
STATE OF NEW MEXICO
Texico Municipal Schools
June 30, 2018

Financial Statements and Supplementary Information
As Of And For The Year Ended June 30, 2018
With Independent Auditor's Report Thereon

Sandra Rush
Certified Public Accountant, PC

1101 E Llano Estacado
Clovis, New Mexico 88101

Introductory Section

STATE OF NEW MEXICO
TEXICO MUNICIPAL SCHOOLS

Official Roster
For the year ended June 30, 2018

Board of Education

Cary Crist	President
Justin Barnes	Vice-President
Craig Rohrbach	Secretary
Chad Davis	Member
Clay Franklin	Member

School Officials

Robert Brown	Superintendent
Cheryl Whitener	Business Manager

STATE OF NEW MEXICO
TEXICO MUNICIPAL SCHOOLS

Table of Contents
June 30, 2018

	Page
Introductory Section	i
Official Roster	ii
Table of Contents	iii-iv
Financial Section	1
Independent Auditor's Report	3-4
Basic Financial Statements	5
Government-wide Financial Statements	6
Statement of Net Position	7
Statement of Activities	8
Fund Financial Statements	9
Balance Sheet - Governmental Funds	10-11
Reconciliation of the Balance Sheet All Governmental Funds to the Statement of Net Position	13
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	14-15
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	16
Statement of Revenues, Expenditures, and Changes in Cash Balance - Budget and Actual (Non - GAAP Budgetary Basis)	
Major Funds	
General Funds	
Operational Fund	17
Transportation Fund	18
Instructional Materials Fund	19
Special Revenue Funds	
IASA Title I - 24101	20
IDEA-B Entitlement - 24106	21
Wind Farm Projects - 29134	22
Statement of Fiduciary Assets and Liabilities - Agency Funds	23
Notes to Financial Statements	24-49
Supplementary Information Related to Major Governmental Funds	50
Statement of Revenues, Expenditures, and Changes in Cash Balance - Budget and Actual (Non - GAAP Budgetary Basis)	
Major Funds	
Capital Project Funds	
Bond Building - 31100	51
Senate Bill Nine Local - 31701	52
Debt Service Fund	
Debt Service - 41000	53
Required Supplementary Information	54
Education Retirement Board (ERB) Pension Plan	
Schedule of Proportionate Share of the Net Pension Liability	55
Schedule of Contributions	56
Schedule of Employer's Proportionate Share of the Net OPED Liability	57
Schedule of Employer's Contributions	57
Notes to Required Supplementary Information	58

STATE OF NEW MEXICO
TEXICO MUNICIPAL SCHOOLS

Table of Contents
June 30, 2018

	Page
Supplementary Information Related to Nonmajor Governmental Funds	59
Nonmajor Governmental Funds descriptions	61
All Nonmajor Governmental Funds	
Combining Balance Sheet	62-63
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	64-65
Supplementary Information Related to Agency Funds	66
Agency Funds descriptions	67
Agency Funds - Activity - Statement of Changes in Assets and Liabilities	68
Other Supplemental Information	69
Cash Reconciliation - All Funds	70
Compliance Section	71
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> Independent Auditors Report	72-73
Schedule of Findings and Responses	74

Financial Section

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Independent Auditor's Report

Wayne Johnson
New Mexico State Auditor
Texico Municipal Schools
Texico, New Mexico

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the general fund, and major special revenue funds of the Texico Municipal Schools District (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 as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted my 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 I 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 evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District'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, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information, and the budgetary

comparisons for the general fund and major special revenue funds of the District, as of June 30, 2018, and the respective changes in financial position, for the year then ended in accordance accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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


Accounting principles generally accepted in the United States of America require that the Schedule of the Proportionate Share of Net Pension Liability and the Schedule of Contributions, the notes to the Required Supplementary Information, the Schedule of the Proportionate Share of Net OPEB Liability, and the Schedule of Employer's Contributions as listed in the table of contents 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. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Information

My audit was conducted for the purpose of forming an opinion on the basic financial statements. The supplemental information as noted in the table of contents required by Section 2.2.2 NMAC is the responsibility of management and was 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 my opinion, the supplemental schedules required by Section 2.2.2 NMAC are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated November 7, 2018 on my consideration of the District's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.


Sandra Rush CPA PC
Clovis, New Mexico
November 7, 2018

Basic Financial Statements

Government Wide Financial Statements

STATE OF NEW MEXICO
 TEXICO MUNICIPAL SCHOOLS

Statement of Net Position
 June 30, 2018

	<u>Governmental Activities</u>
<u>ASSETS</u>	
Current assets	
Cash	\$ 1,655,593
Restricted cash	977,104
Receivables	
Property taxes	16,678
Other	3,579
Due from grantor	180,644
Inventory	<u>3,104</u>
Total current assets	<u>2,836,702</u>
Noncurrent assets	
Capital assets	19,914,944
Accumulated depreciation	<u>(7,479,622)</u>
Total non current assets	<u>12,435,322</u>
Total assets	<u>15,272,024</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Related to net pension liability	<u>4,578,953</u>
Total deferred outflows of resources	<u>4,578,953</u>
Total assets and deferred outflows of resources	<u>\$ 19,850,977</u>
<u>LIABILITIES AND NET POSITION</u>	
Current liabilities	
Accounts payable	\$ 11,137
Compensated absences	17,714
Accrued interest	42,315
Current portion of long term debt	<u>555,000</u>
Total current liabilities	<u>626,166</u>
Noncurrent liabilities	
Bonds and notes	3,640,000
Net pension liability ERB	13,951,848
Net pension liability RHC	<u>3,773,977</u>
Total noncurrent liabilities	<u>21,365,825</u>
Total liabilities	<u>21,991,991</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Related to net pension liability	<u>1,275,721</u>
Total deferred inflows of resources	<u>1,275,721</u>
Net Position	
Net investment in capital assets	8,240,322
Restricted for:	
General funds	59
Special revenue funds	384,475
Capital project funds	1,173,983
Debt service fund	686,639
Unrestricted	<u>(13,902,213)</u>
Total net position	<u>(3,416,735)</u>
Total liabilities and net position	<u>\$ 19,850,977</u>

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

STATE OF NEW MEXICO
 TEXICO MUNICIPAL SCHOOLS

Statement of Activities
 For the year ended June 30, 2018

Functions / Programs	Expenses	Program Revenues			Net Program
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	[Expense] Revenues
					Governmental Activities Total
Governmental activities					
Instruction	\$ 5,286,892	\$ 39,796	\$ 514,713	\$ -	\$ (4,732,383)
Support services:					
Students	412,567	-	-	-	(412,567)
Instruction	75,955	-	-	-	(75,955)
General administration	192,186	-	-	-	(192,186)
School administration	354,764	-	-	-	(354,764)
Central services	182,726	-	-	-	(182,726)
Operation & maintenance of plant	615,284	-	-	-	(615,284)
Student transportation	258,144	-	258,144	-	-
Other support services	5,690	-	-	-	(5,690)
Food services	153,452	12,331	118,458	-	(22,663)
Community services operation	661,216	-	-	-	(661,216)
Facilities acquisition and construction	202,713	-	59,843	-	(142,870)
Interest on long-term debt	43,037	-	-	-	(43,037)
Total governmental activities	<u>\$ 8,444,626</u>	<u>\$ 52,127</u>	<u>\$ 951,158</u>	<u>\$ -</u>	<u>(7,441,341)</u>

General revenues	
Property tax	
Levied for general purposes	39,070
Levied for debt service	612,979
Levied for capital projects	159,713
Payment in lieu of taxes	119,000
Local	
Interest	12,542
Contributions	11,312
Royalties	84
Equalization guarantee	5,227,419
Gain (loss) sale of assets	(11,815)
Reimbursements/refunds/prior years	3,536
Total general revenues	<u>6,173,840</u>
Change in net position	(1,267,501)
Net position, beginning	2,483,691
Prior period adjustment	<u>(4,632,925)</u>
Net position, beginning restated	<u>(2,149,234)</u>
Net position, ending	<u>\$ (3,416,735)</u>

The accompanying notes are an integral part of these financial statements

Fund Financial Statements

STATE OF NEW MEXICO
 TEXICO MUNICIPAL SCHOOLS

Balance Sheet
 Governmental Funds
 June 30, 2018

	General			Title I 24101
	Operational 11000	Transportation 13000	Instructional Materials 14000	
<u>ASSETS</u>				
Cash and cash equivalents	\$ 399,683	\$ -	\$ 59	\$ 75
Restricted cash	-	-	-	-
Accounts receivable				
Taxes	776	-	-	-
Other	-	-	-	-
Due from other governments	-	-	-	96,531
Due from other funds	191,537	-	-	-
Inventory	-	-	-	-
Total assets	<u>\$ 591,996</u>	<u>\$ -</u>	<u>\$ 59</u>	<u>\$ 96,606</u>
<u>LIABILITIES</u>				
Accounts payable	\$ 11,137	\$ -	\$ -	\$ -
Due to other funds	-	-	-	96,606
Total liabilities	<u>11,137</u>	<u>-</u>	<u>-</u>	<u>96,606</u>
<u>DEFERRED INFLOWS</u>				
Unavailable revenue	-	-	-	-
<u>FUND BALANCE</u>				
Non-spendable - inventory	-	-	-	-
Restricted for				
General funds	-	-	59	-
Special revenue funds	-	-	-	-
Capital project funds	-	-	-	-
Debt service fund	-	-	-	-
Unassigned				
General funds	580,859	-	-	-
Total fund balance	<u>580,859</u>	<u>-</u>	<u>59</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 591,996</u>	<u>\$ -</u>	<u>\$ 59</u>	<u>\$ 96,606</u>

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

Special Revenue		Capital Projects		Debt Service	Other	Total
Entitlement 24106	Wind Farm Projects 29134	Bond Building 31100	Senate Bill Nine Local 31701	Debt Service 41000	Governmental Funds	Governmental Funds
\$ 10,818	\$ 357,522	\$ -	\$ 191,791	\$ 674,000	\$ 21,645	\$ 1,655,593
-	-	977,104	-	-	-	977,104
-	-	-	3,263	12,639	-	16,678
-	-	1,375	-	-	2,204	3,579
38,592	-	-	-	-	45,521	180,644
-	-	-	-	-	-	191,537
-	-	-	-	-	3,104	3,104
<u>\$ 49,410</u>	<u>\$ 357,522</u>	<u>\$ 978,479</u>	<u>\$ 195,054</u>	<u>\$ 686,639</u>	<u>\$ 72,474</u>	<u>\$ 3,028,239</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,137
49,410	-	-	-	-	45,521	191,537
<u>49,410</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>45,521</u>	<u>202,674</u>
-	-	-	-	-	-	-
-	-	-	-	-	3,104	3,104
-	-	-	-	-	-	59
-	357,522	-	-	-	23,849	381,371
-	-	978,479	195,054	-	-	1,173,533
-	-	-	-	686,639	-	686,639
-	-	-	-	-	-	580,859
-	357,522	978,479	195,054	686,639	26,953	2,825,565
<u>\$ 49,410</u>	<u>\$ 357,522</u>	<u>\$ 978,479</u>	<u>\$ 195,054</u>	<u>\$ 686,639</u>	<u>\$ 72,474</u>	<u>\$ 3,028,239</u>

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STATE OF NEW MEXICO
 TEXICO MUNICIPAL SCHOOLS
 Reconciliation of the Balance Sheet
 All Governmental Funds to the
 Statement of Net Position
 June 30, 2018

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

Fund balance - total governmental funds		\$ 2,825,565
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds		
Capital assets	\$ 19,914,944	
Accumulated depreciation	<u>(7,479,622)</u>	12,435,322
Deferred outflows and inflows of resources related to pensions are applicable to future periods and therefore, are not reported in the funds		
Deferred outflows of resources related to pension:		4,578,953
Deferred inflows of resources related to pension	(416,773)	
Deferred inflows of resources related to OPEB	<u>(858,948)</u>	(1,275,721)
Accrued interest is not due and payable with current financial resources and, therefore, is not reported in the funds		
Change in accrued interest payable		(42,315)
Certain liabilities, including accrued compensated absences, bonds payable, lease purchase notes and net pension liability, are not due and payable in the current period and therefore are not reported in the funds		
Accrued compensated absences		(17,714)
General obligation bonds		(4,195,000)
Net pension liability Pension	(13,951,848)	
Net pension liability OPEB	<u>(3,773,977)</u>	<u>(17,725,825)</u>
Net position of governmental activities in the statement of net position		<u>\$ (3,416,735)</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
 TEXICO MUNICIPAL SCHOOLS

Statement of Revenues, Expenditures, and Changes in
 Fund Balances - Governmental Funds
 For the year ended June 30, 2018

	General			Title I 24101
	Operational 11000	Transportation 13000	Instructional Materials 14000	
Revenues				
Taxes levied / assessed	\$ 39,070	\$ -	\$ -	\$ -
In lieu of taxes	-	-	-	-
Contributions	11,312	-	-	-
Fees - activities	800	-	-	-
Insurance recoveries	10,811	-	-	-
Interest	419	-	-	-
Access board (e-rate)	11,638	-	-	-
Royalties	84	-	-	-
Reimbursements / refunds / prior years	6,559	-	-	-
State equalization guarantee	5,227,419	-	-	-
State flowthrough grants	-	-	-	-
Transportation	-	258,144	-	-
Instructional materials - credit and cash	-	-	17,344	-
Food service	-	-	-	-
Federal flowthrough grants	-	-	-	-
Federal restricted grants-in-aid	-	-	-	173,181
Total revenues	5,308,112	258,144	17,344	173,181
Expenditures				
Current				
Instruction	3,081,479	-	25,648	173,181
Support services				
Students	406,207	-	-	-
Instruction	67,671	-	-	-
General administration	187,379	-	-	-
School administration	294,145	-	-	-
Central Services	182,306	-	-	-
Other support services	-	-	-	-
Operation of non-instructional services				
Operation & maintenance of plant	610,386	-	-	-
Facilities acquisition / construction	-	-	-	-
Student transportation	-	258,144	-	-
Food services	7,448	-	-	-
Capital Outlay	106,611	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	4,943,632	258,144	25,648	173,181
Excess (deficiency) revenues over expenditures	364,480	-	(8,304)	-
Other financing sources (uses)				
Bond proceeds	-	-	-	-
Operating transfers in (out)	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	364,480	-	(8,304)	-
Fund balance, beginning	216,379	-	8,363	-
Fund balance, ending	\$ 580,859	\$ -	\$ 59	\$ -

The accompanying notes are an integral part of these financial statements

Special Revenue		Capital Projects		Debt Service	Other	Total
Entitlement 24106	Wind Farm Projects 29134	Bond Building 31100	Senate Bill Nine Local 31701	Debt Service 41000	Governmental Funds	Governmental Funds
\$ -	\$ -	\$ -	\$ 159,713	\$ 612,979	\$ -	\$ 811,762
-	119,000	-	-	-	-	119,000
-	-	-	-	-	-	11,312
-	-	-	-	-	48,304	49,104
-	-	-	-	-	-	10,811
-	522	10,282	258	1,048	13	12,542
-	-	-	-	-	-	11,638
-	-	-	-	-	-	84
-	-	-	-	-	-	6,559
-	-	-	-	-	-	5,227,419
-	-	-	-	-	121,767	121,767
-	-	-	-	-	-	258,144
-	-	-	-	-	-	17,344
-	-	-	-	-	118,458	118,458
-	-	-	-	-	63,265	63,265
145,573	-	-	-	-	30,977	349,731
<u>145,573</u>	<u>119,522</u>	<u>10,282</u>	<u>159,971</u>	<u>614,027</u>	<u>382,784</u>	<u>7,188,940</u>
73,037	-	-	-	-	186,098	3,539,443
5,300	-	-	-	-	229	411,736
-	-	-	-	-	8,284	75,955
6,631	-	-	-	-	-	194,010
60,605	-	-	-	-	-	354,750
-	-	-	-	-	-	182,306
-	-	-	5,690	-	-	5,690
-	-	-	-	-	-	610,386
-	-	43,801	116,962	-	41,950	202,713
-	-	-	-	-	-	258,144
-	-	-	-	-	140,308	147,756
-	-	164,808	39,870	-	17,893	329,182
-	-	-	-	450,000	-	450,000
-	-	-	-	101,831	-	101,831
<u>145,573</u>	<u>-</u>	<u>208,609</u>	<u>162,522</u>	<u>551,831</u>	<u>394,762</u>	<u>6,863,902</u>
-	119,522	(198,327)	(2,551)	62,196	(11,978)	325,038
-	-	1,000,000	-	-	-	1,000,000
-	-	-	-	-	-	-
-	-	1,000,000	-	-	-	1,000,000
-	119,522	801,673	(2,551)	62,196	(11,978)	1,325,038
-	238,000	176,806	197,605	624,443	38,931	1,500,527
<u>\$ -</u>	<u>\$ 357,522</u>	<u>\$ 978,479</u>	<u>\$ 195,054</u>	<u>\$ 686,639</u>	<u>\$ 26,953</u>	<u>\$ 2,825,565</u>

STATE OF NEW MEXICO
 TEXICO MUNICIPAL SCHOOLS

Reconciliation of the Statement of Revenues, Expenditures, and
 Changes in Fund Balances of Governmental Funds to the
 Statement of Activities
 For the year ended June 30, 2018

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

Net change in fund balances - total governmental funds \$ 1,325,038

Capital outlays to purchase or build capital assets are reported in the governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities. This is the amount by which depreciation exceeds capital outlays for the period.

Current year capital expenditures capitalized	329,182
Depreciation expense	(677,397)
Gain (loss) on disposal of capital assets	(11,815)

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.

Bond proceeds	(1,000,000)
Bond payment	450,000
Change in accrued interest payable	58,794

Compensated absences are expensed as paid in governmental fund statements and as increases to noncurrent liabilities on the statement of net position

Compensated absences	2,004
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Expenditures in the statement of activities that do not provide current financial resources are not reported as expenditures in the funds.

Governmental funds report district pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned net of employee contributions is reported as pension expense:

Change in deferred outflows and inflows	<u>(1,743,307)</u>
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Change in Net Position of Governmental Activities	<u>\$ (1,267,501)</u>
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The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
 TEXICO MUNICIPAL SCHOOLS
 General Fund - Operational - 11000
 Statement of Revenues, Expenditures, and Changes in Cash
 Balance - Budget and Actual (Non - GAAP Budgetary Basis)
 For the year ended June 30, 2018

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues				
Taxes levied / assessed	\$ 37,380	\$ 37,380	\$ 39,270	\$ 1,890
In lieu of taxes	-	-	-	-
Contributions	-	-	11,312	11,312
Fees - activities	-	-	800	800
Insurance recoveries	-	-	10,811	10,811
Interest	1,000	1,000	419	(581)
Access board (e-rate)	5,000	5,000	11,638	6,638
Royalties	-	-	84	84
Reimbursements / refunds / prior years	500	500	6,559	6,059
State equalization guarantee	5,150,067	5,189,296	5,227,419	38,123
State flowthrough grants	-	-	-	-
Transportation	-	-	-	-
Instructional materials - credit and cash	-	-	-	-
Food service	-	-	-	-
Federal flowthrough grants	-	-	-	-
Federal restricted grants-in-aid	-	-	-	-
Total revenues	5,193,947	5,233,176	5,308,312	75,136
Expenditures				
Current				
Instruction	3,234,280	3,236,687	3,079,724	156,963
Support services				
Students	380,910	421,257	406,207	15,050
Instruction	128,241	101,843	67,842	34,001
General administration	185,374	197,013	189,146	7,867
School administration	320,522	320,717	294,145	26,572
Central Services	194,982	196,547	181,907	14,640
Other support services	56,290	56,290	-	56,290
Operation of non-instructional services				
Operation & maintenance of plant	699,176	706,650	617,276	89,374
Facilities acquisition / construction	-	-	-	-
Student transportation	-	-	-	-
Food services	12,927	12,927	7,448	5,479
Capital Outlay	205,931	207,931	106,611	101,320
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	5,418,633	5,457,862	4,950,306	507,556
Excess (deficiency) revenues over expenditures	(224,686)	(224,686)	358,006	582,692
Other financing sources (uses)				
Operating transfers in (out)	-	-	(155,630)	(155,630)
Designated cash	224,686	224,686	-	(224,686)
Total other financing sources (uses)	224,686	224,686	(155,630)	(380,316)
Net change in cash balances	-	-	202,376	202,376
Cash balance, beginning	-	-	197,307	197,307
Cash balance, ending	\$ -	\$ -	\$ 399,683	\$ 399,683
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ 202,376	
Adjustment to revenues for accruals & other deferrals			(200)	
Adjustment to expenditures for payables, prepaids & other accruals			162,304	
Net change in fund balance (GAAP Basis)			\$ 364,480	

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

STATE OF NEW MEXICO
 TEXICO MUNICIPAL SCHOOLS
 General Fund - Transportation - 13000
 Statement of Revenues, Expenditures, and Changes in Cash
 Balance - Budget and Actual (Non - GAAP Budgetary Basis)
 For the year ended June 30, 2018

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues				
Taxes levied / assessed	\$ -	\$ -	\$ -	\$ -
In lieu of taxes	-	-	-	-
Contributions	-	-	-	-
Fees - activities	-	-	-	-
Insurance recoveries	-	-	-	-
Interest	-	-	-	-
Access board (e-rate)	-	-	-	-
Royalties	-	-	-	-
Reimbursements / refunds / prior years	-	-	-	-
State equalization guarantee	-	-	-	-
State flowthrough grants	-	-	-	-
Transportation	-	-	-	-
Instructional materials - credit and cash	237,717	258,144	258,144	-
Food service	-	-	-	-
Federal flowthrough grants	-	-	-	-
Federal restricted grants-in-aid	-	-	-	-
Total revenues	237,717	258,144	258,144	-
Expenditures				
Current				
Instruction	-	-	-	-
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central Services	-	-	-	-
Other support services	-	-	-	-
Operation of non-instructional services				
Operation & maintenance of plant	-	-	-	-
Facilities acquisition / construction	-	-	-	-
Student transportation	237,717	258,144	258,144	-
Food services	-	-	-	-
Capital Outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	237,717	258,144	258,144	-
Excess (deficiency) revenues over expenditures	-	-	-	-
Other financing sources (uses)				
Operating transfers in (out)	-	-	-	-
Designated cash	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in cash balances	-	-	-	-
Cash balance, beginning	-	-	-	-
Cash balance, ending	\$ -	\$ -	\$ -	\$ -
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ -	
Adjustment to revenues for accruals & other deferrals			-	
Adjustment to expenditures for payables, prepaids & other accruals			-	
Net change in fund balance (GAAP Basis)			\$ -	

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

STATE OF NEW MEXICO
 TEXICO MUNICIPAL SCHOOLS
 General Fund - Instructional Materials - 14000
 Statement of Revenues, Expenditures, and Changes in Cash
 Balance - Budget and Actual (Non - GAAP Budgetary Basis)
 For the year ended June 30, 2018

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues				
Taxes levied / assessed	\$ -	\$ -	\$ -	\$ -
In lieu of taxes	-	-	-	-
Contributions	-	-	-	-
Fees - activities	-	-	-	-
Insurance recoveries	-	-	-	-
Interest	-	-	-	-
Access board (e-rate)	-	-	-	-
Royalties	-	-	-	-
Reimbursements / refunds / prior years	-	-	-	-
State equalization guarantee	-	-	-	-
State flowthrough grants	-	-	-	-
Transportation	-	-	-	-
Instructional materials - credit and cash	15,443	17,344	17,344	-
Food service	-	-	-	-
Federal flowthrough grants	-	-	-	-
Federal restricted grants-in-aid	-	-	-	-
Total revenues	15,443	17,344	17,344	-
Expenditures				
Current				
Instruction	15,443	25,707	25,648	59
Support services	-	-	-	-
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central Services	-	-	-	-
Other support services	-	-	-	-
Operation of non-instructional services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Facilities acquisition / construction	-	-	-	-
Student transportation	-	-	-	-
Food services	-	-	-	-
Capital Outlay	-	-	-	-
Debt service	-	-	-	-
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	15,443	25,707	25,648	59
Excess (deficiency) revenues over expenditures	-	(8,363)	(8,304)	59
Other financing sources (uses)				
Operating transfers in (out)	-	-	-	-
Designated cash	-	8,363	-	(8,363)
Total other financing sources (uses)	-	8,363	-	(8,363)
Net change in cash balances	-	-	(8,304)	(8,304)
Cash balance, beginning	-	-	8,363	8,363
Cash balance, ending	\$ -	\$ -	\$ 59	\$ 59
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ (8,304)	
Adjustment to revenues for accruals & other deferrals			-	
Adjustment to expenditures for payables, prepaids & other accruals			-	
Net change in fund balance (GAAP Basis)			\$ (8,304)	

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

STATE OF NEW MEXICO
 TEXICO MUNICIPAL SCHOOLS
 Special Revenue Fund - Title I - 24101
 Statement of Revenues, Expenditures, and Changes in Cash
 Balance - Budget and Actual (Non - GAAP Budgetary Basis)
 For the year ended June 30, 2018

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues				
Taxes levied / assessed	\$ -	\$ -	\$ -	\$ -
In lieu of taxes	-	-	-	-
Contributions	-	-	-	-
Fees - activities	-	-	-	-
Insurance recoveries	-	-	-	-
Interest	-	-	-	-
Access board (e-rate)	-	-	-	-
Royalties	-	-	-	-
Reimbursements / refunds / prior years	-	-	-	-
State equalization guarantee	-	-	-	-
State flowthrough grants	-	-	-	-
Transportation	-	-	-	-
Instructional materials - credit and cash	-	-	-	-
Food service	-	-	-	-
Federal flowthrough grants	-	-	-	-
Federal restricted grants-in-aid	160,866	161,752	92,553	(69,199)
Total revenues	160,866	161,752	92,553	(69,199)
Expenditures				
Current				
Instruction	160,866	228,718	173,181	55,537
Support services	-	-	-	-
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central Services	-	-	-	-
Other support services	-	-	-	-
Operation of non-instructional services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Facilities acquisition / construction	-	-	-	-
Student transportation	-	-	-	-
Food services	-	-	-	-
Capital Outlay	-	-	-	-
Debt service	-	-	-	-
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	160,866	228,718	173,181	55,537
Excess (deficiency) revenues over expenditures	-	(66,966)	(80,628)	(13,662)
Other financing sources (uses)				
Operating transfers in (out)	-	-	80,703	80,703
Designated cash	-	66,966	-	(66,966)
Total other financing sources (uses)	-	66,966	80,703	13,737
Net change in cash balances	-	-	75	75
Cash balance, beginning	-	-	-	-
Cash balance, ending	\$ -	\$ -	\$ 75	\$ 75
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ 75	
Adjustment to revenues for accruals & other deferrals			80,628	
Adjustment to expenditures for payables, prepaids & other accruals			(80,703)	
Net change in fund balance (GAAP Basis)			\$ -	

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

STATE OF NEW MEXICO
 TEXICO MUNICIPAL SCHOOLS
 Special Revenue Fund - Entitlement - 24106
 Statement of Revenues, Expenditures, and Changes in Cash
 Balance - Budget and Actual (Non - GAAP Budgetary Basis)
 For the year ended June 30, 2018

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues				
Taxes levied / assessed	\$ -	\$ -	\$ -	\$ -
In lieu of taxes	-	-	-	-
Contributions	-	-	-	-
Fees - activities	-	-	-	-
Insurance recoveries	-	-	-	-
Interest	-	-	-	-
Access board (e-rate)	-	-	-	-
Royalties	-	-	-	-
Reimbursements / refunds / prior years	-	-	-	-
State equalization guarantee	-	-	-	-
State flowthrough grants	-	-	-	-
Transportation	-	-	-	-
Instructional materials - credit and cash	-	-	-	-
Food service	-	-	-	-
Federal flowthrough grants	-	-	-	-
Federal restricted grants-in-aid	147,341	170,043	121,767	(48,276)
Total revenues	147,341	170,043	121,767	(48,276)
Expenditures				
Current				
Instruction	75,274	87,757	73,037	14,720
Support services				
Students	5,300	5,300	5,300	-
Instruction	-	-	-	-
General administration	6,632	6,632	6,631	1
School administration	60,135	70,354	60,605	9,749
Central Services	-	-	-	-
Other support services	-	-	-	-
Operation of non-instructional services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Facilities acquisition / construction	-	-	-	-
Student transportation	-	-	-	-
Food services	-	-	-	-
Capital Outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	147,341	170,043	145,573	24,470
Excess (deficiency) revenues over expenditures	-	-	(23,806)	(23,806)
Other financing sources (uses)				
Operating transfers in (out)	-	-	34,624	34,624
Designated cash	-	-	-	-
Total other financing sources (uses)	-	-	34,624	34,624
Net change in cash balances	-	-	10,818	10,818
Cash balance, beginning	-	-	-	-
Cash balance, ending	\$ -	\$ -	\$ 10,818	\$ 10,818
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ 10,818	
Adjustment to revenues for accruals & other deferrals			23,806	
Adjustment to expenditures for payables, prepaids & other accruals			(34,624)	
Net change in fund balance (GAAP Basis)			\$ -	

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

STATE OF NEW MEXICO
 TEXICO MUNICIPAL SCHOOLS
 Special Revenue Fund - Wind Farm - 29134
 Statement of Revenues, Expenditures, and Changes in Cash
 Balance - Budget and Actual (Non - GAAP Budgetary Basis)
 For the year ended June 30, 2018

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues				
Taxes levied / assessed	\$ -	\$ -	\$ -	\$ -
In lieu of taxes	-	-	119,000	119,000
Contributions	-	-	-	-
Fees - activities	-	-	-	-
Insurance recoveries	-	-	-	-
Interest	-	-	522	522
Access board (e-rate)	-	-	-	-
Royalties	-	-	-	-
Reimbursements / refunds / prior years	-	-	-	-
State equalization guarantee	-	-	-	-
State flowthrough grants	-	-	-	-
Transportation	-	-	-	-
Instructional materials - credit and cash	-	-	-	-
Food service	-	-	-	-
Federal flowthrough grants	-	-	-	-
Federal restricted grants-in-aid	-	-	-	-
Total revenues	-	-	119,522	119,522
Expenditures				
Current				
Instruction	5,000	5,000	-	5,000
Support services				
Students	5,000	5,000	-	5,000
Instruction	5,000	5,000	-	5,000
General administration	5,000	5,000	-	5,000
School administration	10,000	10,000	-	10,000
Central Services	5,000	5,000	-	5,000
Other support services	-	-	-	-
Operation of non-instructional services				
Operation & maintenance of plant	35,000	35,000	-	35,000
Facilities acquisition / construction	-	-	-	-
Student transportation	-	-	-	-
Food services	5,000	5,000	-	5,000
Capital Outlay	44,000	163,000	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	119,000	238,000	-	238,000
Excess (deficiency) revenues over expenditures	(119,000)	(238,000)	119,522	357,522
Other financing sources (uses)				
Operating transfers in (out)	-	-	-	-
Designated cash	119,000	238,000	-	(238,000)
Total other financing sources (uses)	119,000	238,000	-	(238,000)
Net change in cash balances	-	-	119,522	119,522
Cash balance, beginning	-	-	238,000	238,000
Cash balance, ending	\$ -	\$ -	\$ 357,522	\$ 357,522
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ 119,522	
Adjustment to revenues for accruals & other deferrals			-	
Adjustment to expenditures for payables, prepaids & other accruals			-	
Net change in fund balance (GAAP Basis)			\$ 119,522	

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

STATE OF NEW MEXICO
TEXICO MUNICIPAL SCHOOLS

Statement of Fiduciary Assets and Liabilities - Agency Funds
June 30, 2018

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash and cash equivalents	\$ 215,061
Total assets	<u>\$ 215,061</u>
<u>LIABILITIES</u>	
Deposits held for others	\$ 215,061
Total liabilities	<u>\$ 215,061</u>

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

Notes to Financial Statements

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NOTE 1 Summary of Significant Accounting Policies

Texico Municipal Schools (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 the District. 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 who is responsible for their integrity and objectivity. The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The financial statements have incorporated all applicable GASB statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on accounting procedures. The more significant of the government's accounting policies are described below.

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 Statement 61. 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 is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government can exercise oversight responsibilities. Finally, the nature and significance of a potential component unit to the primary government could warrant its inclusion within the reporting entity. Based upon the application of these criteria, the District has no component units, and is not a component unit of another governmental agency.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all the non-fiduciary activities of the primary government. For the most part, the effect of inter fund 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.

In the government-wide Statement of Net Position, the governmental activities column is presented on a consolidated basis 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 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 function or segment.

These include fees for meals, lab fees and activity fees for the District. 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.

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 for which they are billed. 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. 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. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Under the requirements of GASB Statement No. 34, the District is required to present certain of its governmental funds as major funds based upon certain criteria. The major funds presented in the fund financial statements include the following (in addition to the General Fund), which may include funds that were not required to be presented as major but were at the discretion of management:

General Fund 11000, 12000, 13000, 14000

The General Fund consists of four sub funds. The first is the Operational fund of the District and accounts for all revenues and expenditures of the District not encompassed within other funds. The Teacherage Fund is to provide teachers affordable housing to entice them to teach there. The Transportation fund includes a state grant to provide transportation for students in the District. The Instructional Materials fund accounts for a state grant to provide text books for students in the District

Title I – Special Revenue Fund 24101

To account for a program funded by a Federal grant to supplement the regular instructional program for educationally deprived students. Funding authorized by the Elementary and Secondary Act of 1965, Chapter I of Title I, as amended, Public Laws 100-297, 20 U.S.C. 2701. The fund was created by the authority of federal grant provisions.

IDEA-B Entitlement – Special Revenue Fund 24106

The purpose of this program is to account for revenue used to help maximize the resources in meeting the objective of handicapped children. The federal revenues in this fund are received from and administered by the New Mexico Department of Education. Authority for the creation of this fund is Part B of the Handicapped Act, Public Law 105-17.

Wind Farm – Special Revenue Fund 29134

This fund is used to account for wind farm payment in lieu of property taxes revenue. The fund was created by definition.

Bond Building - Capital Projects Funds 31100

To account for resources received from the sale of general obligation bonds for the purpose of constructing and renovating school buildings.

SB-9 Local - Capital Projects Funds 37101

To account for resources received through Senate Bill 9 and local tax levies obtained for the purpose of building, remodeling, and equipping classroom facilities.

Debt Service Fund - 41000

The fund is used to account for the resources for, and the payment of, principal, interest, and related cost.

The District also reports additional Governmental funds as non-major. They include:

Special Revenue Funds

These funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Capital Project Funds

These funds are used to account for the acquisition of capital assets or construction of major capital projects.

Fiduciary Funds

The fund 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.

Generally, the effect of inter-fund 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.

Program revenues included in the Statement of Activities derive directly from the program itself or from parties outside the District's taxpayer or citizenry, program revenues reduce the cost of the function to be financed from the District's general revenues. Program revenues are categorized as (a) charges for services, which include revenues collected for cafeteria fees and lost books, etc., (b) program specific operating grants, which includes revenues received from state and federal sources such as Title I and IDEA-B to be used as specified within each program grant agreement, and (c) program-specific capital grants and contributions, which include revenues from the state resources such as SB-9 and HB-33 funding to be used for capital projects. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes and other items not properly included among program revenues.

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with the function. The District does not currently employ indirect cost allocation systems. Depreciation expense is specifically identified by function and is included in the direct expense of each function, except for that portion of depreciation that is identified as unallocated in the Statement of Activities. Interest on general long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

D. Assets, Liabilities and Net Position or Equity

Cash and Cash Equivalents: The District's cash and cash equivalents are cash on hand, demand deposits and short-term investments with original maturities of twelve 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 Investment Pool.

Restricted Assets: Restricted assets are those that are set aside for restrictions resulting from enabling legislation for future capital outlay expenditures. The District's restricted assets are made up of all capital project.

Receivables and Payables: Inter-fund activity is reported either as loans, services provided, reimbursements, or transfers. Loans are reported as inter-fund 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 costs as a reimbursement. All other inter-fund transactions are treated as transfers. Transfers between governmental or between proprietary 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.

The District receives monthly income from a tax levy in Curry county. The funds are collected by the County Treasurers and remitted to the District in the following month. Under the modified accrual method of accounting, the amount remitted by the county treasurers in July and August is considered 'measurable and available' and, accordingly, is recorded as revenue in the governmental fund financial statements during the year ended June 30, 2018. Period of availability is deemed to be sixty days (60) 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. As of June 30, 2018, the District does not have any prepaid items.

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

Inventory: The District's method of accounting for inventory is the consumption method. Under the consumption approach, governments report inventories they purchase as an asset and defer the recognition of the expenditures until the period in which the inventories are consumed. Inventory is valued at cost. In the General Fund, inventory consists of expendable supplies held for consumption. Inventory in the Food Service Fund consists of U.S.D.A. commodities and other purchased food and non-food supplies.

The cost of purchased inventory is recorded as an expenditure at the time individual inventory items are consumed. Commodities consumed during the year are reported as revenues and expenditures; unused commodities are reported as inventories.

Capital Assets: Capital assets, which include property, plant, and equipment, are reported in the applicable governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000, per section 12-6-10 NMSA 1978, and an estimated useful life more than one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Pursuant to the implementation of GASB Statement No. 34, the historical cost of infrastructure assets, (retroactive to 1979) are to be included as part of the governmental capital assets reported in the government wide statements. 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 District was a phase I government for purposes of implementing GASB Statement No. 34. However, the District does not have any infrastructure assets to report.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. No interest was included as part of the cost of capital assets under construction during the year ended June 30, 2018.

Capital expenditures made on the District's building construction projects by the New Mexico Public School Facilities Authority are included in the District's capital assets as appropriate. Property, plant, and equipment of the primary government are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Building and Improvements	20 - 50 Years
Vehicles	2 - 15 Years
Equipment	2 - 15 Years

Unearned Revenues: Accounting principles generally accepted in the United States of America require that grant revenue be recognized at the time the related expense is made if the expenditure of funds is the prime factor for determining eligibility for reimbursement; therefore, amounts received and not expended in the Special Revenue Funds are shown as unearned revenues. Amounts receivable from the property taxes levied for the current year that are not considered to be "available" under the current financial resources measurement focus are reported as unearned revenues in the governmental fund financial statements.

Deferred inflows/outflows of resources: GASB 63 amended previous guidance on deferred revenues in the Government-Wide Financial Statements to include deferred outflow of resources, which is the consumption of net assets by the government that is applicable to a future reporting period and deferred inflow of resources, which is acquisition of net assets by the government that is applicable to a future reporting period.

Compensated Absences: The District contracts with all employees on an annual basis. Vacation and or sick leave are not paid out upon termination.

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

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 issuance costs are reflected as a current period expense per GASB 65.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the period the bonds are issued. 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 services expenditures.

Fund Balance: Governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent: The following classifications may be used:

Non-Spendable

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

Restricted

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

Committed

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

Assigned

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

Unassigned

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

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

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

Net investment in capital assets

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

Restricted Net Position

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

Unrestricted Net Position

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

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

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

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 affecting the District's financials include management's estimate of the useful lives of capital assets.

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.

E. Revenues

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

A school district's program costs are determined using 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 Secretary of the Public Education Department. The District received \$5,227,419 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 recognized \$811,762 ad valorem tax revenues in the governmental fund 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 Secretary of the Public Education Department. The funds shall be used only for making payments to each school district for the to-and-from school transportation costs of students in grades K through twelve attending public school within the school district. The District received \$258,144 in transportation distributions during the year ended June 30, 2018.

Instructional Materials: The New Mexico Public Education Department (PED) receives federal mineral leasing funds from which it makes annual allocations to the various school districts for the purchase of educational materials. Of each allocation, fifty percent is restricted to the purchase of materials listed in the PED "Multiple List", while fifty percent of each allocation is available for purchases directly from vendors. Allocations received from the State for the year ended June 30, 2018 totaled \$17,344.

Public School Capital Outlay: Under the provisions of Chapter 22, Article 24, a public-school capital outlay fund was created. The money in the fund may be used only for capital expenditures deemed by the public-school capital outlay council necessary for an adequate educational program, and the capital outlay expenditures are limited to the purchase, or construction of temporary or permanent classrooms.

The council shall approve an application for grant assistance from the fund when the council determines that:

1. A critical need exists requiring action;
2. The residents of the school districts have provided all available resources to the district to meet its capital outlay requirements;
3. The school district has used its resources in a prudent manner;
4. The school district is in a county or counties which have participated in the reappraisal program and the reappraised values are on the tax rolls, or will be used for the tax year 1979 as certified by the property tax division; and
5. The school district has provided insurance for buildings of the school district in accordance with the provisions of Section 13-5-3 NMSA 1978.

The council shall consider all applications for assistance from the fund and after public hearing shall either approve or deny the application. Applications for grant assistance shall only be accepted by the council after a district has complied with the provisions of this section. The council shall list all applications in order of priority and all allocations shall be made on a priority basis.

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.

SB-9 State Match: The Director shall distribute to any school district that has imposed a tax under the Public School Capital Outlay 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. Provided, however, if 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 received \$59,843 state SB-9 matching funds during the year end June 30, 2018.

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

The District also receives revenues from Federal departments which are unrestricted to expenditures for special purposes. These revenues are reported in the Operational Fund.

NOTE 2 Stewardship, Compliance and Accountability

Budgetary Information

Budgets for the General, Special Revenue, Capital Projects, and Debt Service Funds are prepared by management and are approved by the local Board of Education and the 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) budgetary basis, excluding encumbrances, and secure appropriation of funds for only one year. Carryover funds must be re-appropriated in the budget of the subsequent fiscal year. 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 a designated portion of the fund balance.

Actual expenditures may not exceed the budget at the function level. Budgets may be amended in two ways. If a budget transfer is necessary within a major category called a 'function,' this may be accomplished with only local Board of Education approval. If a transfer between 'functions' or a budget increase is required, approval must also be obtained from the New Mexico Public Education Department.

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 School Budget and Finance Analysis Bureau (SBFAB) of the New Mexico Public Education Department, 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 submitted to the State of New Mexico Public Education Department (PED) by the District shall contain headings and details as described by law and have been approved by the New Mexico Public Education Department.
2. In May or June of each year, the proposed "operating" budget will be reviewed and approved by the SBFAB and certified and approved by the local school board at a public hearing of which notice has been published by the local school board who fixes the estimated budget for the District for the ensuing fiscal year.
3. The school board meeting, while not intended for the public, is open for the 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 SBFAB 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 SBFAB.
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 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 District and approved by the SBFAB.
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 of the District has been amended during the current fiscal year in accordance with these procedures. The budget schedules included in the accompanying financial statements reflect the approved budget and amendments thereto.
10. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, Capital Projects Funds and Debt Service Funds.
11. Budgets for the General, Special Revenue, Capital Projects, and Debt Service Funds are adopted on a basis not consistent with generally accepted accounting principles (GAAP). Encumbrances are treated the same way for GAAP purposes and for budget purposes.

The Board of Education may approve amendments to the appropriated budget, which are required when a change is made affecting budgeted ending fund balance. New Mexico state law prohibits a Governmental Agency from exceeding an individual function.

The accompanying Statements of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual present comparisons of the legally adopted budget with actual data on a budgetary basis.

Since accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with generally accepted accounting principles, a reconciliation of resultant basis, perspective, equity, and timing differences in the excess (deficiency) of revenues and other sources of financial resources for the year ended June 30, 2018, is presented.

The appropriated budget for the year ended June 30, 2018, was properly amended by the Board of Education throughout the year.

	<u>Original Budget</u>	<u>Final Budget</u>
Major Funds		
Operational - 11000	\$ 5,418,633	\$ 5,457,862
Transportation - 13000	\$ 237,717	\$ 258,144
Instructional Material - 14000	\$ 15,443	\$ 25,707
IASA TITLE I - 24101	\$ 160,866	\$ 228,718
IDEA - B Entitlement - 24106	\$ 147,341	\$ 170,043
Wind Farm - 29134	\$ 119,000	\$ 238,000
Bond Building - 31100	\$ 21,330	\$ 1,176,806
SB-9 Local - 31701	\$ 297,168	\$ 346,915
Debt Service - 41000	\$ 1,124,928	\$ 1,124,928
Non Major	\$ 429,555	\$ 530,267

The District is required to balance its budgets each year. Accordingly, amounts in 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 is included in the individual budgetary comparison.

NOTE 3 Cash and Temporary Investments

State statutes authorize the investment of the District's funds in a wide variety of instruments including certificates of deposit and other similar obligations, state investment pool, 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 by collateral deposited as security or by bond given by the financial institution.

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

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

The types of collateral allowed are limited to direct obligations of the United States Government and all bonds issued by any agency, district or political subdivision of the State of New Mexico.

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

Deposits

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

STATE OF NEW MEXICO
 TEXICO MUNICIPAL SCHOOLS
 Notes to the Financial Statements
 June 30, 2018

	Citizens Bank Clovis, NM	NM Finance Authority	Type
Total amount on deposit on June 30, 2018			
Texico Municipal Schools Operational	\$ 532,699		Checking
Texico Municipal Schools Lunch	10,103		Checking
Texico Municipal Schools Activity	86,173		Checking
Texico Municipal Schools Federal	58,635		Checking
Texico Municipal School Building	73,531		Checking
Texico Municipal School Debt Service	194,769		Checking
Texico Municipal Schools Investment	993,020		MMA
Texico Municipal Schools Payroll	381,131		Checking
Texico Municipal Schools Payroll Tax	<u>1,685</u>		Checking
Total deposited	2,331,746		
Less FDIC coverage	<u>(250,000)</u>		
Total uninsured public funds	<u>2,081,746</u>		
50% collateral requirement as per Section 6-10-17, NMSA 1978	<u>1,040,873</u>		
Pledged securities Schedule below	<u>5,175,773</u>		
Over (under)	<u>\$ 4,134,900</u>	<u>\$ 977,104</u>	

Pledged Collateral

The collateral segregated on the Districts behalf on June 30, 2018 is as follows

Description	CUSIP #	Market Value	Maturity Date	Location
GNMA II Pool MA1004	38179NDH8	777,601	5/20/2043	TIB, Dallas Texas
GNMA II Pool MA82798	36225FDC0	300,698	42/2041	TIB, Dallas Texas
GNMA II POOL MA3320	36179RVM8	1,609,687	12/20/2045	TIB, Dallas Texas
GNR 2013-70 JA	38378TLH1	535,289	5/20/2043	TIB, Dallas Texas
SBAP 2012-20B 1	83162CUP6	934,676	2/1/2032	TIB, Dallas Texas
SBAP 2012-20E 1	83162CUU5	<u>1,017,822</u>	5/1/2032	TIB, Dallas Texas
		<u>5,175,773</u>		

At June 30, 2018 the District had \$977,104 held at the New Mexico Finance Authority, which is collateralized within NMFA guidelines. This information is not available by individual entity. NMFA financial statements are available at 207 Shelby Street, Santa Fe, NM 87501.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the governments' deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. As of June 30, 2018, none of the District's bank balance of \$2,331,746 was exposed to custodial credit risk.

Custodial Credit Risk Deposits

Account Balance	\$ 2,331,746
FDIC Insurance	250,000
Collateral:	
Collateral held by the pledging bank, not in the District's name	5,176,773
Uninsured and uncollateralized	<u>(3,095,027)</u>
Total Deposits	<u>\$ 2,331,746</u>

Custodial Credit Risk- Investments

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 the securities underlying an overnight repurchase agreement, or a joint safekeeping receipt to be issued to the District for at least one hundred and two percent of the fair value of the securities underlying overnight repurchase accounts invested with the institution.

STATE OF NEW MEXICO
 TEXICO MUNICIPAL SCHOOLS
 Notes to the Financial Statements
 June 30, 2018

At June 30, 2018, the District had no investment balances therefore there was no custodial credit risk for investments.

NOTE 4 Accounts Payables and Accrued Expenses

Accounts payable as of June 30, 2018, was \$11,137 payable to suppliers.

NOTE 5 Receivables

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

	General Fund	SB-9 Local Fund	Debt Service Fund	IASA Title 1 Funds	Entitlement Fund	Governmental Funds	Total
Taxes receivable							
Property taxes	\$ 776	\$ 3,263	\$ 12,639	\$ -	\$ -	\$ -	\$ 16,678
Acct Receivable Grantor							
Special Revenue Funds							
Title 1				96,531			
IDEA-B Entitlement					38,592		
IDEA-B Preschool						701	
Teacher/Principal Training						17,504	
Dual Credit						587	
2012 GO Public School Library						8,183	
NM Reads to Lead						18,546	
Total Acct Receivable Grantor							180,644
Acct Receivable Other							
Food Service						2,204	
Bond Building						1,375	
Total Acct Receivable Other		-	-				3,579
Totals	<u>\$ 776</u>	<u>\$ 3,263</u>	<u>\$ 12,639</u>	<u>\$ 96,531</u>	<u>\$ 38,592</u>	<u>\$ 49,100</u>	<u>\$ 200,901</u>

The above receivables are deemed 100% collectible.

NOTE 6 Inter-Fund Receivables and Payables

The District records temporary inter-fund receivables and payables to enable the funds to operate until grant monies are received.

The composition of inter-fund balances during the year ended June 30, 2018 is as follows:

	Interfund Receivable	Interfund Payable
Operational	\$ 191,537	\$ -
Title 1	-	(96,606)
IDEA-B Entitlement	-	(49,410)
IDEA-B Preschool	-	(701)
Teacher/Principal Training	-	(17,504)
Dual Credit	-	(587)
2012 GO Library Bonds	-	(8,183)
NM Reads to Lead	-	(18,546)
Totals	<u>\$ 191,537</u>	<u>\$ (191,537)</u>

These funds are part of pooled cash, so the General Fund is deemed to have loaned it money until reimbursements are received. All inter-fund balances are to be paid within one year.

NOTE 7 Capital Assets

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 is not subject to depreciation.

	Beginning Balances	Increase	Adjustments/ Decrease	Ending Balances
Governmental activities:				
Capital assets not being depreciated				
Land	\$ 127,182	\$ -	\$ -	\$ 127,182
Construction in Progress	1,730,487	-	(1,730,487)	-
Capital assets being depreciated				
Land Improvements	1,393,798	13,311	(23,255)	1,383,854
Buildings	9,983,388	-	-	9,983,388
Buildings Improvements	5,193,937	2,034,555	-	7,228,492
Vehicles	384,539	-	-	384,539
Machinery and Equipment	795,686	11,803	-	807,489
Total assets being depreciated	<u>19,609,017</u>	<u>2,059,669</u>	<u>(1,753,742)</u>	<u>19,914,944</u>
Less accumulated depreciation				
Land Improvements	(700,520)	(64,976)	11,440	(754,056)
Buildings	(4,033,881)	(261,668)	-	(4,295,549)
Buildings Improvements	(1,236,937)	(301,887)	-	(1,538,824)
Vehicles	(326,182)	(12,469)	-	(338,651)
Machinery and Equipment	(516,145)	(36,397)	-	(552,542)
Total accumulated depreciation	<u>(6,813,665)</u>	<u>(677,397)</u>	<u>11,440</u>	<u>(7,479,622)</u>
Governmental activity capital assets, net	<u>\$ 12,795,352</u>	<u>\$ 1,382,272</u>	<u>\$ (1,742,302)</u>	<u>\$ 12,435,322</u>

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

Governmental activities \$12,435,322

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

Direct instruction	\$ 4,142
Support services - students	831
Central Services	9,691
Operation and maintenance	5,512
Food service	5,696
Facility acquisition	651,525
Total Depreciation	<u>\$ 677,397</u>

NOTE 8 Long-term Debt

General Obligation Bonds

The District issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. 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.

General obligation bonds outstanding at June 30, 2018, are comprised of the following:

STATE OF NEW MEXICO
 TEXICO MUNICIPAL SCHOOLS
 Notes to the Financial Statements
 June 30, 2018

Series	Date of Issue	Original Amount	Interest Rate	Balance	Due in One Year
2009	1/1/2009	1,900,000	3.55% to 5.40%	\$ 1,160,000	\$ 230,000
2010	12/4/2009	900,000	.81% to 3.18%	370,000	90,000
2015	9/11/2015	2,000,000	3.6% to 2.92%	1,665,000	65,000
2017	9/22/2017	1,000,000	.1% to 1.889%	1,000,000	170,000
				<u>\$ 4,195,000</u>	<u>\$ 555,000</u>

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

	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due Within One Year
2009 GO Bonds	\$ 1,360,000	\$ -	\$ (200,000)	\$ 1,160,000	\$ 230,000
2010 GO Bonds	460,000	-	(90,000)	370,000	90,000
2015 GO Bonds	1,825,000	-	(160,000)	1,665,000	65,000
2017 GO Bonds		1,000,000		1,000,000	170,000
Compensated absences	19,718	18,790	(20,794)	17,714	-
	<u>\$ 3,664,718</u>	<u>\$ 1,018,790</u>	<u>\$ (470,794)</u>	<u>\$ 4,212,714</u>	<u>\$ 555,000</u>

The annual requirements to amortize the General Obligation Bonds as of June 30, 2018, including interest payments are as follows.

2009 GO Bonds

Year Ended June 30,	Principal	Interest	Total
2019	\$ 230,000	\$ 41,760	\$ 271,760
2020	250,000	32,692	282,692
2021	340,000	21,080	361,080
2022	340,000	7,140	347,140
	<u>\$ 1,160,000</u>	<u>\$ 102,672</u>	<u>\$ 1,262,672</u>

2010 GO Bonds

Year Ended June 30,	Principal	Interest	Total
2019	\$ 90,000	\$ 9,521	\$ 99,521
2020	90,000	7,072	97,072
2021	90,000	4,468	94,468
2022	50,000	2,360	52,360
2023	50,000	795	50,795
	<u>\$ 370,000</u>	<u>\$ 24,216</u>	<u>\$ 394,216</u>

2015 GO Bonds

Year Ended June 30,	Principal	Interest	Total
2019	\$ 65,000	\$ 36,146	\$ 101,146
2020	65,000	35,278	100,278
2021	10,000	34,727	44,727
2022	25,000	34,396	59,396
2023	225,000	31,601	256,601
2024-2028	1,075,000	74,322	1,149,322
2029	200,000	100	200,100
	<u>\$ 1,665,000</u>	<u>\$ 246,570</u>	<u>\$ 1,911,570</u>

STATE OF NEW MEXICO
 TEXICO MUNICIPAL SCHOOLS
 Notes to the Financial Statements
 June 30, 2018

2017 GO Bonds Year Ended June 30,	Principal	Interest	Total
2019	\$ 170,000	\$ 7,497	\$ 177,497
2020	105,000	5,429	110,429
2021	65,000	4,054	69,054
2022	65,000	2,927	67,927
2023	65,000	1,732	66,732
2024-2028	325,000	2,131	327,131
2029-2031	205,000	313	205,313
	<u>\$ 1,000,000</u>	<u>\$ 24,083</u>	<u>\$ 1,024,083</u>

NOTE 9 Risk Management

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 \$750 deductible to each building. 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 are 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.

NOTE 10 Other Required Individual Fund Disclosures

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

- A. Deficit fund balance
None
- B. Excess Expenditures over budget.
None
- C. Designated cash appropriations more than available balance:
None

NOTE 11 Pension Plan – Education Retirement Board

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

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

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

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

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

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

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

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

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

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

The member's minimum age is 55 and has earned 30 or more years of service credit. Those who retire earlier than age 55, but with 30 years of earned service credit will have a reduction in benefits to the actuarial equivalent of retiring at age 55.

The member's minimum age and earned service credit add up to the sum of 80 or more. Those who retire under the age of 65, and who have fewer than 30 years of earned service credit will receive reduced retirement benefits.

The member's age is 67 and has earned 5 or more years of service credit.

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

Benefit Options – The Plan has three benefit options available.

Option A – Straight Life Benefit – The single life annuity option has no reductions to the monthly benefit, and there is no continuing benefit due to a beneficiary or estate, except the balance, if any, of member contributions plus interest less benefits paid prior to the member's death.

Option B – Joint 100% Survivor Benefit – The single life annuity monthly benefit is reduced to provide for a 100% survivor's benefit. The reduced benefit is payable during the life of the member, with the provision that, upon death, the same benefit is paid to the beneficiary for his or her lifetime. If the beneficiary predeceases the

member, the member’s monthly benefit is increased to the amount the member would have received under Option A Straight Life benefit. The member’s increased monthly benefit commences in the month following the beneficiary’s death.

Option C – Joint 50% Survivor Benefit – The single life annuity monthly benefit is reduced to provide for a 50% survivor’s benefit. The reduced benefit is payable during the life of the member, with the provision that, upon death, the reduced 50% benefit is paid to the beneficiary for his or her lifetime. If the beneficiary predeceases the member, the member’s monthly benefit is increased to the amount the member would have received under Option A Straight Life benefit. The member’s increased monthly benefit commences in the month following the beneficiary’s death.

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

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

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

As of July 1, 2013, for current and future retirees the COLA is immediately reduced until the Plan is 100% funded. The COLA reduction is based on the median retirement benefit of all retirees excluding disability retirements. Retirees with benefits at or below the median and with 25 or more years of service credit will have a 10% COLA reduction; their average COLA will be 1.5%. Once the funding is greater than 90%, the COLA reductions will decrease. The retirees with benefits at or below the median and with 25 or more years of service credit will have a 5% COLA reduction; their average COLA will be 1.7%.

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

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

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

Fiscal Year	Date Range	Wage Category	Member Rate	Employer Rate	Combined Rate	Increase Over Prior Year
2018	7/1/17 to 6/30/18	Over \$20K	10.70%	13.90%	24.60%	0.00%
2018	7/1/17 to 6/30/18	\$20K or less	7.90%	13.90%	21.90%	0.00%
2017	7/1/16 to 6/30/17	Over \$20K	10.70%	13.90%	24.60%	0.00%
2017	7/1/16 to 6/30/17	\$20K or less	7.90%	13.90%	21.90%	0.00%

The contribution requirements are established in statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the New Mexico Legislature. For the fiscal years ended June 30, 2018, the District paid employee and employer contributions of \$289,086, which equal the amount of the required contributions for the fiscal year.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2018, the District reported a liability of \$13,951,848 for its

STATE OF NEW MEXICO
 TEXICO MUNICIPAL SCHOOLS
 Notes to the Financial Statements
 June 30, 2018

proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016. The total pension liability was rolled-forward from the valuation date to the plan year ending June 30, 2017 using generally accepted actuarial principles. The roll-forward incorporates the impact of the new assumptions adopted by the Board on April 21, 2017. There were no other significant events of changes in benefit provisions that required an adjustment to the roll-forward liabilities as of June 30, 2017. Therefore, the employer's portion was established as of the measurement date of June 30, 2017. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating educational institutions, actuarially determined. At June 30, 2017, the District's proportion was 0.12554 %, which was an decrease of 0.0036% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the District recognized pension expense of \$2,212,845. At June 30, 2018, District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actuarial experience	\$ 25,045	\$ 214,941
Change in assumptions	4,072,819	-
Net difference between projected and actual earnings on plan investments	-	1,914
Change in proportion and difference between District contribution and proportionate share of contributions	11,511	199,918
District's contribution subsequent to the measurement date	469,538	-
Totals	\$ 4,578,913	\$ 416,773

\$469,538 reported as deferred outflows of resources related to pensions resulting from District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	
2019	1,406,664
2020	1,495,634
2021	905,226
2022	(114,883)

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

Inflation	2.50%				
Salary increases	3.25% composed of 2.50% inflation, plus a 0.75% productivity increase rate, plus a step-rate promotional increase for members with less than 10 years of service.				
Investment rate of return	7.25% compounded annually, net of expenses. This is made up of a 2.50% inflation rate and a 4.75 real rate of return.				
Average of Expected Remaining Service Lives	Fiscal year	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
	Service life in years	3.35	3.77	3.92	3.88
Mortality	<p>Healthy males: Based on the RP-2000 Combined Healthy Mortality Table with White Collar adjustments, not set back. Generational mortality improvements with Scale BB from the table's base year of 2000.</p> <p>Healthy females: Based on GRS Southwest Region Teacher Mortality</p>				

Table, set back one year. Generational mortality improvements in accordance with Scale BB from the table's base year of 2012.
Disabled males: RP-2000 Disabled Mortality Table for males, set back three years, projected to 2016 with Scale BB.
Disabled females: RP-2000 Disabled Mortality Table for females, no set back, projected to 2016 with Scale BB.
Active members: RP-2000 Employee Mortality Tables, with males set back two years and scaled at 80%, and females set back five years and scaled at 70%. Static mortality improvement from the table's base year of 2000 to the year 2016 in accordance with Scale BB. No future improvement was assumed for preretirement mortality.

Retirement Age	Experience-based table rates based on age and service, adopted by the Board on June 12, 2015 in conjunction with the six-year experience study for the period ending June 30, 2014.
Cost-of-living increases	1.90% per year, compounded annually.
Payroll growth	3.00% per year (with no allowance for membership growth).
Contribution accumulation	The accumulated member account balance with interest is estimated at the valuation date by assuming that member contributions increased 5.50% per year for all years prior to the valuation date. Contributions are credited with 4.00% interest, compounded annually, applicable to the account balances in the past as well as the future.
Disability incidence	Approved rates are applied to eligible members with at least 10 years of service.

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

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

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

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Equities	35%	
Fixed Income	28%	
Alternatives	36%	
Cash	1%	
	<u>100%</u>	<u>7.25%</u>

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

investments was applied to projected benefit payments through the 2053 fiscal year, and the municipal bond rate was applied to all benefit payments after that date. The projections of cash flows used to determine this single discount rate assumed that plan member and employer contributions will be made at the current statutory levels.

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

	1% Decrease 4.90%	Current Discount Rate 5.9%	1% Increase 6.90%
District's proportionate share of the net pension liability	\$ 18,161,837	\$ 13,951,848	\$ 10,510,525

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

Payables to the pension plan

At June 30, 2018, the District had no outstanding amount of contribution to the plan and therefore had no payables reported at fiscal year 2018.

NOTE 12 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.

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

STATE OF NEW MEXICO
 TEXICO MUNICIPAL SCHOOLS
 Notes to the Financial Statements
 June 30, 2018

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

Contributions - Employer and employee contributions to the Fund total 3% for non-enhanced retirement plans and 3.75% of enhanced retirement plans of each participating employee's salary as required by Section 10-7C-15 NMSA 1978. The contributions are established by statute and are not based on an actuarial calculation. All employer and employee contributions are non-refundable under any circumstance, including termination of the employer's participation in the Fund.

Contributions to the Fund from the District was \$67,559 for the year ended June 30, 2018.

At June 30, 2018, the District reported a liability of \$3,773,977 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

The District's proportion of the net OPEB liability was based on actual contributions provided to the Fund for the year ending June 30, 2017. At June 30, 2017, the District's proportion was .08328 percent.

For the year ended June 30, 2018, the District recognized OPEB expense of \$150,041 . 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
	<u> </u>	<u> </u>
Difference between expected and actual experience	\$ -	\$ 144,825
Change in assumptions	-	659,832
Difference between projected and actual and projected earnings on OPEB investments	-	54,291
District's contribution made after the measurement date	<u>67,559</u>	<u>-</u>
Totals	<u>\$ 67,559</u>	<u>\$ 858,948</u>

Deferred outflows of resources totaling \$67,559 represent District contributions to the Fund made subsequent to the measurement date and will be recognized as a reduction of net OPEB liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

Year Ended June 30,	
2019	\$ (182,618)
2020	(182,618)
2021	(182,618)
2022	(182,618)
2023	<u>(120,476)</u>
Total	<u>\$ (850,948)</u>

Actuarial assumptions. The total OPEB liability was determined by an actuarial valuation using the following actuarial assumptions:

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	7.25%, net of OPEB plan investment expense and margin for adverse deviation including inflation 8% graded down to 4.5% over 14 years for Non- Medicare medical plan costs and 7.5% graded down to 4.5% over 12 for Medicare medical plan costs

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

The 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	4.10%
U.S. equity - large cap	9.10%
Non U.S. - emerging markets	12.20%
Non U.S. - developed equities	9.80%
Private equity	13.80%
Credit and structured finance	7.30%
Real estate	6.90%
Absolute return	6.10%
U.S. equity - small/mid cap	9.10%

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 3.81%	1% Increase 4.81%
District's proportionate share of the net pension liability	\$ 4,577,776	\$ 3,773,977	\$ 3,143,325

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

1% Decrease	Current Trend Rates	1% Increase
\$ 3,210,028	\$ 3,773,977	\$ 4,213,719

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 Changes in the Net OPEB Liability. At June 30, 2018, the District did not report a payable for outstanding contributions due to NMRHCA for the year ended June 30, 2018.

NOTE 13 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.

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.

NOTE 15 Cash Flows

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

NOTE 16 Subsequent Events

The District has evaluated subsequent events through November 7, 2018, which is the date the financial statements were available to be issued.

NOTE 17 Non-Cash Federal Assistance

The District receives USDA Commodities for use in sponsoring the National School Lunch and Breakfast programs. The value of commodities received for the year ended June 30, 2018 was \$13,194.

NOTE 18 Surety Bond

The officials and certain employees of the District are covered by a surety bond as required by Section 12-6-7, NMSA, and 1978 Compilation.

NOTE 19 Net Position Restatement

The District had a prior period adjustment of (\$4,632,925) of which was required for the implementation of GASB Statement No. 75. The adjustment reflects a beginning net pension liability of (\$3,773,977) and a beginning deferred outflow of resources employer contributions subsequent to the measurement date of (\$858,98).

NOTE 20 Related Party Transactions

The District paid \$19,420 for landscape repairs and maintenance to Traci's Greenhouse & Landscape, which is owned by the wife of a school board member.

NOTE 21 Memorandum of Understanding

District

Purpose: To allow the submission of a consolidated application to the State Department of Education for certain funds granted to the State of New Mexico by the USDE under the Education of the Handicapped Act, Part B, PL 94-142 among others.

Participants: Regional Education Cooperative and Texico Municipal Schools

Responsible Party for Operation and Audit: Regional Education Cooperative

Beginning and Ending Date of Agreement: July 1, 1995 until the end of any fiscal year during which the school gives notice of intent to terminate.

Total Estimated Amount of Project and Actual Amount Contributed:

Eastern New Mexico University - Dual Enrollment Agreement

Purpose: Eastern New Mexico University will provide higher education to qualified Texico High School junior and senior students in both technical and arts and science courses.

Participants: Eastern New Mexico University and Texico Municipal Schools.

Responsibility: Texico Municipal Schools will be responsible for tuition and enrollment fees for the enrolled students.

Beginning and ending dates of agreement: Extended indefinitely until terminated by either party.

Estimated costs: Total costs are dependent on the number of enrolled students and is the sole responsibility of Texico Municipal Schools.

NOTE 22 GASB 77

The District entered in to certain agreements during the year that involve tax abatements; the following tables outline the key information regarding the entities involved and the type and amounts of taxes abated during the year ending June 30, 2018.

**Other Entities Disclosure - Texico
 Municipal Schools - Fiscal Year Ended
 June 30, 2018**

Agency number for Agency making the disclosure (Disclosing Agency)	6078	6078	6078
Abating Agency Name	Village of Grady	Village of Grady	Village of Grady
Abating Agency Type	Municipality	Municipality	Municipality
Tax Abatement Agreement Name	Broadview Energy KW LLC Project Series 2016 KW	Broadview Energy JN LLC Project Series 2016 JN	Grady Wind Energy Center LLC Project Series 2018 GW
Name of agency affected by abatement agreement (Affected Agency)	Texico Municipal Schools	Texico Municipal Schools	Texico Municipal Schools
Agency number of Affected Agency	7083	7083	7083
Agency type of Affected Agency	Public Education Institution	Public Education Institution	Public Education Institution
Recipient(s) of tax abatement	Broadview Energy KW LLC	Broadview Energy JN LLC	Grady Wind Energy Center LLC
Tax abatement program (name and brief description)	Village of Grady, New Mexico Taxable Industrial Revenue Bonds	Village of Grady, New Mexico Taxable Industrial Revenue Bonds	Village of Grady, New Mexico Taxable Industrial Revenue Bonds
Specific Tax(es) Being Abated	100% Gross Receipts tax on tangible personal property used in construction and Curry County Property taxes	100% Gross Receipts tax on tangible personal property used in construction and Curry County Property taxes	100% Gross Receipts tax on tangible personal property used in construction and Curry County Property taxes
Authority under which abated tax would have been paid to Affected Agency	Section 7-36-3 NMSA	Section 7-36-3 NMSA	Section 7-36-3 NMSA
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	No effect on tax revenue received by the School District.	No effect on tax revenue received by the School District.	No effect on tax revenue received by the School District.
For any Payments in Lieu of Taxes (PILOTs) or similar payments receivable by the Affected Agency in association with the foregone tax revenue, list the amount of payments received in the current fiscal year	The District received \$45,413 in PILOT payments for this project in the current fiscal year.	The District received \$45,413 in PILOT payments for this project in the current fiscal year.	Nothing was received in FY18. The first payment for this project was received in July 2018, the District received \$81,000 for each calendar year 2016 and 2017.
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	N/A

Supplementary Information Related to
Major Governmental Funds

STATE OF NEW MEXICO
 TEXICO MUNICIPAL SCHOOLS
 Capital Project Fund - Bond Building - 31100
 Statement of Revenues, Expenditures, and Changes in Cash
 Balance - Budget and Actual (Non - GAAP Budgetary Basis)
 For the year ended June 30, 2018

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues				
Taxes levied / assessed	\$ -	\$ -	\$ -	\$ -
In lieu of taxes	-	-	-	-
Contributions	-	-	-	-
Fees - activities	-	-	-	-
Insurance recoveries	-	-	-	-
Interest	-	-	8,907	8,907
Access board (e-rate)	-	-	-	-
Royalties	-	-	-	-
Reimbursements / refunds / prior years	-	-	-	-
State equalization guarantee	-	-	-	-
State flowthrough grants	-	-	-	-
Transportation	-	-	-	-
Instructional materials - credit and cash	-	-	-	-
Food service	-	-	-	-
Federal flowthrough grants	-	-	-	-
Federal restricted grants-in-aid	-	-	-	-
Total revenues	-	-	8,907	8,907
Expenditures				
Current				
Instruction	-	-	-	-
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central Services	-	-	-	-
Other support services	-	50,000	43,801	6,199
Operation of non-instructional services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Facilities acquisition / construction	-	-	-	-
Student transportation	-	-	-	-
Food services	-	-	-	-
Capital Outlay	21,330	1,080,476	164,808	915,668
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	21,330	1,130,476	208,609	921,867
Excess (deficiency) revenues over expenditures	(21,330)	(1,130,476)	(199,702)	930,774
Other financing sources (uses)				
Bond proceeds	-	1,000,000	1,000,000	-
Operating transfers in (out)	-	-	-	-
Designated cash	21,330	130,476	-	(130,476)
Total other financing sources (uses)	21,330	1,130,476	1,000,000	(130,476)
Net change in cash balances	-	-	800,298	800,298
Cash balance, beginning	-	-	176,806	176,806
Cash balance, ending	\$ -	\$ -	\$ 977,104	\$ 977,104
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ 800,298	
Adjustment to revenues for accruals & other deferrals			1,375	
Adjustment to expenditures for payables, prepaids & other accruals			-	
Net change in fund balance (GAAP Basis)			\$ 801,673	

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

STATE OF NEW MEXICO
 TEXICO MUNICIPAL SCHOOLS
 Capital Project Fund - Senate Bill Nine Local - 31701
 Statement of Revenues, Expenditures, and Changes in Cash
 Balance - Budget and Actual (Non - GAAP Budgetary Basis)
 For the year ended June 30, 2018

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues				
Taxes levied / assessed	\$ 151,811	\$ 151,811	\$ 159,350	\$ 7,539
In lieu of taxes	-	-	-	-
Contributions	-	-	-	-
Fees - activities	-	-	-	-
Insurance recoveries	-	-	-	-
Interest	400	400	258	(142)
Access board (e-rate)	-	-	-	-
Royalties	-	-	-	-
Reimbursements / refunds / prior years	-	-	-	-
State equalization guarantee	-	-	-	-
State flowthrough grants	-	-	-	-
Transportation	-	-	-	-
Instructional materials - credit and cash	-	-	-	-
Food service	-	-	-	-
Federal flowthrough grants	-	-	-	-
Federal restricted grants-in-aid	-	-	-	-
Total revenues	152,211	152,211	159,608	7,397
Expenditures				
Current				
Instruction	-	-	-	-
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central Services	-	-	-	-
Other support services	12,000	12,000	5,690	6,310
Operation of non-instructional services	-	-	-	-
Operation & maintenance of plant	125,000	125,000	116,962	8,038
Facilities acquisition / construction	-	-	-	-
Student transportation	-	-	-	-
Food services	-	-	-	-
Capital Outlay	160,168	209,915	39,870	170,045
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	297,168	346,915	162,522	184,393
Excess (deficiency) revenues over expenditures	(144,957)	(194,704)	(2,914)	191,790
Other financing sources (uses)				
Operating transfers in (out)	-	-	-	-
Designated cash	144,957	194,704	-	(194,704)
Total other financing sources (uses)	144,957	194,704	-	(194,704)
Net change in cash balances	-	-	(2,914)	(2,914)
Cash balance, beginning	-	-	194,705	194,705
Cash balance, ending	\$ -	\$ -	\$ 191,791	\$ 191,791
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ (2,914)	
Adjustment to revenues for accruals & other deferrals			363	
Adjustment to expenditures for payables, prepaids & other accruals			-	
Net change in fund balance (GAAP Basis)			\$ (2,551)	

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

STATE OF NEW MEXICO
 TEXICO MUNICIPAL SCHOOLS
 Major Debt Service Fund - Debt Service - 41000
 Statement of Revenues, Expenditures, and Changes in Cash
 Balance - Budget and Actual (Non - GAAP Budgetary Basis)
 For the year ended June 30, 2018

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues				
Taxes levied / assessed	\$ 552,216	\$ 552,216	\$ 616,328	\$ 64,112
In lieu of taxes	-	-	-	-
Contributions	-	-	-	-
Fees - activities	-	-	-	-
Insurance recoveries	-	-	-	-
Interest	500	500	1,048	548
Access board (e-rate)	-	-	-	-
Royalties	-	-	-	-
Reimbursements / refunds / prior years	-	-	-	-
State equalization guarantee	-	-	-	-
State flowthrough grants	-	-	-	-
Transportation	-	-	-	-
Instructional materials - credit and cash	-	-	-	-
Food service	-	-	-	-
Federal flowthrough grants	-	-	-	-
Federal restricted grants-in-aid	-	-	-	-
Total revenues	552,716	552,716	617,376	64,660
Expenditures				
Current				
Instruction	-	-	-	-
Support services	-	-	-	-
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central Services	-	-	-	-
Other support services	-	-	-	-
Operation of non-instructional services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Facilities acquisition / construction	-	-	-	-
Student transportation	-	-	-	-
Food services	-	-	-	-
Capital Outlay	-	-	-	-
Debt service	-	-	-	-
Principal	1,017,134	1,017,134	450,000	567,134
Interest	107,794	107,794	101,831	5,963
Total expenditures	1,124,928	1,124,928	551,831	573,097
Excess (deficiency) revenues over expenditures	(572,212)	(572,212)	65,545	637,757
Other financing sources (uses)				
Bond proceeds	-	-	-	-
Operating transfers in (out)	-	-	-	-
Designated cash	572,212	572,212	-	(572,212)
Total other financing sources (uses)	572,212	572,212	-	(572,212)
Net change in cash balances	-	-	65,545	65,545
Cash balance, beginning	-	-	608,455	608,455
Cash balance, ending	\$ -	\$ -	\$ 674,000	\$ 674,000
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ 65,545	
Adjustment to revenues for accruals & other deferrals			(3,349)	
Adjustment to expenditures for payables, prepaids & other accruals			-	
Net change in fund balance (GAAP Basis)			\$ 62,196	

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

Required Supplementary Information

STATE OF NEW MEXICO
 TEXICO MUNICIPAL SCHOOLS
 Schedule of Proportionate Share of the Net Pension Liability
 Education Retirement Board (ERB) Pension Plan
 Last 10 Fiscal Years*

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
The District's proportion of the net pension liability (asset)	0.12924%	0.13002%	0.12911%	0.12554%
The District's proportionate share of the net pension liability (asset)	\$ 7,374,080	\$ 8,421,729	\$ 9,291,315	\$ 13,951,848
The District's covered-employee payroll	\$ 5,362,374	\$ 3,549,963	\$ 3,575,117	\$ 3,377,975
The District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	137.52%	237.23%	259.89%	413.02%
Plan fiduciary net position as a percentage of the total pension liability	66.54%	63.97%	61.58%	52.95%

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

See notes to required supplementary information

STATE OF NEW MEXICO
 TEXICO MUNICIPAL SCHOOLS
 Schedule of Contributions
 Education Retirement Board (ERB) Pension Plan
 Last 10 Fiscal Years*

	2015	2016	2017	2018
Contractually required contribution	\$ 509,762	\$ 512,571	\$ 496,941	\$ 469,538
Contributions in relation to the contractually required contribution	<u>509,762</u>	<u>512,571</u>	<u>496,941</u>	<u>469,538</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
The District's covered-employee payroll	\$ 3,696,124	\$ 3,687,560	\$ 3,575,177	\$ 3,377,975
Contributions as a percentage of covered-employee payroll	13.79%	13.90%	13.90%	13.90%

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

Note: Employee contributions are not included in this schedule.

See notes to required supplementary information

STATE OF NEW MEXICO
 TEXICO MUNICIPAL SCHOOLS
 Required Supplementary Information
 For the Year Ended June 30, 2018

Schedule of Employer's Proportionate Share of the Net OPEB Liability

	<u>2018*</u>
The District's proportion of the net OPEB liability	0.08328%
The District's proportionate share of the net OPEB liability	\$ 3,773,977
The District's covered-employee payroll	\$ 3,377,975
The District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	111.72%
Plan fiduciary net position as a percentage of the total OPEB liability	11.34%

Schedule of Employer's Contributions

	<u>2018*</u>
Contractually required contribution	\$ 71,502
Contributions in relation to the contractually required contribution	<u>71,502</u>
Contribution deficiency (excess)	<u>\$ -</u>
The District's covered-employee payroll	\$ 3,377,975
Contributions as a percentage of covered-employee payroll	2.12%

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

STATE OF NEW MEXICO
TEXICO MUNICIPAL SCHOOLS
Notes to Required Supplementary Information
Education Retirement Board (ERB) Pension Plan
Last 10 Fiscal Years*

ERB Plan

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

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

RHC Plan

Changes in benefit provisions.

There were no modifications to the benefit provisions as this is the first year of adoption of the OPEB accounting standard.

Changes in assumptions and methods.

There were no modifications to the assumptions and methods as this is the first year of adoption of the OPEB accounting standard.

Supplementary Information Related to
Nonmajor Governmental Funds

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NONMAJOR GOVERNMENTAL FUNDS-

Special Revenue Funds

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

Food Service 21000

To account for revenue and expenditures associated with the school breakfast and lunch program. Funding is provided from fees from patrons and USDA food reimbursements. Authority for creation of this fund is NMSA 22-13-13.

Athletics 22000

To account for revenue and expenditures associated with the District's budgeted athletic activities. NMAC 6.20.2.

IDEA-B Preschool 24109

The objective of the Assistance to State for the Education of Handicapped Children Program is to assist in providing free, appropriate public education to all handicapped children from ages 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

Teacher Principal Training and Recruiting 24154

The purpose of this fund is to improve the skills of teachers and the quality of instruction in mathematics and science and to increase the accessibility of such instruction to all students. Authority for creation of this fund is Title II of the Elementary and Secondary Education Act of 1965 as amended, Public Law 103-382.

Rural Education Achievement Program 25233

The objective is 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.

Dual Credit Instructional Materials 27103

The objective is to account for the monies received from ENMU-Roswell for dual credit college enrollment for qualified high school seniors.

2012 G.O. Bond Student Library 27107

This award allows schools to acquire library books, equipment and library resources for public school library resources for public school libraries statewide. The funding was made available through Senate Bill 66, Laws of 2012, 2nd Session, 2012 Senate and House Bill.

New Mexico Reads to Lead 27114

The purpose of this grant is to assist the District to purchase informational text materials for grades K-3 in alignment with Common Core State Standards (CCSS).

Capital Projects

SB-9 State - 37100

To account for resources received through Senate Bill 9 for building, remodeling, and equipping classroom facilities.

STATE OF NEW MEXICO
 TEXICO MUNICIPAL SCHOOLS

All Nonmajor Governmental Funds
 Combining Balance Sheet
 June 30, 2018

	Food Service 21000	Athletics 22000	IDEA-B Preschool 24109	Teacher/Principal Training & Recruiting 24154
ASSETS				
Cash and cash equivalents	\$ 10,104	\$ 11,541	\$ -	\$ -
Restricted cash	-	-	-	-
Accounts receivable				
Taxes	-	-	-	-
Other	2,204	-	-	-
Due from other governments	-	-	701	17,504
Due from other funds	-	-	-	-
Inventory	3,104	-	-	-
Total assets	<u>\$ 15,412</u>	<u>\$ 11,541</u>	<u>\$ 701</u>	<u>\$ 17,504</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	701	17,504
Total liabilities	<u>-</u>	<u>-</u>	<u>701</u>	<u>17,504</u>
DEFERRED INFLOWS				
Unavailable revenue	-	-	-	-
FUND BALANCE				
Non-spendable - inventory	3,104	-	-	-
Restricted for				
General fund	-	-	-	-
Special revenue funds	12,308	11,541	-	-
Capital projects funds	-	-	-	-
Debt service funds	-	-	-	-
Unassigned				
General fund	-	-	-	-
Total fund balance	<u>15,412</u>	<u>11,541</u>	<u>-</u>	<u>-</u>
Total liabilities, deferred inflows and fund balance	<u>\$ 15,412</u>	<u>\$ 11,541</u>	<u>\$ 701</u>	<u>\$ 17,504</u>

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

Rural Education Achievement Program 25233	Dual Credit Instructional Materials 27103	2012 GOB Public School Library 27107	NM Reads to Lead 27114	Capital Outlay Senate Bill Nine State 31700	Total Non-major Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 21,645
-	-	-	-	-	-
-	-	-	-	-	-
-	587	8,183	18,546	-	2,204
-	-	-	-	-	45,521
-	-	-	-	-	-
-	-	-	-	-	3,104
<u>\$ -</u>	<u>\$ 587</u>	<u>\$ 8,183</u>	<u>\$ 18,546</u>	<u>\$ -</u>	<u>\$ 72,474</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	587	8,183	18,546	-	45,521
-	587	8,183	18,546	-	45,521
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	3,104
-	-	-	-	-	-
-	-	-	-	-	23,849
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	26,953
<u>\$ -</u>	<u>\$ 587</u>	<u>\$ 8,183</u>	<u>\$ 18,546</u>	<u>\$ -</u>	<u>\$ 72,474</u>

STATE OF NEW MEXICO
 TEXICO MUNICIPAL SCHOOLS

All Nonmajor Governmental Funds
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 For the year ended June 30, 2018

	Food Service 21000	Athletics 22000	IDEA-B Preschool 24109	Teacher/Principal Training & Recruiting 24154
Revenues				
Taxes levied / assessed	\$ -	\$ -	\$ -	\$ -
In lieu of taxes	-	-	-	-
Contributions	-	-	-	-
Fees - activities	12,331	35,973	-	-
Insurance recoveries	-	-	-	-
Interest	-	13	-	-
Access board (e-rate)	-	-	-	-
Royalties	-	-	-	-
Reimbursements / refunds / prior years	-	-	-	-
State equalization guarantee	-	-	-	-
State flowthrough grants	-	-	-	-
Transportation	-	-	-	-
Instructional materials - credit and cash	-	-	-	-
Food service	118,458	-	-	-
Federal flowthrough grants	-	-	-	-
Federal restricted grants-in-aid	-	-	7,968	23,009
	<u>130,789</u>	<u>35,986</u>	<u>7,968</u>	<u>23,009</u>
Total revenues	<u>130,789</u>	<u>35,986</u>	<u>7,968</u>	<u>23,009</u>
Expenditures				
Current				
Instruction	-	34,644	7,739	26,810
Support services	-	-	-	-
Students	-	-	229	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Other support services	-	-	-	-
Operation of non-instructional services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Facilities acquisition / construction	-	-	-	-
Student transportation	-	-	-	-
Food services	140,308	-	-	-
Capital Outlay	-	-	-	-
Debt service	-	-	-	-
Principal	-	-	-	-
Interest	-	-	-	-
	<u>140,308</u>	<u>34,644</u>	<u>7,968</u>	<u>26,810</u>
Total expenditures	<u>140,308</u>	<u>34,644</u>	<u>7,968</u>	<u>26,810</u>
Excess (deficiency) revenues over expenditures	(9,519)	1,342	-	(3,801)
Other financing sources (uses)				
Bond proceeds	-	-	-	-
Operating transfers in (out)	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(9,519)	1,342	-	(3,801)
Fund balance, beginning	<u>24,931</u>	<u>10,199</u>	<u>-</u>	<u>3,801</u>
Fund balance, ending	<u>\$ 15,412</u>	<u>\$ 11,541</u>	<u>\$ -</u>	<u>\$ -</u>

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

Rural Education Achievement Program 25233	Dual Credit Instructional Materials 27103	2012 GOB Public School Library 27107	NM Reads to Lead 27114	Capital Outlay Senate Bill Nine State 31700	Total Non-major Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	48,304
-	-	-	-	-	-
-	-	-	-	-	13
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	3,913	8,284	49,727	59,843	121,767
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	118,458
63,265	-	-	-	-	63,265
-	-	-	-	-	30,977
<u>63,265</u>	<u>3,913</u>	<u>8,284</u>	<u>49,727</u>	<u>59,843</u>	<u>382,784</u>
63,265	3,913	-	49,727	-	186,098
-	-	-	-	-	229
-	-	8,284	-	-	8,284
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	41,950	41,950
-	-	-	-	-	-
-	-	-	-	-	140,308
-	-	-	-	17,893	17,893
-	-	-	-	-	-
-	-	-	-	-	-
<u>63,265</u>	<u>3,913</u>	<u>8,284</u>	<u>49,727</u>	<u>59,843</u>	<u>394,762</u>
-	-	-	-	-	(11,978)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	(11,978)
-	-	-	-	-	38,931
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,953</u>

Supplementary Information Related to Agency Funds

AGENCY FUNDS

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

The District has the following funds classified as Agency Funds:

Activity - To account for assets held by the District until distributed to various organizations at the schools.

STATE OF NEW MEXICO
 TEXICO MUNICIPAL SCHOOLS
 Agency Funds - Activity
 Statement of Changes in Assets and Liabilities
 June 30, 2018

Schedule I

	Beginning Balance	Additions	Deductions	Ending Balance
ASSETS				
Activity	\$ 1,154	\$ 2,647	\$ 1,921	\$ 1,880
Ag projects	3,072	8,250	6,183	5,139
Annual	1,241	6,970	863	7,348
Applied math	85	-	-	85
Board scholarships	540	-	540	-
Booster club	33,668	58,508	65,082	27,094
Citizens Bank tournament	8,373	7,365	7,030	8,708
Class of 2019	623	8,147	6,326	2,444
Class of 2018	6,423	-	5,411	1,012
Class of 2017	520	-	-	520
Class of 2015	80	-	-	80
Elementary	13,326	38,407	35,560	16,173
Elementary library	1,131	3,162	3,039	1,254
EPAC	2,691	1,035	498	3,228
FCA	1,362	1,961	1,356	1,967
FCCLA	17,423	23,107	25,736	14,794
FFA	15,391	105,214	97,774	22,831
FFA District IV	2,216	-	-	2,216
FFA Livestock assist	1,254	-	195	1,059
Francis scholarship	14,439	44	2,000	12,483
James Harding Mem	-	1,510	-	1,510
HS Activities	6,741	8,496	11,625	3,612
HS Cheerleaders	1,586	8,010	5,394	4,202
HS Concession	229	-	200	29
Library MS/HS	1,530	1,642	529	2,643
Lost textbooks	2,738	50	-	2,788
Emma McDermid Mem	-	1,589	-	1,589
MS activities	7,682	12,275	12,593	7,364
MS cheerleaders	668	-	72	596
MS concession	-	-	-	-
MS student council	-	-	-	-
NHS	806	1,736	1,514	1,028
Penny Schlorship	-	1,000	-	1,000
Senior class carryover	232	-	-	232
Class of 2012	182	-	-	182
Spanish	293	-	-	293
Special Projects	-	18,750	16,997	1,753
Speech / drama	1,886	2,352	1,939	2,299
Student supplies	23	-	-	23
Younger scholarship	22,188	78	300	21,966
Baseball f/r	4,132	18,009	14,899	7,242
Boys basketball f/r	1,237	16,977	16,892	1,322
Girls athletics f/r	4,662	14,374	10,168	8,868
Football f/r	3,298	7,380	7,695	2,983
Football uniforms	3	-	-	3
Golf	1,755	1,641	1,393	2,003
State championship - rings	-	-	-	-
Track	3,457	257	760	2,954
Volleyball f/r	3,702	19,995	17,435	6,262
Total assets	\$ 194,042	\$ 400,938	\$ 379,919	\$ 215,061
LIABILITIES				
Due to student groups	\$ 194,042	\$ 400,938	\$ 379,919	\$ 215,061
Total liabilities	\$ 194,042	\$ 400,938	\$ 379,919	\$ 215,061

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

Other Supplemental Information

STATE OF NEW MEXICO
 TEXICO MUNICIPAL SCHOOLS

Schedule II

Cash Reconciliation - All Funds
 For the year ended June 30, 2018

	<u>Beginning Cash</u>	<u>Receipts</u>	<u>Distributions</u>	<u>Other</u>	<u>Total Cash</u>
Texico Municipal Schools					
Operational	\$ 197,307	\$ 5,297,000	\$ (4,938,994)	\$ (155,630)	\$ 399,683
Transportation	-	258,144	(258,144)	-	-
Instructional materials	8,363	17,344	(25,648)	-	59
Food services	21,916	128,585	(140,397)	-	10,104
Athletics	10,235	35,986	(34,680)	-	11,541
Federal direct	3,801	232,310	(353,532)	128,314	10,893
Federal flowthrough	-	63,265	(63,265)	-	-
State flowthrough	-	34,608	(61,924)	27,316	-
State direct	-	-	-	-	-
Combined local / state	238,000	119,522	-	-	357,522
Bond building	176,806	1,008,907	(208,609)	-	977,104
Capital improvement SB-9 state	-	59,843	(59,843)	-	-
Capital improvement SB-9 local	194,705	161,217	(164,131)	-	191,791
Debt service	608,455	623,601	(558,056)	-	674,000
Total governmental funds	1,459,588	8,040,332	(6,867,223)	-	2,632,697
Student activities	194,042	400,938	(379,919)	-	215,061
Total Texico Municipal Schools	\$ 1,653,630	\$ 8,441,270	\$ (7,247,142)	\$ -	\$ 2,847,758

<u>Deposit or investment Account Type</u>	<u>The Citizens Bank of Clovis Balances at Year End</u>	<u>New Mexico Finance Authority</u>
Operational fund - checking	\$ 532,699	
Lunch fund - checking	10,103	
Activity fund - checking	86,173	
Federal fund - checking	58,635	
Building fund - checking	73,531	
Debt service fund - checking	194,769	
Investment fund - money market	993,020	
Payroll account - checking	381,131	
Payroll tax clearing account - checking	1,685	
	<u>2,331,746</u>	
Building fund - finance authority		\$ 977,104
Total on deposit		<u>3,308,850</u>
Reconciling items - outstanding deposits		2,706
Reconciling items - outstanding checks		<u>(463,798)</u>
Reconciled balance at year end		<u>\$ 2,847,758</u>
Reconciliation to financial statements		
Cash and cash equivalents:		
Total cash and cash equivalents per statement of net position		\$ 2,632,697
Total cash and cash equivalents per statement of fiduciary assets and liabilities - agency funds		<u>215,061</u>
Total cash and cash equivalents		<u>\$ 2,847,758</u>

Compliance Section

Sandra Rush

Certified Public Accountant PC

1101 E Llano Estacado •

Clovis, New Mexico 88101 • 575-763-2245

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 Auditor's Report

Wayne Johnson
New Mexico State Auditor
The Governing Body
Texico Municipal Schools
Texico, New Mexico

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information and the budgetary comparisons of the General fund and Special Revenue funds, of Texico Municipal Schools (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 the combining and individual fund statements of the District, presented as supplemental information, and have issued my report thereon dated November 7, 2018.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I 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 my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, I 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.

My 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. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Sandra Rush
Sandra Rush CPA PC
Clovis, New Mexico
November 7, 2018

STATE OF NEW MEXICO
TEXICO MUNICIPAL SCHOOLS
Schedule of Findings and Responses
June 30, 2018

Prior Year Findings:

2017-001	Annual Inventory Certification	Resolved
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Current Year Findings:

None

Financial Statement Preparation

Although it would be preferred and desirable for the District to prepare its own GAAP-basis financial statements, it is felt that the District's personnel did not have the time to prepare them. Therefore, the outside auditor prepared the GAAP basis financial statements and footnotes for inclusion in the annual audit report from the original books and records provided to them by the management of the District. Management of the District has reviewed and approved these financial statements and related notes and believes they are adequately supported by the books and records of the government.

Exit Conference

The contents of this report were discussed with, Robert Brown, Superintendent, Cary Crist, Board President, Clay Franklin Board Member, Cheryl Whitener, Business Manager, Roy Hagler, Audit Committee member, Elizabeth Autry, Audit Committee member, and Sandra Rush, CPA, in an exit conference on November 12, 2018