purchase locally grown New Mexico fresh fruits and vegetables, to be made available at no charge to students. Authority for creation of this fund is House Bill 2, General Appropriations as of 2013.

Leader Incentive Pay (27188) – The purpose of this individual based incentive program is to recognize and reward New Mexico’s high-performing teachers and principals based on attendance during the year. The authority for creation of this fund is the authority of the New Mexico Public Education Department.

Teacher and School Leader Incentive Pay – GROUP (27190) - The purpose of this individual based incentive program is to recognize and reward New Mexico’s high-performing teachers and principals based on school grades during the year. The authority for creation of this fund is the authority of the New Mexico Public Education Department.

Roswell Independent School District No. 4
Nonmajor Governmental Fund Descriptions
June 30, 2018

SPECIAL REVENUE FUNDS (Continued)

Teacher “Hard to Staff” Stipend (27195) – To account for the grant awarded to a school district as additional compensation for hard to staff positions of teachers. Funding authority for this fund is the New Mexico Public Education Department.

K-3 Plus 4 and 5 Pilot (27198) – The purpose this program is to provide funding for additional educational time for students in kindergarten through third grade with at least 25 instructional days, beginning up two months earlier than the regular school year.

Early Intervention CYFD (28108) – The purpose of this program is to provide funds to daycare for high school students with children. The fund was created by state grant provisions.

ASSIST Tobacco DOH (28122) – To account for monies received from the State of New Mexico to be used for the implementation of prevention and intervention programs for student use of tobacco, including professional development for teachers. Funding was provided by the New Mexico State Department of Health. Authority for creation of this fund is in the New Mexico Public Education Department’s School District Policies and Procedures Manual.

Coordinated Approach to Child Health (28140) – The purpose of this grant is to fund a research-based physical activity and nutrition diabetes prevention program for elementary school children in the Roswell Independent Public Schools. Authority for creation of this fund is Federal Law Section 204 of the Child Nutrition and WIC Reauthorization Act of 2004.

Medicaid HSD (28144) – The purpose of this fund is to account for funding originating from insurance claim receipts that are generated from the services provided by the District’s School Based Health Care (SBHC) program and facilitates and are then used to provide additional operational, administrative and facilities support to the District’s SBHC program. Authority for creation of this fund is Medicaid Title XIX of the Social Security Act, as amended, (42 USC 1396, et seq.) and the authorization of the New Mexico Public Education Department.

GRADS Child Care (28189) – The purpose of this program is to provide federal funds to be used exclusively for salary and fringes for the GRADS Teacher. The GRADS Teachers are teaching in the University High School Graduation Reality and Dual Role Skills Program. They are to teach no more than one related health or family and consumer sciences course in addition to the GRADS classes. Authority for creation of this fund is in the Child Abuse Prevention and Treatment Act, 42 USC 5116 et seq., as amended, Public Law 108-36.

GRADS - Instruction (28190) – To assist in the cost for caps and gowns for students who are graduating. Authority for the creation of this fund is the New Mexico Public Education Department.

Grad Plus (28203) – To account for a program as an instructional component for teenage parents to be used for summer case management and GRADS case management period. Special Revenue fund established by the local school board.

Roswell Independent School District No. 4
Nonmajor Governmental Fund Descriptions
June 30, 2018

SPECIAL REVENUE FUNDS (Continued)

Private Direct Grants (29102) – To provide additional classroom time at Roswell High Schools for seniors to meet graduation requirements. Funding authority is the New Mexico Public Education Department.

School Based Health Center (29130) – The purpose of this fund is to account for a grant awarded to the district by the NM Department of Health, Office of School Health, based on contractual agreement to provide student support health services to the students of the District. The grant is considered for award based on a submitted formal proposal indicating the scope of the work to be performed. Authority for creation of this fund is authorization of New Mexico Department of Health and the New Mexico Public Education Department.

Industrial Revenue Bonds Payment In Lieu of Taxes (29135) – Funds received from two energy companies a Solar Facility located in the District. Funds are for text book and construction services. Authority for creation of this fund is the New Mexico Public Education Department.

CAPITAL PROJECTS FUNDS

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

The Public School Capital Outlay Fund (31200) is used to account for the Public Schools Capital Outlay Council's (PSCOC) revenues and expenditures related to the donation of capital assets.

Capital Improvements SB-9 State (31700) – To account for resources received through Senate Bill 9 obtained for the purpose of building, remodeling, and equipping classroom facilities. Funding authority is the New Mexico Public Education Department.

Capital Improvements SB-9 Local (31701) – To account for resources received through local tax levies obtained for the purpose of building, remodeling, and equipping classroom facilities. Funding authority is the New Mexico Public Education Department.

Roswell Independent School District No. 4
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2018

	Special Revenue			
	Food Services	Athletics	Title I Migrant Children Education	Preschool IDEA-B
	21000	22000	24103	24109
Assets				
Current Assets				
Cash and cash equivalents	\$ 5,040,210	\$ 1,118,589	\$ 8,462	\$ 21,015
Receivables:				
Property taxes	-	-	-	-
Due from other governments	200,481	-	16,997	33,410
Other	-	225	-	-
Inventory	233,439	-	-	-
Prepaid expense	-	-	-	-
Total assets	\$ 5,474,130	\$ 1,118,814	\$ 25,459	\$ 54,425
Liabilities, deferred inflows of resources, and fund balances				
Liabilities				
Accounts payable	\$ 58,334	\$ -	\$ -	\$ -
Accrued payroll	223,806	-	459	4,762
Due to other funds	-	-	25,000	40,000
Total liabilities	282,140	-	25,459	44,762
Deferred inflows of resources				
Unavailable revenue - property taxes	-	-	-	-
Total deferred inflows of resources	-	-	-	-
Fund balances				
Nonspendable				
Inventory	233,439	-	-	-
Prepaid expense	-	-	-	-
Spendable				
Restricted for:				
Food services	4,958,551	-	-	-
Extracurricular activities	-	1,118,814	-	-
Education	-	-	-	9,663
Capital acquisitions and improvements	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	5,191,990	1,118,814	-	9,663
Total liabilities, deferred inflows of resources, and fund balances	\$ 5,474,130	\$ 1,118,814	\$ 25,459	\$ 54,425

See independent auditors' report.

Special Revenue

Private Schools Share IDEA-B 24115	Title III-A 24153	Teacher/ Principal Training & Recruiting 24154	Rural and Low Income Schools 24160	Title I School Improvement 24162	Immigrant Funding Title III 24163
\$ 9,785	\$ 20,246	\$ 63,220	\$ 41	\$ -	\$ 69,279
-	-	-	-	-	-
4,240	75,025	131,299	68,601	9,137	25,810
-	-	-	-	-	-
-	-	-	-	-	-
-	240	216	-	-	-
<u>\$ 14,025</u>	<u>\$ 95,511</u>	<u>\$ 194,735</u>	<u>\$ 68,642</u>	<u>\$ 9,137</u>	<u>\$ 95,089</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	17	20,962	4,042	-	179
14,025	95,494	173,538	64,600	9,137	94,910
<u>14,025</u>	<u>95,511</u>	<u>194,500</u>	<u>68,642</u>	<u>9,137</u>	<u>95,089</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	240	216	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	19	-	-	-
-	-	-	-	-	-
-	(240)	-	-	-	-
-	-	235	-	-	-
<u>\$ 14,025</u>	<u>\$ 95,511</u>	<u>\$ 194,735</u>	<u>\$ 68,642</u>	<u>\$ 9,137</u>	<u>\$ 95,089</u>

See independent auditors' report.

Roswell Independent School District No. 4
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2018

	Special Revenue			
	Carl Perkins Secondary 24174	Carl Perkins Secondary - Redistribution 24176	Carl Perkins HSTW 24180	Carl Perkins HSTW - PY Unliq. Obligations 24181
Assets				
Current Assets				
Cash and cash equivalents	\$ 21,675	\$ 16,000	\$ 261	\$ -
Receivables:				
Property taxes	-	-	-	-
Due from other governments	58,275	-	33,867	-
Other	-	-	-	-
Inventory	-	-	-	-
Prepaid expense	2,068	-	-	-
Total assets	\$ 82,018	\$ 16,000	\$ 34,128	\$ -
Liabilities, deferred inflows of resources, and fund balances				
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued payroll	-	-	261	-
Due to other funds	82,018	16,000	33,867	-
Total liabilities	82,018	16,000	34,128	-
Deferred inflows of resources				
Unavailable revenue - property taxes	-	-	-	-
Total deferred inflows of resources	-	-	-	-
Fund balances				
Nonspendable				
Inventory	-	-	-	-
Prepaid expense	2,068	-	-	-
Spendable				
Restricted for:				
Food services	-	-	-	-
Extracurricular activities	-	-	-	-
Education	-	-	-	-
Capital acquisitions and improvements	-	-	-	-
Unassigned	(2,068)	-	-	-
Total fund balances	-	-	-	-
Total liabilities, deferred inflows of resources, and fund balances	\$ 82,018	\$ 16,000	\$ 34,128	\$ -

See independent auditors' report.

Special Revenue

Student Support & Academic Enrichment 24189	Title XIX Medicaid 3/21 Years 25153	PNM Fondation, Inc. 26123	A+ for Energy 26179	Dual Credit Instructional Materials HB2 27103	Teacher Recruitment Support Initiative 27128
\$ 20	\$ 1,597,933	\$ 505	\$ 2,181	\$ 22,060	\$ -
-	-	-	-	-	-
103,441	109,052	-	-	10,940	28,544
-	-	-	-	-	-
-	-	-	-	-	-
-	126	-	-	-	-
\$ 103,461	\$ 1,707,111	\$ 505	\$ 2,181	\$ 33,000	\$ 28,544
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
4,161	39,029	-	-	-	-
99,300	-	-	-	33,000	28,544
103,461	39,029	-	-	33,000	28,544
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	126	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	1,667,956	505	2,181	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	1,668,082	505	2,181	-	-
\$ 103,461	\$ 1,707,111	\$ 505	\$ 2,181	\$ 33,000	\$ 28,544

See independent auditors' report.

Roswell Independent School District No. 4
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2018

	Special Revenue			
	Truancy Initiative PED 27141	Pre-K Initiative 27149	Breakfast for Elementary Students 27155	Schools in Need of Improvement 27163
Assets				
Current Assets				
Cash and cash equivalents	\$ 961	\$ 108	\$ 83,158	\$ -
Receivables:				
Property taxes	-	-	-	-
Due from other governments	-	570,378	13,942	-
Other	-	-	-	-
Inventory	-	-	-	-
Prepaid expense	-	-	-	-
Total assets	\$ 961	\$ 570,486	\$ 97,100	\$ -
Liabilities, deferred inflows of resources, and fund balances				
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued payroll	-	46,836	-	-
Due to other funds	-	523,650	97,100	30,757
Total liabilities	-	570,486	97,100	30,757
Deferred inflows of resources				
Unavailable revenue - property taxes	-	-	-	-
Total deferred inflows of resources	-	-	-	-
Fund balances				
Nonspendable				
Inventory	-	-	-	-
Prepaid expense	-	-	-	-
Spendable				
Restricted for:				
Food services	-	-	-	-
Extracurricular activities	-	-	-	-
Education	961	-	-	-
Capital acquisitions and improvements	-	-	-	-
Unassigned	-	-	-	(30,757)
Total fund balances	961	-	-	(30,757)
Total liabilities, deferred inflows of resources, and fund balances	\$ 961	\$ 570,486	\$ 97,100	\$ -

See independent auditors' report.

Special Revenue

Kindergarten- Three Plus 27166	NM Grown FFV 27183	K-3 Plus 4 and 5 Pilot 27198	Early Intervention CYFD 28108	ASSIST Tobacco DOH 28122	Coordinated Approach to Child Health 28140
\$ 204,378	\$ 6	\$ 490	\$ 16,502	\$ 578	\$ 1,542
-	-	-	-	-	-
662,606	7,994	171,747	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 866,984</u>	<u>\$ 8,000</u>	<u>\$ 172,237</u>	<u>\$ 16,502</u>	<u>\$ 578</u>	<u>\$ 1,542</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
146,984	-	39,237	5,581	-	-
720,000	8,000	133,000	9,000	-	-
<u>866,984</u>	<u>8,000</u>	<u>172,237</u>	<u>14,581</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	1,921	578	1,542
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	1,921	578	1,542
<u>\$ 866,984</u>	<u>\$ 8,000</u>	<u>\$ 172,237</u>	<u>\$ 16,502</u>	<u>\$ 578</u>	<u>\$ 1,542</u>

See independent auditors' report.

Roswell Independent School District No. 4
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2018

	Special Revenue			
	Medicaid HSD 28144	GRADS - Instruction 28190	Private Direct Grants 29102	School Based Health Center 29130
Assets				
Current Assets				
Cash and cash equivalents	\$ 1,535	\$ 2,500	\$ 27,012	\$ 64,825
Receivables:				
Property taxes	-	-	-	-
Due from other governments	-	-	-	-
Other	-	-	-	-
Inventory	-	-	-	-
Prepaid expense	-	-	-	-
Total assets	\$ 1,535	\$ 2,500	\$ 27,012	\$ 64,825
Liabilities, deferred inflows of resources, and fund balances				
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued payroll	-	-	-	-
Due to other funds	-	2,500	-	-
Total liabilities	-	2,500	-	-
Deferred inflows of resources				
Unavailable revenue - property taxes	-	-	-	-
Total deferred inflows of resources	-	-	-	-
Fund balances				
Nonspendable				
Inventory	-	-	-	-
Prepaid expense	-	-	-	-
Spendable				
Restricted for:				
Food services	-	-	-	-
Extracurricular activities	-	-	-	-
Education	1,535	-	27,012	64,825
Capital acquisitions and improvements	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	1,535	-	27,012	64,825
Total liabilities, deferred inflows of resources, and fund balances	\$ 1,535	\$ 2,500	\$ 27,012	\$ 64,825

See independent auditors' report.

<u>Special Revenue</u>		<u>Capital Projects</u>			
Industrial Revenue Bonds Payment In Lieu of Taxes 29135	Public School Capital Outlay 31200	Capital Improvements SB-9 State 31700	Capital Improvements SB-9 Local 31701	Total Nonmajor Governmental Funds	
\$ 583,010	\$ -	\$ 414,342	\$ 1,966,992	\$ 11,379,421	
-	-	-	133,713	133,713	
-	-	116,516	1,848	2,454,150	
-	-	-	-	225	
-	-	-	-	233,439	
-	-	-	-	2,650	
<u>\$ 583,010</u>	<u>\$ -</u>	<u>\$ 530,858</u>	<u>\$ 2,102,553</u>	<u>\$ 14,203,598</u>	
\$ -	\$ -	\$ 1,288	\$ 80,636	\$ 140,258	
-	-	-	-	536,316	
-	-	575,000	-	2,908,440	
-	-	576,288	80,636	3,585,014	
-	-	-	94,064	94,064	
-	-	-	94,064	94,064	
-	-	-	-	233,439	
-	-	-	-	2,650	
-	-	-	-	4,958,551	
-	-	-	-	1,118,814	
583,010	-	-	-	2,361,708	
-	-	-	1,927,853	1,927,853	
-	-	(45,430)	-	(78,495)	
<u>583,010</u>	<u>-</u>	<u>(45,430)</u>	<u>1,927,853</u>	<u>10,524,520</u>	
<u>\$ 583,010</u>	<u>\$ -</u>	<u>\$ 530,858</u>	<u>\$ 2,102,553</u>	<u>\$ 14,203,598</u>	

See independent auditors' report.

Roswell Independent School District No. 4
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2018

	<u>Special Revenue</u>			
	Food Services 21000	Athletics 22000	Title I Migrant Children Education 24103	Preschool IDEA-B 24109
Revenues				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue:				
Federal flowthrough	6,856,406	-	26,926	79,174
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	302,397	250,079	-	-
Investment income	41,168	10,545	-	-
Total revenues	7,199,971	260,624	26,926	79,174
Expenditures				
Current:				
Instruction	-	67,235	18,468	52,908
Support services - students	-	-	3,990	13,521
Support services - instruction	-	-	-	-
Support services - general administration	237,001	-	1,048	3,082
Support services - school administration	-	-	3,420	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	6,247,936	-	-	-
Capital outlay	459,972	-	-	-
Total expenditures	6,944,909	67,235	26,926	69,511
Excess (deficiency) of revenues over expenditures	255,062	193,389	-	9,663
Net change in fund balances	255,062	193,389	-	9,663
Fund balances - beginning	4,936,928	925,425	-	-
Fund balances - ending	\$ 5,191,990	\$ 1,118,814	\$ -	\$ 9,663

See independent auditors' report.

Special Revenue					
Private Schools Share IDEA-B 24115	Title III-A 24153	Teacher/ Principal Training & Recruiting 24154	Rural and Low Income Schools 24160	Title I School Improvement 24162	Immigrant Funding Title III 24163
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
21,800	90,239	443,722	68,601	41,485	29,648
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
21,800	90,239	443,722	68,601	41,485	29,648
-	77,778	414,047	68,601	39,870	6,138
21,800	-	1,288	-	-	-
-	-	-	-	-	-
-	2,612	17,272	-	1,615	-
-	-	11,426	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
21,800	80,390	444,033	68,601	41,485	6,138
-	9,849	(311)	-	-	23,510
-	9,849	(311)	-	-	23,510
-	(9,849)	546	-	-	(23,510)
\$ -	\$ -	\$ 235	\$ -	\$ -	\$ -

See independent auditors' report.

Roswell Independent School District No. 4
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2018

	Special Revenue			
	Carl Perkins Secondary 24174	Carl Perkins Secondary - Redistribution 24176	Carl Perkins HSTW 24180	Carl Perkins HSTW - PY Unliq. Obligations 24181
Revenues				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue:				
Federal flowthrough	101,742	6,106	55,904	11,085
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Total revenues	101,742	6,106	55,904	11,085
Expenditures				
Current:				
Instruction	77,497	3,937	54,792	8,686
Support services - students	476	714	-	-
Support services - instruction	-	-	-	-
Support services - general administration	1,480	-	762	-
Support services - school administration	6,502	1,455	350	2,399
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Capital outlay	8,544	-	-	-
Total expenditures	94,499	6,106	55,904	11,085
Excess (deficiency) of revenues over expenditures	7,243	-	-	-
Net change in fund balances	7,243	-	-	-
Fund balances - beginning	(7,243)	-	-	-
Fund balances - ending	\$ -	\$ -	\$ -	\$ -

See independent auditors' report.

Special Revenue

Student Support and Academic Achievement 24189	Title XIX Medicaid 3/21 Years 25153	PNM Fondation, Inc. 26123	A+ for Energy 26179	Dual Credit Instructional Materials HB2 27103	Teacher Recruitment Support Initiative 27128
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
112,353	-	-	-	-	-
-	1,507,626	-	-	-	-
-	-	-	-	-	-
-	-	-	-	42,994	28,544
-	-	-	-	-	-
-	-	-	-	-	-
-	11,547	-	5	-	-
112,353	1,519,173	-	5	42,994	28,544
12,817	17,388	-	-	42,994	28,544
93,868	803,770	-	-	-	-
-	-	-	-	-	-
4,371	-	-	-	-	-
951	46,642	-	-	-	-
346	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
112,353	867,800	-	-	42,994	28,544
-	651,373	-	5	-	-
-	651,373	-	5	-	-
-	1,016,709	505	2,176	-	-
\$ -	\$ 1,668,082	\$ 505	\$ 2,181	\$ -	\$ -

See independent auditors' report.

Roswell Independent School District No. 4
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2018

	Special Revenue			
	Truancy Initiative PED 27141	Pre-K Initiative 27149	Breakfast for Elementary Students 27155	Schools in Need of Improvement 27163
Revenues				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue:				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	1,121,539	185,270	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Total revenues	-	1,121,539	185,270	-
Expenditures				
Current:				
Instruction	-	1,072,116	-	-
Support services - students	-	2,741	-	-
Support services - instruction	-	-	-	-
Support services - general administration	-	9,940	-	-
Support services - school administration	-	698	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	36,044	-	-
Food services operations	-	-	185,270	-
Capital outlay	-	-	-	-
Total expenditures	-	1,121,539	185,270	-
Excess (deficiency) of revenues over expenditures	-	-	-	-
Net change in fund balances	-	-	-	-
Fund balances - beginning	961	-	-	(30,757)
Fund balances - ending	\$ 961	\$ -	\$ -	\$ (30,757)

See independent auditors' report.

Special Revenue

Kindergarten- Three Plus 27166	NM Grown FFV 27183	K 3 Plus 4 & 5 Pilot 27198	Early Intervention CYFD 28108	ASSIST Tobacco DOH 28122	Coordinated Approach to Child Health 28140
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
1,284,949	7,994	171,747	-	-	-
-	-	-	21,347	-	-
-	-	-	-	-	-
-	-	-	7	-	6
1,284,949	7,994	171,747	21,354	-	6
1,089,498	-	171,747	22,562	-	-
32,095	-	-	-	-	-
25,643	-	-	-	-	-
-	-	-	-	-	-
137,713	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	7,994	-	-	-	-
-	-	-	-	-	-
1,284,949	7,994	171,747	22,562	-	-
-	-	-	(1,208)	-	6
-	-	-	(1,208)	-	6
-	-	-	3,129	578	1,536
\$ -	\$ -	\$ -	\$ 1,921	\$ 578	\$ 1,542

See independent auditors' report.

Roswell Independent School District No. 4
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2018

	Special Revenue			
	Medicaid HSD	GRADS -	Private Direct	School Based
	28144	Instruction	Grants	Health Center
		28190	29102	29130
Revenues				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue:				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local sources	-	-	64,165	-
State flowthrough	-	-	-	-
State direct	-	2,500	-	-
Charges for services	-	-	-	-
Investment income	157	-	171	631
Total revenues	157	2,500	64,336	631
Expenditures				
Current:				
Instruction	-	2,500	26,455	-
Support services - students	25,289	-	-	-
Support services - instruction	-	-	-	-
Support services - general administration	-	-	-	-
Support services - school administration	-	-	-	-
Operation and maintenance of plant	-	-	5,167	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Capital outlay	-	-	10,282	-
Total expenditures	25,289	2,500	41,904	-
Excess (deficiency) of revenues over expenditures	(25,132)	-	22,432	631
Net change in fund balances	(25,132)	-	22,432	631
Fund balances - beginning	26,667	-	4,580	64,194
Fund balances - ending	\$ 1,535	\$ -	\$ 27,012	\$ 64,825

See independent auditors' report.

<u>Special Revenue</u>		<u>Capital Projects</u>			
Industrial Revenue Bonds Payment In Lieu of Taxes 29135	Public School Capital Outlay 31200	Capital Improvements SB-9 State 31700	Capital Improvements SB-9 Local 31701		Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ 2,028,398	\$	2,028,398
-	-	-	24,173		24,173
-	-	-	-		7,945,191
-	-	-	-		1,507,626
276,429	-	-	-		340,594
-	2,182,558	857,477	-		5,883,072
-	-	-	-		23,847
-	-	-	-		552,476
4,628	-	-	15,933		84,798
281,057	2,182,558	857,477	2,068,504		18,390,175
-	-	-	-		3,376,578
-	-	-	-		999,552
-	-	-	-		25,643
-	-	442,790	1,541,139		2,263,112
-	-	-	-		211,556
-	-	-	-		5,513
-	-	-	-		36,044
-	-	-	-		6,441,200
-	2,182,558	329,472	275,642		3,266,470
-	2,182,558	772,262	1,816,781		16,625,668
281,057	-	85,215	251,723		1,764,507
281,057	-	85,215	251,723		1,764,507
301,953	-	(130,645)	1,676,130		8,760,013
\$ 583,010	\$ -	\$ (45,430)	\$ 1,927,853	\$	10,524,520

See independent auditors' report.

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General Fund

Roswell Independent School District No. 4
Combining Balance Sheet
General Fund
June 30, 2018

	Operational 11000	Transportation 13000	Instructional Materials 14000	Total
Assets				
Current assets				
Cash and cash equivalents	\$ 12,124,067	\$ 1	\$ 278,260	\$ 12,402,328
Investments	1,081	-	-	1,081
Receivables:				
Property taxes	23,580	-	-	23,580
Other	906,735	-	-	906,735
Inventory	467,235	-	-	467,235
Prepaid expenses	234,800	-	-	234,800
Due from other funds	6,411,273	-	-	6,411,273
Total assets	\$ 20,168,771	\$ 1	\$ 278,260	\$ 20,447,032
Liabilities, deferred inflows of resources, and fund balances				
Liabilities				
Accounts payable	\$ 266,612	\$ 1,722	\$ -	\$ 268,334
Accrued payroll	4,748,060	-	-	4,748,060
Total liabilities	5,014,672	1,722	-	5,016,394
Deferred inflows of resources				
Unavailable revenue - property taxes	16,771	-	-	16,771
Total deferred inflows of resources	16,771	-	-	16,771
Fund balances				
Nonspendable:				
Inventory	467,235	-	-	467,235
Prepaid expense	234,800	-	-	234,800
Spendable:				
Restricted for:				
Transportation	-	-	-	-
Instructional materials	-	-	278,260	278,260
Committed for:				
Subsequent year's expenditures	541,036	-	-	541,036
Unassigned	13,894,257	(1,721)	-	13,892,536
Total fund balances	15,137,328	(1,721)	278,260	15,413,867
Total liabilities, deferred inflows of resources, and fund balances	\$ 20,168,771	\$ 1	\$ 278,260	\$ 20,447,032

See independent auditors' report.

Roswell Independent School District No. 4
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
General Fund
For the Year Ended June 30, 2018

	Operational 11000	Transportation 13000	Instructional Materials 14000	Total
<i>Revenues</i>				
Property taxes	\$ 374,468	\$ -	\$ -	\$ 374,468
Oil and gas taxes	6,082	-	-	6,082
Intergovernmental revenues:				
Federal direct	488,430	-	-	488,430
Local sources	37,496	-	-	37,496
State flowthrough	70,860,703	-	315,422	71,176,125
State direct	417,340	-	-	417,340
Transportation distribution	-	2,700,407	-	2,700,407
Charges for services	36,825	-	-	36,825
Investment income	190,249	1,149	2,876	194,274
Miscellaneous	1,470,729	-	-	1,470,729
Total revenues	73,882,322	2,701,556	318,298	76,902,176
<i>Expenditures</i>				
Current:				
Instruction	43,940,188	-	340,520	44,280,708
Support services - students	6,876,674	-	-	6,876,674
Support services - instruction	1,335,833	-	-	1,335,833
Support services - general administration	1,304,265	-	-	1,304,265
Support services - school administration	4,645,128	-	-	4,645,128
Central services	2,883,533	-	-	2,883,533
Operation and maintenance of plant	9,490,570	-	-	9,490,570
Student transportation	-	2,703,639	-	2,703,639
Other support services	8,651	-	-	8,651
Capital outlay	467,665	-	-	467,665
Total expenditures	70,952,507	2,703,639	340,520	73,996,666
Excess (deficiency) of revenues over expenditures	2,929,815	(2,083)	(22,222)	2,905,510
Other financing sources (uses)				
Proceeds from sale of capital assets	15,623	-	-	15,623
Total other financing sources (uses)	15,623	-	-	15,623
Net change in fund balances	2,945,438	(2,083)	(22,222)	2,921,133
Fund balances - beginning	12,191,890	362	300,482	12,492,734
Fund balances - ending of year	\$ 15,137,328	\$ (1,721)	\$ 278,260	\$ 15,413,867

See independent auditors' report.

Roswell Independent School District No. 4
Operational Fund (11000)
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2018

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
Revenues				
Property taxes	\$ 367,030	\$ 367,030	\$ 377,557	\$ 10,527
Oil and gas taxes	6,797	6,797	6,077	(720)
Intergovernmental revenues:				
Federal flowthrough	-	-	-	-
Federal direct	200,000	201,481	488,430	286,949
Local sources	-	-	37,258	37,258
State flowthrough	69,798,002	70,321,680	70,860,703	539,023
State direct	232,500	232,500	355,561	123,061
Transportation distribution	-	-	-	-
Charges for services	30,000	30,000	40,225	10,225
Investment income	130,000	130,000	190,249	60,249
Miscellaneous	1,006,391	1,006,391	678,180	(328,211)
Total revenues	71,770,720	72,295,879	73,034,240	738,361
Expenditures				
Current:				
Instruction	47,950,762	47,590,215	44,166,123	3,424,092
Support services - students	7,019,741	6,900,047	6,866,874	33,173
Support services - instruction	1,340,391	2,462,131	1,419,214	1,042,917
Support services - general administration	1,548,549	1,776,860	1,303,255	473,605
Support services - school administration	4,718,557	4,744,727	4,652,350	92,377
Central services	2,958,195	2,967,056	2,943,754	23,302
Operation and maintenance of plant	9,001,197	9,792,426	9,491,306	301,120
Student transportation	-	-	-	-
Other support services	54,999	8,652	8,651	1
Capital outlay	2,555,829	1,431,265	457,307	973,958
Total expenditures	77,148,220	77,673,379	71,308,834	6,364,545
Excess (deficiency) of revenues over expenditures	(5,377,500)	(5,377,500)	1,725,406	7,102,906
Other financing sources (uses)				
Designated cash (budgeted increase in cash)	5,377,500	5,377,500	-	(5,377,500)
Proceeds from sale of capital assets	-	-	15,531	15,531
Total other financing sources (uses)	5,377,500	5,377,500	15,531	(5,361,969)
Net change in fund balances	-	-	1,740,937	1,740,937
Fund balances - beginning of year	-	-	12,112,646	12,112,646
Fund balances - end of year	\$ -	\$ -	\$ 13,853,583	\$ 13,853,583
Net change in fund balances (Non-GAAP Budgetary Basis)				\$ 1,740,937
Adjustments to revenues for changes in instructional support revenues and property taxes				848,174
Adjustments to expenditures for supplies, maintenance, rentals, and accrued payroll				356,327
Net change in fund balances (GAAP Basis)				\$ 2,945,438

See independent auditors' report.

Roswell Independent School District No. 4
Transportation Fund (13000)
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2018

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
Revenues				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenues:				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Transportation distribution	2,414,678	2,700,656	2,700,407	(249)
Charges for services	-	-	-	-
Investment income	-	1,149	1,149	-
Miscellaneous	-	-	-	-
Total revenues	2,414,678	2,701,805	2,701,556	(249)
Expenditures				
Current:				
Instruction	-	-	-	-
Support services - students	-	-	-	-
Support services - instruction	-	-	-	-
Support services - general administration	-	-	-	-
Support services - school administration	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	2,414,678	2,702,054	2,702,054	-
Other support services	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	2,414,678	2,702,054	2,702,054	-
Excess (deficiency) of revenues over expenditures	-	(249)	(498)	(249)
Other financing sources (uses)				
Designated cash (budgeted increase in cash)	-	249	-	(249)
Proceeds from sale of capital assets	-	-	-	-
Total other financing sources (uses)	-	249	-	(249)
Net change in fund balances	-	-	(498)	(498)
Fund balances - beginning of year	-	-	499	499
Fund balances - end of year	\$ -	\$ -	\$ 1	\$ 1
Net change in fund balances (Non-GAAP Budgetary Basis)			\$	(498)
No adjustments to revenues				-
Adjustments to expenditures for transportation expenses				(1,585)
Net change in fund balances (GAAP Basis)			\$	(2,083)

See independent auditors' report.

Roswell Independent School District No. 4
Instructional Materials Fund (14000)
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2018

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
Revenues				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenues:				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	287,037	315,422	315,422	-
State direct	-	-	-	-
Transportation distribution	-	-	-	-
Charges for services	-	-	-	-
Investment income	500	500	2,876	2,376
Miscellaneous	-	-	-	-
Total revenues	287,537	315,922	318,298	2,376
Expenditures				
Current:				
Instruction	289,007	620,982	345,098	275,884
Support services - students	-	-	-	-
Support services - instruction	-	-	-	-
Support services - general administration	-	-	-	-
Support services - school administration	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	289,007	620,982	345,098	275,884
Excess (deficiency) of revenues over expenditures	(1,470)	(305,060)	(26,800)	278,260
Other financing sources (uses)				
Designated cash (budgeted increase in cash)	1,470	305,060	-	(305,060)
Proceeds from sale of capital assets	-	-	-	-
Total other financing sources (uses)	1,470	305,060	-	(305,060)
Net change in fund balances	-	-	(26,800)	(26,800)
Fund balances - beginning of year	-	-	305,060	305,060
Fund balances - end of year	\$ -	\$ -	\$ 278,260	\$ 278,260
Net change in fund balances (Non-GAAP Budgetary Basis)				\$ (26,800)
No adjustments to revenues				-
Adjustments to expenditures for instructional materials expenses				4,578
Net change in fund balances (GAAP Basis)				\$ (22,222)

See independent auditors' report.

Sidney Gutierrez Charter School
Component Unit of Roswell Independent School District

**Roswell Independent School District No. 4
Sidney Gutierrez Charter School
Combining Balance Sheet
Governmental Funds
June 30, 2018**

	General		Special Revenue	
	Operational 11000	Instructional Materials 14000	Challenge Foundation 26138	Walter Family Foundation 26148
Assets				
Cash and cash equivalents	\$ 393,643	\$ 7,593	\$ 2,127	\$ 724
Receivables:				
Property taxes	-	-	-	-
Prepays	333	-	-	-
Total assets	\$ 393,976	\$ 7,593	\$ 2,127	\$ 724
Liabilities				
Accounts payable	\$ 163	\$ -	\$ -	\$ -
Accrued payroll	35,678	-	-	-
Unearned revenue	-	-	2,598	-
Total liabilities	35,841	-	2,598	-
Deferred inflows of resources				
Unavailable revenue - property taxes	-	-	-	-
Total deferred inflows of resources	-	-	-	-
Fund balances				
Spendable:				
Restricted for:				
Education	-	7,593	-	724
Capital acquisitions and improvements	-	-	-	-
Committed for:				
Subsequent years' expenditures	157,734	-	-	-
Unassigned	200,401	-	(471)	-
Total fund balances	358,135	7,593	(471)	724
Total liabilities and fund balances	\$ 393,976	\$ 7,593	\$ 2,127	\$ 724

See independent auditors' report.

Special Revenue		Capital Projects					Total
School Library Material FY08 27549	Private Direct Grants 29102	Public Schools Capital Outlay 31200	Capital Improvements SB-9 31700	Capital Improvements SB-9 Local 31701			
\$ 11	\$ 276	\$ -	\$ -	\$ 31,145	\$ 435,519		
-	-	-	-	843	843		
-	-	-	-	-	333		
\$ 11	\$ 276	\$ -	\$ -	\$ 31,988	\$ 436,695		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 163		
-	-	-	-	-	35,678		
-	-	-	-	-	2,598		
-	-	-	-	-	38,439		
-	-	-	-	705	705		
-	-	-	-	705	705		
11	276	-	-	-	8,604		
-	-	-	-	31,283	31,283		
-	-	-	-	-	157,734		
-	-	-	-	-	199,930		
11	276	-	-	31,283	397,551		
\$ 11	\$ 276	\$ -	\$ -	\$ 31,988	\$ 436,695		

See independent auditors' report.

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**Roswell Independent School District No. 4
Sidney Gutierrez Charter School
Reconciliation of the Governmental Funds Balance Sheet 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	\$	397,551
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the funds		56,689
Delinquent property taxes not collected within sixty days after year end are not considered "available" revenues and are considered to be unavailable revenue in the fund financial statements, but are considered revenue in the Statement of Activities		705
Deferred outflows and inflows of resources related to pensions are applicable to future periods and therefore, are not reported in funds:		
Deferred outflows - pension (note 9)		605,073
Deferred inflows - pension (note 9)		(28,341)
Deferred outflows - OPEB (note 10)		6,981
Deferred inflows - OPEB (note 10)		(95,612)
Certain liabilities, including net pension liability and OPEB liability, are not due and payable in the current period and, therefore, are not reported in the funds		
Net pension liability		(1,552,552)
OPEB liability		(420,086)
<hr/>		
Total net position - government funds	\$	<u>(1,029,592)</u>

See independent auditors' report.

Roswell Independent School District No. 4
Sidney Gutierrez Charter School
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2018

	<u>General</u>		<u>Special Revenue</u>	
	Operational 11000	Instructional Materials 14000	Challenge Foundation 26138	Walter Family Foundation 26148
Revenues:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue:				
State flowthrough	676,703	2,089	-	-
Investment income	3,588	77	23	-
Total revenues	680,291	2,166	23	-
Expenditures:				
Current:				
Instruction	387,162	5,228	494	-
Support services-students	861	-	-	-
Support services-general administration	109,450	-	-	-
Support services-school administration	36,517	-	-	-
Operation and maintenance of plant	60,968	-	-	-
Total expenditures	594,958	5,228	494	-
Excess (deficiency) of revenues over expenditures	85,333	(3,062)	(471)	-
Net change in fund balances	85,333	(3,062)	(471)	-
Fund balances - beginning of year	272,802	10,655	-	724
Fund balances - ending of year	\$ 358,135	\$ 7,593	\$ (471)	\$ 724

See independent auditors' report.

Special Revenue		Capital Projects				
School Library Material FY08 27549	Private Direct Grants 29102	Public Schools Capital Outlay 31200	Capital Improvements SB-9 31700	Capital Improvements SB-9 Local 31701		Total
\$ -	\$ -	\$ -	\$ -	\$ 13,113	\$ -	\$ 13,113
-	-	-	-	155	-	155
-	-	32,983	5,699	-	-	717,474
-	-	-	-	328	-	4,016
-	-	32,983	5,699	13,596	-	734,758
-	-	-	-	-	-	392,884
-	-	-	-	-	-	861
-	-	32,983	-	130	-	142,563
-	-	-	-	-	-	36,517
-	-	-	5,699	13,662	-	80,329
-	-	32,983	5,699	13,792	-	653,154
-	-	-	-	(196)	-	81,604
-	-	-	-	(196)	-	81,604
11	276	-	-	31,479	-	315,947
\$ 11	\$ 276	\$ -	\$ -	\$ 31,283	\$ -	\$ 397,551

See independent auditors' report.

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Roswell Independent School District No. 4
Sidney Gutierrez Charter School
Reconciliation of the Combining Statement of Revenues, Expenditures, and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2018

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

Net change in fund balances - total governmental funds	\$	81,604
<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:</p>		
Depreciation expense		(4,462)
<p>Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenue in the funds:</p>		
Change in unavailable revenue related to property taxes receivable		56
<p>Governmental funds report district pension contributions as expenditures. However in the Statement of Activities, the cost of pension benefits and opeb benefits earned net of employee contributions is reported as pension and opeb expense:</p>		
Charter pension contribution		48,517
Pension expense		(296,309)
Charter OPEB contribution		6,981
OPEB expense		(16,702)
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Change in net position of governmental activities	\$	(180,315)

See independent auditors' report.

Roswell Independent School District No. 4
Sidney Gutierrez Charter School
Operational Fund (11000)
Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2018

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
Revenues				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue:				
State flowthrough	657,993	671,275	676,703	5,428
Local sources	-	-	-	-
Investment income	400	400	3,588	3,188
Total revenues	658,393	671,675	680,291	8,616
Expenditures				
Current:				
Instruction	535,655	632,979	387,846	245,133
Support services-students	47,703	24,619	861	23,758
Support services-instruction	1,500	1,500	-	1,500
Support services-general administration	114,880	115,458	109,450	6,008
Support services-school administration	40,973	48,529	36,517	12,012
Operation and maintenance of plant	75,416	121,904	60,968	60,936
Capital outlay	-	-	-	-
Total expenditures	816,127	944,989	595,642	349,347
Excess (deficiency) of revenues over expenditures	(157,734)	(273,314)	84,649	357,963
Other financing sources (uses)				
Designated cash balance (budgeted increase in cash)	157,734	273,314	-	(273,314)
Total other financing sources (uses)	157,734	273,314	-	(273,314)
Net change in fund balances	-	-	84,649	84,649
Fund balance - beginning of year	-	-	273,316	273,316
Fund balance - end of year	\$ -	\$ -	\$ 357,965	\$ 357,965
Net change in fund balances (Non-GAAP Budgetary Basis)			\$	84,649
No adjustments to revenue				-
Adjustments to expenditures for payroll and operational expenses				684
Net change in fund balances (GAAP Basis)			\$	85,333

See independent auditors' report.

Roswell Independent School District No. 4
Sidney Gutierrez Charter School
Instructional Materials Fund (14000)
Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2018

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
Revenues				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue:				
State flowthrough	1,874	2,089	2,089	-
Local sources	-	-	-	-
Investment income	-	-	77	77
Total revenues	1,874	2,089	2,166	77
Expenditures				
Current:				
Instruction	8,004	12,744	5,228	7,516
Support services-students	-	-	-	-
Support services-instruction	-	-	-	-
Support services-general administration	-	-	-	-
Support services-school administration	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	8,004	12,744	5,228	7,516
Excess (deficiency) of revenues over expenditures	(6,130)	(10,655)	(3,062)	7,593
Other financing sources (uses)				
Designated cash balance (budgeted increase in cash)	6,130	10,655	-	(10,655)
Total other financing sources (uses)	6,130	10,655	-	(10,655)
Net change in fund balances	-	-	(3,062)	(3,062)
Fund balance - beginning of year	-	-	10,655	10,655
Fund balance - end of year	\$ -	\$ -	\$ 7,593	\$ 7,593
Net change in fund balances (Non-GAAP Budgetary Basis)				\$ (3,062)
No adjustments to revenue				-
No adjustments to expenditures				-
Net change in fund balances (GAAP Basis)				\$ (3,062)

See independent auditors' report.

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Supporting Schedules

Roswell Independent School District No. 4
Schedule of Collateral Pledged by Depository for Public Funds
June 30, 2018

Name of Depository	Description of Pledged Collateral	Maturity	CUSIP Number	Fair Market Value June 30, 2018
Pioneer Bank				
	FFCB	7/13/2023	3130A8PC1	\$ 5,379,409
	FFCB	7/12/2023	3133EGLK9	4,679,170
	FFCB	7/25/2025	3130A8RV7	10,760,935
	FFCB	1/11/2024	3133EGKS3	9,414,000
	FFCB	2/16/2024	3133EFA23	9,350,964
	FFCB	1/24/2024	3133EG4P7	4,873,000
	FFC	1/5/2022	3133EGKC8	9,619,000
Total Pioneer Bank				54,076,478
Less: collateral allocated to component unit				(558,650)
Total				\$ 53,517,828

Name and location of safekeeper for above pledged collateral:
Federal Home Loan Bank of Dallas, Dallas, TX

See independent auditors' report.

Roswell Independent School District No. 4
Schedule of Deposit and Investment Accounts
June 30, 2018

Bank Account Type/Name	New Mexico		Pioneer	Total	Component
	LGIP		Bank		Unit
New MexiGROW - LGIP	\$ 2,658	\$ -	\$ -	\$ 2,658	\$ -
New MexiGROW - LGIP - Agency	1,065	-	-	1,065	-
Operating Account - Checking	-	3,551,177		3,551,177	448,823
Sweep Account	-	39,839,977		39,839,977	-
Athletic Change Fund Account - Checking	-	5,000		5,000	-
CD (Class of 30-35) 1 year - Agency	-	6,387		6,387	-
CD (Bruce Cox Scholarship) 1 year - Agency	-	4,936		4,936	-
CD (Worthy Scholarship) 1 year - Agency	-	4,481		4,481	-
CD (Worthy Scholarship) - Agency	-	34,295		34,295	-
Total	3,723	43,446,253		43,449,976	448,823
Reconciling items	-	(1,653,561)		(1,653,561)	(6,585)
Reconciled balance	\$ 3,723	\$ 41,792,692		\$ 41,796,415	\$ 442,238

Deposits and investments per financial statements:

Cash and cash equivalents - Statement of Net Position	\$ 34,521,301	\$ 435,519
Restricted cash and cash equivalents - Statement of Net Position	6,212,654	-
Investments - Statement of Net Position	2,658	-
Cash - Statement of Fiduciary Assets and Liabilities	1,008,637	6,719
Investments - Statement of Fiduciary Assets and Liabilities	51,165	-
Total deposits and investments	\$ 41,796,415	\$ 442,238

See independent auditors' report.

Roswell Independent School District No. 4
Cash Reconciliation
June 30, 2018

	Operational Fund 11000	Transporation Fund 13000	Instructional Materials Fund 14000
PED Cash, June 30, 2017	\$ 12,186,448	\$ 499	\$ 305,060
Add:			
2017-2018 receipts	73,049,769	2,701,805	318,298
Total cash available	85,236,217	2,702,304	623,358
Less:			
2017-2018 expenditures	(71,326,319)	(2,702,054)	(345,098)
Adjustments	-	(249)	-
PED Cash, June 30, 2018	\$ 13,909,898	\$ 1	\$ 278,260
Add / Less:			
Negative cash loans from (to)	\$ (6,411,273)	\$ -	\$ -
Held checks	4,626,523	-	-
Cash and investments per financial statement	\$ 12,125,148	\$ 1	\$ 278,260

See independent auditors' report.

Food Services Fund 21000	Athletics Fund 22000	Federal Flowthrough Fund 24000	Federal Direct Fund 25000	Local Grants Fund 26000	State Flowthrough Fund 27000
\$ 4,604,321	\$ 925,875	\$ (1,996,473)	\$ 900,565	\$ 2,681	\$ (1,141,267)
7,236,920	260,398	5,794,387	1,526,264	5	2,488,357
11,841,241	1,186,273	3,797,914	2,426,829	2,686	1,347,090
(6,924,722)	(67,684)	(5,975,344)	(867,924)	-	(2,843,036)
-	-	-	-	-	-
\$ 4,916,519	\$ 1,118,589	\$ (2,177,430)	\$ 1,558,905	\$ 2,686	\$ (1,495,946)
\$ -	\$ -	\$ 4,250,722	\$ -	\$ -	\$ 1,574,051
123,691	-	240,019	39,028	-	233,056
\$ 5,040,210	\$ 1,118,589	\$ 2,313,311	\$ 1,597,933	\$ 2,686	\$ 311,161

See independent auditors' report.

Roswell Independent School District No. 4
Cash Reconciliation
June 30, 2018

	State Direct Fund 28000	Local/State 29000	Bond Building Fund 31100
PED Cash, June 30, 2017	\$ 31,909	\$ 370,191	\$ 5,991,321
Add:			
2017-2018 receipts	24,017	346,560	5,115,232
Total cash available	55,926	716,751	11,106,553
Less:			
2017-2018 expenditures	(50,349)	(41,904)	(2,450,222)
Adjustments	-	-	-
PED Cash, June 30, 2018	\$ 5,577	\$ 674,847	\$ 8,656,331
Add / Less:			
Negative cash loans from (to)	\$ 11,500	\$ -	\$ -
Held checks	5,580	-	-
Cash and investments per financial statement	\$ 22,657	\$ 674,847	\$ 8,656,331

See independent auditors' report.

Public School Capital Outlay Fund 31200	Cap. Improve. SB-9 Fund 31700	Cap. Improve. SB-9 Local 31701	Debt Service Fund 41000	Total
\$ -	\$ (128,053)	\$ 1,768,641	\$ 6,052,410	\$ 29,874,128
2,182,558	805,277	2,059,355	6,122,304	110,031,506
2,182,558	677,224	3,827,996	12,174,714	139,905,634
(2,182,558)	(837,882)	(1,861,004)	(5,960,569)	(104,436,669)
-	-	-	-	(249)
\$ -	\$ (160,658)	\$ 1,966,992	\$ 6,214,145	\$ 35,468,716
\$ -	\$ 575,000	\$ -	\$ -	\$ -
-	-	-	-	5,267,897
\$ -	\$ 414,342	\$ 1,966,992	\$ 6,214,145	\$ 40,736,613

See independent auditors' report.

Roswell Independent School District No. 4
Cash Reconciliation
June 30, 2018

	Component Unit		
	Operational Fund 11000	Instructional Materials Fund 14000	Local Grants Fund 26000
PED Cash, June 30, 2017	\$ 273,314	\$ 10,655	\$ 3,452
Add:			
2017-2018 receipts	680,291	2,166	23
Total cash available	953,605	12,821	3,475
Less:			
2017-2018 expenditures	(595,769)	(5,228)	(495)
Adjustments	128	-	(129)
PED Cash, June 30, 2018	\$ 357,964	\$ 7,593	\$ 2,851
Add / Less:			
Held checks	\$ 35,679	\$ -	\$ -
Cash and investments per financial statement	\$ 393,643	\$ 7,593	\$ 2,851

See independent auditors' report.

Component Unit							
State Flowthrough Fund 27000	Local/State 29000	Public School Capital Outlay Fund 31200	Cap. Improve. SB-9 Fund 31700	Cap. Improve. SB-9 Local 31701			Total
\$ 11	\$ 276	\$ -	\$ -	\$ 31,353	\$		\$ 319,061
-	-	32,983	5,699	13,458			734,620
11	276	32,983	5,699	44,811			1,053,681
-	-	(32,983)	(5,699)	(13,666)			(653,840)
-	-	-	-	-			(1)
\$ 11	\$ 276	\$ -	\$ -	\$ 31,145	\$		\$ 399,840
\$ -	\$ -	\$ -	\$ -	\$ -	\$		\$ 35,679
\$ 11	\$ 276	\$ -	\$ -	\$ 31,145	\$		\$ 435,519

See independent auditors' report.

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Roswell Independent School District No. 4
Statement of Fiduciary Assets and Liabilities
Agency Funds
Component Unit
June 30, 2018

	Component Unit
<hr/>	
Current Assets	
Cash and cash equivalents	\$ 6,719
<hr/>	
Total assets	\$ 6,719
<hr/>	
Current Liabilities	
Deposits held in trust for others	\$ 6,719
<hr/>	
Total liabilities	\$ 6,719
<hr/>	

See independent auditors' report.

Roswell Independent School District No. 4
Schedule of Changes in Fiduciary Assets and Liabilities - Agency Funds
For the Year Ended June 30, 2018

	Balance June 30, 2017	Additions	Deletions	Balance June 30, 2018
Assets				
Cash and investments:				
Administration	\$ 249,015	\$ 33,503	\$ (35,742)	\$ 246,776
Goddard High	223,599	356,519	(361,962)	218,156
Roswell High	190,183	240,292	(246,886)	183,589
University High	17,867	27,979	(9,062)	36,784
Early College High School	1,293	14,712	(10,469)	5,536
Berrendo Middle	78,228	125,304	(113,712)	89,820
Mesa Middle	18,612	50,067	(41,502)	27,177
Mountain View Middle	14,363	29,557	(26,531)	17,389
Sierra Middle	54,907	59,490	(75,515)	38,882
Berrendo Elementary	3,982	13,673	(15,277)	2,378
Del Norte	13,819	21,758	(22,096)	13,481
East Grand Plains	9,499	47,599	(40,277)	16,821
El Capitan	5,306	30,836	(22,676)	13,466
Military Heights	4,248	20,043	(20,166)	4,125
Missouri Avenue	6,359	18,365	(17,373)	7,351
Monterry	8,097	60,627	(59,701)	9,023
Nancy Lopez	4,077	14,059	(12,388)	5,748
Parkview	6,935	15,285	(15,914)	6,306
Pecos	9,755	32,368	(27,691)	14,432
Sunset	20,378	16,479	(15,418)	21,439
Valley View	19,538	74,997	(57,824)	36,711
Washington Avenue	19,670	29,083	(29,201)	19,552
Maintenance	25	-	-	25
Driver's Ed	673	-	-	673
Planetarium	560	-	-	560
Vocational Ed	51	-	-	51
Arts Fund	159	-	(86)	73
ESC Building	4,867	-	-	4,867
Material Center	292	30	-	322
Special Ed	2,789	2,678	(2,782)	2,685
Teacher Center	9,113	9,934	(10,073)	8,974
Key Club	1,000	-	-	1,000
Other Reserved	5,521	109	-	5,630
Cash and investments	1,004,780	1,345,346	(1,290,324)	1,059,802
Receivables	3,958	342	(3,958)	342
Prepays	1,736	-	(1,736)	-
Total assets	\$ 1,010,474	\$1,345,688	\$ (1,296,018)	\$ 1,060,144
Liabilities				
Accounts payable	\$ 11,215	\$ 20,082	\$ (11,215)	\$ 20,082
Deposits held in trust for others	999,259	1,325,606	(1,284,803)	1,040,062
Total liabilities	\$ 1,010,474	\$1,345,688	\$ (1,296,018)	\$ 1,060,144

See independent auditors' report.

	Balance June 30, 2017	Additions	Deletions	Balance June 30, 2018
Component unit				
Assets				
Cash and cash equivalents and investments:				
Interest	\$ 1,302	\$ 66	\$ -	\$ 1,368
Student Council	195	-	-	195
Year Books	660	-	-	660
Other Fundraisers	358	-	-	358
Other Donations	997	-	-	997
Roswell Sertoma	1,982	-	-	1,982
Latimer	16	-	-	16
Mathematica	868	-	-	868
Book Replacement Funds	275	-	-	275
Cash and cash equivalents and investments	\$ 6,653	\$ 66	\$ -	\$ 6,719
Liabilities				
Deposits held in trust for others	\$ 6,653	\$ 66	\$ -	\$ 6,719
Total liabilities	\$ 6,653	\$ 66	\$ -	\$ 6,719

See independent auditors' report.

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Compliance Section

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

INDEPENDENT AUDITORS' REPORT

Wayne Johnson
New Mexico State Auditor
The Office of Management and Budget
The Board of Education
Roswell Independent School District No. 4
Roswell, New Mexico

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, the discretely presented component unit, each major fund, the aggregate remaining fund information and the budgetary comparisons of the general fund and the major special revenue funds of Roswell Independent School District No. 4 (the "District") as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 13, 2018.

Internal Control over Financial Reporting

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

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

Our consideration of internal control 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted a certain matter that is required to be reported per section 12-6-5 NMSA 1978 that we have described in the accompanying schedule of Section 12-6-5 NMSA 1978 Findings as item NM 2018-001.

District's Response to Finding

The District's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures.

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 District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Carr, Riggs & Ingram, L.L.C.

Carr, Riggs & Ingram, LLC
Albuquerque, NM
November 13, 2018

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Federal Financial Assistance

REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

INDEPENDENT AUDITORS' REPORT

Wayne Johnson
New Mexico State Auditor
The Office of Management and Budget
The Board of Education
Roswell Independent School District No. 4
Roswell, New Mexico

Report on Compliance for Each Major Federal Program

We have audited Roswell Independent School District No. 4's (the "District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2018. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal 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 the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the District 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.

Report on Internal Control Over Compliance

Management of the District 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 the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the 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 the District's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Carr, Riggs & Ingram, L.L.C.

Carr, Riggs & Ingram, LLC

Albuquerque, NM

November 13, 2018

Roswell Independent School District No. 4
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2018

Federal Grantor/Pass Through Grantor/Program Title		Pass Thru Number	Federal C.F.D.A. Number
U.S. Department of Health and Human Services			
<i>Direct United States Department of Health and Human Services</i>			
Temporary Assistance for Needy Families	(a)	28190	93.558
Total Temporary Assistance for Needy Families (TANF)			
Total U.S. Department of Health and Human Services			
U.S. Department of Education			
<i>Passthrough - State of NM Public Education Department</i>			
Rural Education		24160	84.358B
Title I Grants to Local Educational Agencies	(b)	24162	84.010A
English Language Acquisition - Immigrant Funding		24163	84.365
Title I Improving America's Schools	(b)	24101	84.010
Special Education Cluster (IDEA):			
Special Ed-Grants to States (IDEA, Part B) - Entitlement	(c)	24106	84.027
Special Ed-Preschool Grants (IDEA Preschool)	(c)	24109	84.173
Special Ed-Grants to States (IDEA, Part B) - Private School Share	(c)	24115	84.173
Total Special Education Cluster (IDEA)			
Migrant Education State Grant Program		24103	84.011A
English Language Acquisition State Grants		24153	84.365A
Supporting Effective Instruction State Grant		24154	84.367A
Career and Tech Ed-Basic Grants to States - Secondary- Current Year		24174	84.0480
Career and Tech Ed-Basic Grants to States - Secondary- PY Obligations		24176	84.0482
Career and Tech Ed-Basic Grants to States - Secondary- PY Obligations		24180	84.048
Career and Tech Ed-Basic Grants to States - Secondary- PY Obligations		24181	84.0481
Title IV - Student Support and Academic Enrichment		24189	84.424A
Total U.S. Department of Education Passthrough			
U.S. Department of Agriculture			
<i>Passthrough - State of NM Public Education Department</i>			
Child Nutrition Cluster:			
School Breakfast Program	(d)	21000	10.553
National School Lunch Program	(d)	21000	10.555
Total Child Nutrition Cluster			
Total U.S. Department of Agriculture Passthrough			
Total Federal Financial Assistance			

* Major program
 () Denotes cluster

See independent auditors' report.
See accompanying notes to schedule of expenditures of federal awards.

<u>Expenditures</u>	<u>Funds Provided to Subrecipients</u>	<u>Noncash Assistance</u>
\$ 2,500	\$ -	\$ -
2,500		
2,500	-	-
68,601		
41,485	-	-
6,138	-	-
2,614,771	-	-
2,201,543	-	-
69,511	-	-
21,800	-	-
2,292,854		
26,926	-	-
80,390	-	-
444,033	-	-
94,499	-	-
6,106	-	-
55,904	-	-
11,085	-	-
112,353		
5,855,145	-	-
459,972		
6,484,937	-	-
6,944,909		
6,944,909	-	-
\$ 12,802,554	\$ -	\$ -

*See independent auditors' report.
See accompanying notes to schedule of expenditures of federal awards.*

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Roswell Independent School District No. 4
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2018

Notes to Schedule of Expenditures of Federal Awards

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal grant activity of Roswell Independent School District No. 4 (District) and is presented on the accrual basis of accounting, which is the same basis as was used to prepare the financial statements. The information in this schedule is presented in accordance with the requirements of *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Loans

The District did not expend federal awards related to loans or loan guarantees during the year.

10% de minimus Indirect Cost Rate

The District did not elect to use the allowed 10% indirect cost rate.

Federally Funded Insurance

The District has no federally funded insurance.

Reconciliation of Schedule of Expenditures of Federal Awards to Financial Statements:

Total federal awards expended per Schedule of Expenditures of Federal Awards	\$ 12,802,554
Total expenditures funded by other sources	90,849,565
<hr/>	
Total expenditures	\$ 103,652,119
<hr/>	

See independent auditors' report.

Roswell Independent School District No. 4
Schedule of Findings and Questioned Costs
June 30, 2018

A. SUMMARY OF AUDITORS' RESULTS

Financial Statements:

- | | |
|--|------------|
| 1. Type of auditors' report issued | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weaknesses identified? | None noted |
| b. Significant deficiencies identified not considered to be material weaknesses? | None noted |
| c. Noncompliance material to the financial statements noted? | None noted |

Federal Awards:

- | | |
|---|------------|
| 1. Type of auditors' report issued on compliance for major programs | Unmodified |
| 2. Internal control over major programs: | |
| a. Material weaknesses identified? | None noted |
| b. Significant deficiencies identified not considered to be material weaknesses? | None noted |
| 3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)? | None noted |
| 4. Identification of major programs: | |

CFDA Number	Federal Program
84.010A	Title I Cluster
84.010	Title I Grants to Local Education Agencies Title I Improving America's Schools

- | | |
|---|-----------|
| 5. Dollar threshold used to distinguish between type A and type B programs: | \$750,000 |
| 6. Auditee qualified as low-risk auditee? | Yes |

Roswell Independent School District No. 4
Schedule of Findings and Questioned Costs
June 30, 2018

B. FINDINGS-FINANCIAL STATEMENT AUDIT

No financial statement audit findings noted

C. FINDINGS-SECTION 12-6-5 NMSA 1978 FINDINGS

NM 2018-001 Internal Controls over Suspended and Debarred Vendors – (Finding that does not rise to the level of significant deficiency)

Condition: The District did not have procedures in place to review for suspended or debarred vendors for purchases between \$25,000 and \$60,000 using federal funds in the Title I fund.

Criteria: Per 2 CFR 200.303(a), an entity must establish and maintain effective internal control over Federal awards that provides reasonable assurance that the entity is managing the Federal awards in compliance with statutes, regulations, and the terms and conditions of the award. These statutes and regulations require compliance with 2 CFR 200.213 and Executive Orders 12549 and 12689, which restrict awards, sub awards, and contracts with certain parties that are debarred, suspended, or otherwise excluded from or ineligible for participation in federal assistance programs or activities.

Effect: The District could contract with a prohibited party for covered transactions.

Cause: Policies and procedures were not implemented during the fiscal year by the District to verify that parties paid under federal programs were not suspended or debarred for transactions between \$25,000 and \$60,000.

Auditors' Recommendation: The District should put in place written policies and procedures to vet parties paid with federal funds at the start of each grant period. The individuals responsible for this task should be made aware of the compliance requirement and be trained in the District's related policies and procedures.

Views of Responsible Officials and Planned Corrective Action: The District will implement written procedures to vet parties paid with federal funds, which will include the specific review of those parties/vendors against the General Services Administration's Excluded Party List System to be performed by the Certified Purchasing Officer (CPO) by the 2019 fiscal year. Additionally, the District will seek training opportunities and materials to educate staff responsible for the initial creation and approval, or rejection, of district purchase orders concerning the procurement of goods and/or services from its awarded federal funding sources.

D. FEDERAL AWARD FINDINGS

None noted.

E. PRIOR YEAR AUDIT FINDINGS

No prior year findings noted

Roswell Independent School District No. 4
Other Disclosures
June 30, 2018

EXIT CONFERENCE

An exit conference was held on November 13, 2018. In attendance were the following:

Representing Roswell Independent School District No. 4:

Mona Kirk, School Board President
Ruben Sanchez, School Board Vice President
Dr. Ann Lynn McIlroy, Superintendent of School
Chad Cole, Assistant Superintendent for Finance and Operations
Linda Purcella, Director of Business Services
Joe Andreis, Charter School Principal
Maria Hernandez, SGMS Business Manager

Representing Carr, Riggs & Ingram, LLC:

Alan D. "A.J." Bowers, Jr., CPA, Partner

AUDITOR PREPARED FINANCIAL STATEMENTS

Carr, Riggs & Ingram, LLC prepared the GAAP-basis financial statements and footnotes of Roswell Independent School District No. 4 from the original books and records provided to them by the management of the District. The responsibility for the financial statements remains with the District.