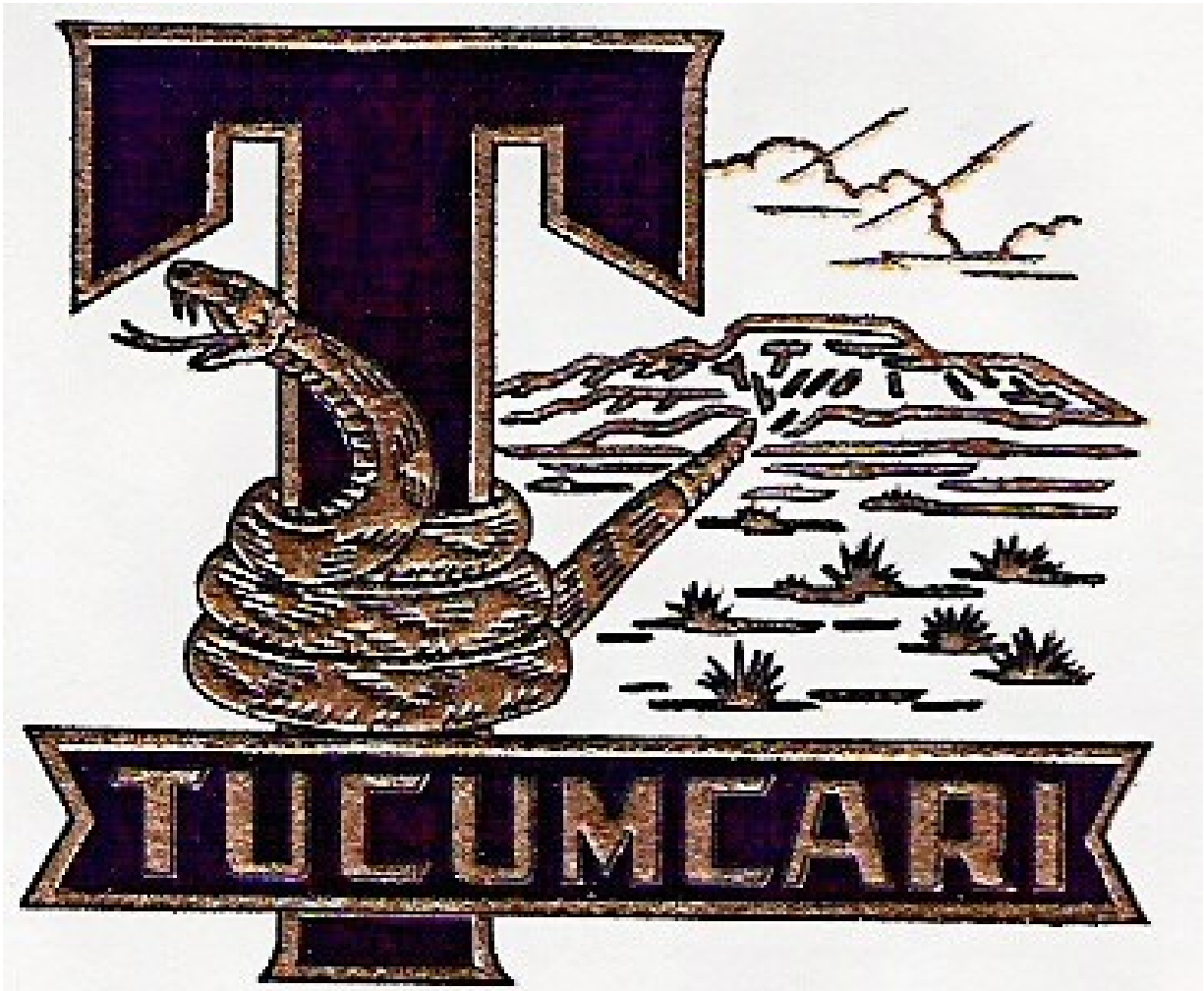


STATE OF NEW MEXICO  
TUCUMCARI PUBLIC SCHOOLS  
ANNUAL FINANCIAL REPORT  
JUNE 30, 2018



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## **INTRODUCTORY SECTION**

**STATE OF NEW MEXICO**  
**TUCUMCARI PUBLIC SCHOOLS**  
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**FOR THE YEAR ENDED JUNE 30, 2018**

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**STATE OF NEW MEXICO**  
**TUCUMCARI PUBLIC SCHOOLS**  
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**STATE OF NEW MEXICO**  
**TUCUMCARI PUBLIC SCHOOLS**  
**OFFICIAL ROSTER**  
**FOR THE YEAR ENDED JUNE 30, 2018**

<b><u>Name</u></b>		<b><u>Title</u></b>
	<b><u>School Board</u></b>	
Carlos Romero		President
Heather Gonzales		Vice-President
Corrine Hayes		Secretary
Leif Gray		Member
Fernando Ureste		Member
	<b><u>District Officials</u></b>	
Aaron McKinney		Superintendent
Dave Johnson		Assist. Superintendent
Leola Patterson		Business Manager

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**FINANCIAL SECTION**





## INDEPENDENT AUDITOR'S REPORT

Wayne A. Johnson, New Mexico State Auditor  
The Office of Management and Budget  
And the Board of Education of  
Tucumcari Public Schools  
Tucumcari, New Mexico

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the general fund and major special revenue fund of Tucumcari Public 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 as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund and the aggregate remaining fund information of Tucumcari Public Schools as of June 30, 2018 and the respective changes in financial position and the respective budgetary comparisons for the general funds and the major special revenue fund for the year then ended in accordance with 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 required to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require Schedules I through IV and the notes to the Required Supplementary Information on pages 53 through 57 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the District's financial statements that collectively comprise the District's basic financial statements. The combining and individual fund financial statements, the Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and other supplemental information required by 2.2.2 NMAC, Schedules V through IX are presented for the purposes of additional analysis and are not a required part of the financial statements.

The schedules listed in the other supplemental information, Schedules V through IX on pages 75 through 83, required by 2.2.2 NMAC are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards and Schedules V through IX required by 2.2.2 NMAC are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section on pages 1 though 3 and the Summary Schedule of Prior Audit Findings on pages 100 through 105 have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

## Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 18, 2018 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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.

*Manning Accounting and Consulting Services, LLC*

Manning Accounting and Consulting Services, LLC  
Kirtland, New Mexico  
October 18, 2018

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**BASIC FINANCIAL STATEMENTS**

**STATE OF NEW MEXICO**  
**TUCUMCARI PUBLIC SCHOOLS**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2018**

Exhibit A-1

	<u><b>Governmental Activities</b></u>
<b>ASSETS</b>	
<i>Current assets:</i>	
Cash and temporary investments	\$ 2,886,196
Receivables (net of allowance for uncollectibles)	539,261
Prepaid assets	2,990
Inventory	36,686
<i>Total current assets</i>	<u>3,465,133</u>
<i>Noncurrent assets:</i>	
Restricted cash	939,188
Capital assets (net of accumulated depreciation)	
Land and land improvements	1,397,974
Buildings and building improvements	59,317,533
Furniture, fixtures and equipment	3,198,715
Vehicles	1,326,493
Less: accumulated depreciation	<u>(31,832,288)</u>
<i>Total noncurrent assets</i>	<u>34,347,615</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows - pensions	7,678,707
Deferred outflows - other post-employment benefits	114,871
<i>Total deferred outflows</i>	<u>7,793,578</u>
<i>Total assets and deferred outflows of resources</i>	<u><u>\$ 45,606,326</u></u>
<b>LIABILITIES</b>	
<i>Current liabilities:</i>	
Accounts payable	\$ 37,316
Accrued payroll liabilities	125,209
Accrued interest payable	48,818
Current maturities of:	
Bonds payable	645,000
Compensated absences	46,584
<i>Total current liabilities</i>	<u>902,927</u>
<i>Noncurrent liabilities:</i>	
Bonds payable	4,485,000
Net pension liability	22,530,334
Net other post-employment benefits liability	6,100,991
<i>Total noncurrent liabilities</i>	<u>33,116,325</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows - pensions	492,048
Deferred inflows - other post-employment benefits	1,388,572
<i>Total deferred inflows</i>	<u>1,880,620</u>
<b>NET POSITION</b>	
Net investment in capital assets	28,278,427
Restricted for:	
Debt service	1,091,223
Capital projects	529,586
Other purposes - special revenue	504,577
Unrestricted	<u>(20,697,359)</u>
<i>Total net position</i>	<u>9,706,454</u>
<i>Total liabilities, deferred inflows of resources, and net position</i>	<u><u>\$ 45,606,326</u></u>

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

**STATE OF NEW MEXICO**  
**TUCUMCARI PUBLIC SCHOOLS**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2018**

Exhibit A-2

<u>Functions/Programs</u>	<b>Program Revenues</b>			<b>Net</b>	
<b>Expenses</b>	<b>Charges for</b>	<b>Operating</b>	<b>Capital</b>	<b>(Expenses)</b>	
<b>Primary Government</b>	<b>Service</b>	<b>Grants and</b>	<b>Grants and</b>	<b>Revenues and</b>	
		<b>Contributions</b>	<b>Contributions</b>	<b>Changes in</b>	
				<b>Net Position</b>	
Governmental activities:					
Instruction	\$ 7,782,718	\$ 37,253	\$ 1,022,407	\$ -	\$ (6,723,058)
Support services:					
Students	1,147,187	-	185,198	-	(961,989)
Instruction	332,699	-	34,888	-	(297,811)
General administration	686,985	-	-	-	(686,985)
School administration	787,034	-	-	-	(787,034)
Other	161	-	-	-	(161)
Central services	316,568	42,698	-	-	(273,870)
Operation & maintenance of plant	1,359,425	9,602	-	128,101	(1,221,722)
Student transportation	383,345	-	282,795	-	(100,550)
Food services operation	702,347	25,165	665,978	-	(11,204)
Community services	-	-	-	-	-
Interest on long-term debt	117,624	-	-	-	(117,624)
Facilities materials, supplies, & other services	1,448,203	-	36,563	-	(1,411,640)
<b>Total Primary Government</b>	<b>\$ 15,064,296</b>	<b>\$ 114,718</b>	<b>\$ 2,227,829</b>	<b>\$ 128,101</b>	<b>(12,593,648)</b>
		<b>General Revenues:</b>			
		Property taxes:			
					35,199
					538,394
					178,559
					8,522,271
					5,172
					(23,301)
					27,022
					9,283,316
					(3,310,332)
					20,263,789
					(7,247,003)
					13,016,786
					\$ 9,706,454

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

**STATE OF NEW MEXICO**  
**TUCUMCARI PUBLIC SCHOOLS**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2018**

Exhibit B-1

	General Fund		
	Operational 11000	Transportation 13000	Instructional Materials 14000
<b>ASSETS</b>			
<i>Current assets:</i>			
Cash and temporary investments	\$ 1,860,009	\$ 436	\$ 40,172
Accounts receivable			
Taxes	8,540	-	-
Due from other governments	-	-	-
Interfund receivables	305,854	-	-
Other	-	-	-
Prepaid assets	-	-	-
Inventory	-	34,915	-
<i>Total assets</i>	<u>2,174,403</u>	<u>35,351</u>	<u>40,172</u>
<b>LIABILITIES</b>			
<i>Current liabilities:</i>			
Accounts payable	34,204	759	-
Accrued payroll liabilities	106,335	436	-
Interfund payables	-	-	-
<i>Total liabilities</i>	<u>140,539</u>	<u>1,195</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenues - property taxes	6,852	-	-
<i>Total deferred inflows of resources</i>	<u>6,852</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>			
Nonspendable	-	34,915	-
Restricted for:			
Transportation	-	-	-
Instructional materials	-	-	40,172
Grant mandates	-	-	-
Capital projects	-	-	-
Debt service	-	-	-
Assigned	1,403,881	-	-
Unassigned	623,131	(759)	-
<i>Total fund balances</i>	<u>2,027,012</u>	<u>34,156</u>	<u>40,172</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 2,174,403</u>	<u>\$ 35,351</u>	<u>\$ 40,172</u>

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

**STATE OF NEW MEXICO**  
**TUCUMCARI PUBLIC SCHOOLS**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2018**

Exhibit B-1

	Special Revenue Funds		
	Title I - IASA 24101	IDEA-B Entitlement 24106	Debt Service 41000
<b>ASSETS</b>			
<i>Current assets:</i>			
Cash and temporary investments	\$ -	\$ -	\$ 939,188
Accounts receivable			
Taxes	-	-	152,035
Due from other governments	150,486	88,710	-
Interfund receivables	-	-	-
Other	-	-	-
Prepaid assets	-	-	-
Inventory	-	-	-
<i>Total assets</i>	<u>150,486</u>	<u>88,710</u>	<u>1,091,223</u>
<b>LIABILITIES</b>			
<i>Current liabilities:</i>			
Accounts payable	-	-	-
Accrued payroll liabilities	6,315	5,862	-
Interfund payables	144,171	82,848	-
<i>Total liabilities</i>	<u>150,486</u>	<u>88,710</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenues - property taxes	-	-	119,740
<i>Total deferred inflows of resources</i>	<u>-</u>	<u>-</u>	<u>119,740</u>
<b>FUND BALANCES</b>			
Nonspendable	-	-	-
Restricted for:			
Transportation	-	-	-
Instructional materials	-	-	-
Grant mandates	-	-	-
Capital projects	-	-	-
Debt service	-	-	51,040
Assigned	-	-	920,443
Unassigned	-	-	-
<i>Total fund balances</i>	<u>-</u>	<u>-</u>	<u>971,483</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 150,486</u>	<u>\$ 88,710</u>	<u>\$ 1,091,223</u>

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



**STATE OF NEW MEXICO**  
**TUCUMCARI PUBLIC SCHOOLS**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2018**

	Other Governmental Funds	Total Primary Government
<b>ASSETS</b>		
<i>Current assets:</i>		
Cash and temporary investments	\$ 985,579	\$ 3,825,384
Accounts receivable		
Taxes	40,423	200,998
Due from other governments	99,067	338,263
Interfund receivables	80	305,934
Other	-	-
Prepaid assets	2,990	2,990
Inventory	1,771	36,686
<i>Total assets</i>	<u>1,129,910</u>	<u>4,710,255</u>
<b>LIABILITIES</b>		
<i>Current liabilities:</i>		
Accounts payable	2,353	37,316
Accrued payroll liabilities	6,261	125,209
Interfund payables	78,915	305,934
<i>Total liabilities</i>	<u>87,529</u>	<u>468,459</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Unavailable revenues - property taxes	32,024	158,616
<i>Total deferred inflows of resources</i>	<u>32,024</u>	<u>158,616</u>
<b>FUND BALANCES</b>		
Nonspendable	4,761	39,676
Restricted for:		
Transportation	-	-
Instructional materials	-	40,172
Grant mandates	189,380	189,380
Capital projects	295,223	295,223
Debt service	-	51,040
Assigned	524,626	2,848,950
Unassigned	(3,633)	618,739
<i>Total fund balances</i>	<u>1,010,357</u>	<u>4,083,180</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 1,129,910</u>	<u>\$ 4,710,255</u>

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

**STATE OF NEW MEXICO**  
**TUCUMCARI PUBLIC SCHOOLS**  
**GOVERNMENTAL FUNDS**  
**RECONCILIATION OF THE BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
**JUNE 30, 2018**

Exhibit B-2

	Governmental Funds
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Total fund balances - governmental funds	\$ 4,083,180
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
The cost of capital assets is	65,240,715
Accumulated depreciation is	(31,832,288)
Revenues not collected within sixty days after year-end are considered "available" revenues and are shown as deferred revenues on the balance sheet.	
Delinquent property taxes	158,616
Deferred outflows and inflows of resources related to pensions are applicable to future periods and therefore, are not reported in governmental funds.	
Deferred outflows of resources - pensions	7,678,707
Deferred outflows of resources - other post-employment benefits	114,871
Deferred inflows of resources - pensions	(492,048)
Deferred inflows of resources - other post-employment benefits	(1,388,572)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in governmental funds. Long-term and other liabilities at year-end consist of:	
Accrued interest payable	(48,818)
Bonds payable	(5,130,000)
Accrued compensated absences	(46,584)
Net pension liability	(22,530,334)
Net other post-employment benefits liability	(6,100,991)
Total net position - governmental activities	\$ 9,706,454

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

**STATE OF NEW MEXICO**  
**TUCUMCARI PUBLIC SCHOOLS**  
**STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	General Fund		
	Operational 11000	Transportation 13000	Instructional Materials 14000
<i>Revenues:</i>			
Property taxes	\$ 47,828	\$ -	\$ -
State grants	8,522,271	282,370	29,688
Federal grants	-	-	-
Miscellaneous	27,219	425	-
Charges for services	67,751	-	-
Investment income	1,150	-	-
<i>Total revenues</i>	<u>8,666,219</u>	<u>282,795</u>	<u>29,688</u>
<i>Expenditures:</i>			
<i>Current:</i>			
Instruction	4,835,242	-	13,612
Support services			
Students	631,739	-	-
Instruction	206,595	-	-
General administration	409,187	-	-
School administration	586,023	-	-
Central services	211,948	-	-
Operation & maintenance of plant	1,170,776	-	-
Student transportation	-	288,971	-
Other support services	161	-	-
Food services operations	-	-	-
Community services	-	-	-
Capital outlay	-	-	-
Debt service			
Principal	-	-	-
Interest	-	-	-
<i>Total expenditures</i>	<u>8,051,671</u>	<u>288,971</u>	<u>13,612</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>614,548</u>	<u>(6,176)</u>	<u>16,076</u>
<i>Net changes in fund balances</i>	<u>614,548</u>	<u>(6,176)</u>	<u>16,076</u>
<i>Fund balances - beginning of year</i>	<u>1,412,464</u>	<u>40,332</u>	<u>24,096</u>
<i>Fund balances - end of year</i>	<u>\$ 2,027,012</u>	<u>\$ 34,156</u>	<u>\$ 40,172</u>

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

**STATE OF NEW MEXICO**  
**TUCUMCARI PUBLIC SCHOOLS**  
**STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	Special Revenue Funds		
	Title I - IASA 24101	IDEA-B Entitlement 24106	Debt Service 41000
<i>Revenues:</i>			
Property taxes	\$ -	\$ -	\$ 784,230
State grants	-	-	-
Federal grants	426,055	293,610	-
Miscellaneous	-	-	-
Charges for services	-	-	-
Investment income	-	-	18
<i>Total revenues</i>	426,055	293,610	784,248
<i>Expenditures:</i>			
<i>Current:</i>			
Instruction	344,349	157,633	-
Support services			
Students	-	121,187	-
Instruction	-	-	-
General administration	81,706	14,790	7,867
School administration	-	-	-
Central services	-	-	-
Operation & maintenance of plant	-	-	-
Student transportation	-	-	-
Other support services	-	-	-
Food services operations	-	-	-
Community services	-	-	-
Capital outlay	-	-	-
Debt service			
Principal	-	-	830,000
Interest	-	-	123,634
<i>Total expenditures</i>	426,055	293,610	961,501
<i>Excess (deficiency) of revenues over (under) expenditures</i>	-	-	(177,253)
<i>Net changes in fund balances</i>	-	-	(177,253)
<i>Fund balances - beginning of year</i>	-	-	1,148,736
<i>Fund balances - end of year</i>	\$ -	\$ -	\$ 971,483

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

**STATE OF NEW MEXICO**  
**TUCUMCARI PUBLIC SCHOOLS**  
**STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	Other Governmental Funds	Total Primary Government
<i>Revenues:</i>		
Property taxes	\$ 248,872	\$ 1,080,930
State grants	251,141	9,085,470
Federal grants	1,043,664	1,763,329
Miscellaneous	30,338	57,982
Charges for services	45,694	113,445
Investment income	4,004	5,172
<i>Total revenues</i>	<u>1,623,713</u>	<u>12,106,328</u>
<i>Expenditures:</i>		
Current:		
Instruction	254,291	5,605,127
Support services		
Students	109,892	862,818
Instruction	52,828	259,423
General administration	23,785	537,335
School administration	1,518	587,541
Central services	34,518	246,466
Operation & maintenance of plant	210	1,170,986
Student transportation	11,657	300,628
Other support services	-	161
Food services operations	662,015	662,015
Community services	-	-
Capital outlay	675,645	675,645
Debt service		
Principal	-	830,000
Interest	-	123,634
<i>Total expenditures</i>	<u>1,826,359</u>	<u>11,861,779</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(202,646)</u>	<u>244,549</u>
<i>Net changes in fund balances</i>	<u>(202,646)</u>	<u>244,549</u>
<i>Fund balances - beginning of year</i>	<u>1,213,003</u>	<u>3,838,631</u>
<i>Fund balances - end of year</i>	<u>\$ 1,010,357</u>	<u>\$ 4,083,180</u>

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

**STATE OF NEW MEXICO**  
**TUCUMCARI PUBLIC 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**

Exhibit B-4

	Governmental Funds
Amounts reported for governmental activities in the Statement of Activities are different because:	
Net change in fund balances - total governmental funds	\$ 244,549
<p>Capital outlays to purchase or build capital assets are reported in 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.</p>	
Depreciation expense	(1,455,583)
Capital outlays	189,425
Loss on disposal of capital assets	(23,586)
<p>Revenues not collected within 60 days after the fiscal year-end are not considered available revenues in the governmental funds. They are considered revenues in the Statement of Activities. The increase (decrease) in revenues receivable for the year end were:</p>	
Unavailable revenue related to the property taxes receivable	(328,778)
<p>In the Statement of Activities, certain operating expenses - compensated absences and interest expense - are measured by the amounts incurred during the year. In the fund financial statements, however, expenditures are measured by the amount of financial resources used (essentially the amounts actually paid). The (increases) decreases in the liabilities for the year were:</p>	
Accrued interest payable	6,010
Accrued compensated absences	(807)
<p>Repayment of debt principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.</p>	
Bond principle payments	835,000
<p>Governmental funds report district pension contributions as expenditures. However, in the Statement of Activities, the pension benefits earned net of employee contributions is reported as pension expense.</p>	
Pension contributions - current year	796,959
Pension expense	(3,445,832)
Other post-employment benefits contributions - current year	114,871
Other post-employment benefits expense	(242,560)
Change in net position - total governmental activities	\$ (3,310,332)

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

**STATE OF NEW MEXICO**  
**TUCUMCARI PUBLIC SCHOOLS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND**  
**BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL**  
**OPERATIONAL FUND (11000)**  
**FOR THE YEAR ENDING JUNE 30, 2018**

Exhibit C-1

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
<i>Revenues:</i>				
Property taxes	\$ 48,204	\$ 48,204	\$ 47,031	\$ (1,173)
State grants	8,397,144	8,521,906	8,522,271	365
Federal grants	-	-	-	-
Miscellaneous	5,000	5,000	27,219	22,219
Charges for services	40,101	40,101	67,751	27,650
Investment income	1,000	1,000	1,150	150
<i>Total revenues</i>	<u>8,491,449</u>	<u>8,616,211</u>	<u>8,665,422</u>	<u>49,211</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	5,480,954	5,727,851	4,937,404	790,447
Support services				
Students	619,975	668,769	631,739	37,030
Instruction	213,959	235,870	206,595	29,275
General administration	527,573	505,028	409,187	95,841
School administration	592,532	618,700	586,023	32,677
Central services	248,322	277,919	221,919	56,000
Operation & maintenance of plant	1,679,303	2,010,037	1,154,237	855,800
Student transportation	-	-	-	-
Other support services	16,813	16,813	161	16,652
Food services operations	-	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>9,379,431</u>	<u>10,060,987</u>	<u>8,147,265</u>	<u>1,913,722</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(887,982)</u>	<u>(1,444,776)</u>	<u>518,157</u>	<u>1,962,933</u>
<i>Other financing sources (uses):</i>				
Designated cash	887,982	1,444,776	-	(1,444,776)
Operating transfers	-	-	-	-
Proceeds from bond issues	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>887,982</u>	<u>1,444,776</u>	<u>-</u>	<u>(1,444,776)</u>
<i>Net change in fund balance</i>	-	-	518,157	518,157
<i>Cash or fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>1,647,706</u>	<u>1,647,706</u>
<i>Cash or fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,165,863</u>	<u>\$ 2,165,863</u>
<i>Reconciliation to GAAP basis:</i>				
Net change in fund balance (cash basis)			\$ 518,157	
Adjustments to revenues			797	
Adjustments to expenditures			95,594	
Net change in fund balance (GAAP basis)			<u>\$ 614,548</u>	

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

**STATE OF NEW MEXICO**  
**TUCUMCARI PUBLIC SCHOOLS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND**  
**BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL**  
**TRANSPORTATION FUND (13000)**  
**FOR THE YEAR ENDING JUNE 30, 2018**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
<i>Revenues:</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	282,370	282,370	282,370	-
Federal grants	-	-	-	-
Miscellaneous	-	425	425	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
<i>Total revenues</i>	<u>282,370</u>	<u>282,795</u>	<u>282,795</u>	<u>-</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	-	-	-	-
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	282,370	282,795	282,359	436
Other support services	-	-	-	-
Food services operations	-	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>282,370</u>	<u>282,795</u>	<u>282,359</u>	<u>436</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>436</u>	<u>436</u>
<i>Other financing sources (uses):</i>				
Designated cash	-	-	-	-
Operating transfers	-	-	-	-
Proceeds from bond issues	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	436	436
<i>Cash or fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Cash or fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 436</u>	<u>\$ 436</u>
<i>Reconciliation to GAAP basis:</i>				
Net change in fund balance (cash basis)			\$ 436	
Adjustments to revenues			-	
Adjustments to expenditures			(6,612)	
Net change in fund balance (GAAP basis)			<u>\$ (6,176)</u>	

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



**STATE OF NEW MEXICO**  
**TUCUMCARI PUBLIC SCHOOLS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND**  
**BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL**  
**INSTRUCTIONAL MATERIALS FUND (14000)**  
**FOR THE YEAR ENDING JUNE 30, 2018**

Exhibit C-3

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
<i>Revenues:</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	26,731	41,202	29,688	(11,514)
Federal grants	-	-	-	-
Miscellaneous	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
<i>Total revenues</i>	<u>26,731</u>	<u>41,202</u>	<u>29,688</u>	<u>(11,514)</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	26,731	50,827	13,612	37,215
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food services operations	-	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>26,731</u>	<u>50,827</u>	<u>13,612</u>	<u>37,215</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>(9,625)</u>	<u>16,076</u>	<u>25,701</u>
<i>Other financing sources (uses):</i>				
Designated cash	-	9,625	-	(9,625)
Operating transfers	-	-	-	-
Proceeds from bond issues	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>9,625</u>	<u>-</u>	<u>(9,625)</u>
<i>Net change in fund balance</i>	-	-	16,076	16,076
<i>Cash or fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>24,096</u>	<u>24,096</u>
<i>Cash or fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 40,172</u>	<u>\$ 40,172</u>
<i>Reconciliation to GAAP basis:</i>				
Net change in fund balance (cash basis)			\$ 16,076	
Adjustments to revenues			-	
Adjustments to expenditures			-	
Net change in fund balance (GAAP basis)			<u>\$ 16,076</u>	

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

**STATE OF NEW MEXICO**  
**TUCUMCARI PUBLIC SCHOOLS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND**  
**BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL**  
**TITLE I - IASA SPECIAL REVENUE FUND (24101)**  
**FOR THE YEAR ENDING JUNE 30, 2018**

Exhibit C-4

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
<i>Revenues:</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	-	-	-	-
Federal grants	461,246	468,377	424,256	(44,121)
Miscellaneous	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
<i>Total revenues</i>	<u>461,246</u>	<u>468,377</u>	<u>424,256</u>	<u>(44,121)</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	381,956	384,225	338,034	46,191
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	79,290	84,152	81,706	2,446
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food services operations	-	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>461,246</u>	<u>468,377</u>	<u>419,740</u>	<u>48,637</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>4,516</u>	<u>4,516</u>
<i>Other financing sources (uses):</i>				
Designated cash	-	-	-	-
Operating transfers	-	-	-	-
Proceeds from bond issues	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	4,516	4,516
<i>Cash or fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(148,687)</u>	<u>(148,687)</u>
<i>Cash or fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (144,171)</u>	<u>\$ (144,171)</u>
<i>Reconciliation to GAAP basis:</i>				
Net change in fund balance (cash basis)			\$ 4,516	
Adjustments to revenues			1,799	
Adjustments to expenditures			<u>(6,315)</u>	
Net change in fund balance (GAAP basis)			<u>\$ -</u>	

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

**STATE OF NEW MEXICO**  
**TUCUMCARI PUBLIC SCHOOLS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND**  
**BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL**  
**IDEA-B ENTITLEMENT SPECIAL REVENUE FUND (24106)**  
**FOR THE YEAR ENDING JUNE 30, 2018**

Exhibit C-5

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
<i>Revenues:</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	-	-	-	-
Federal grants	337,438	418,553	283,895	(134,658)
Miscellaneous	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
<i>Total revenues</i>	<u>337,438</u>	<u>418,553</u>	<u>283,895</u>	<u>(134,658)</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	181,902	260,552	151,771	108,781
Support services				
Students	137,394	130,783	121,187	9,596
Instruction	-	-	-	-
General administration	18,142	24,753	14,790	9,963
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food services operations	-	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>337,438</u>	<u>416,088</u>	<u>287,748</u>	<u>128,340</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>2,465</u>	<u>(3,853)</u>	<u>(6,318)</u>
<i>Other financing sources (uses):</i>				
Designated cash	-	(2,465)	-	2,465
Operating transfers	-	-	-	-
Proceeds from bond issues	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>(2,465)</u>	<u>-</u>	<u>2,465</u>
<i>Net change in fund balance</i>	-	-	(3,853)	(3,853)
<i>Cash or fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(78,995)</u>	<u>(78,995)</u>
<i>Cash or fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (82,848)</u>	<u>\$ (82,848)</u>
<i>Reconciliation to GAAP basis:</i>				
Net change in fund balance (cash basis)			\$ (3,853)	
Adjustments to revenues			9,715	
Adjustments to expenditures			<u>(5,862)</u>	
Net change in fund balance (GAAP basis)			<u>\$ -</u>	

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

**STATE OF NEW MEXICO**  
TUCUMCARI PUBLIC SCHOOLS  
AGENCY FUNDS  
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
JUNE 30, 2018

Exhibit D-1

	<u>Agency Funds</u>
<b>ASSETS</b>	
<i>Current Assets</i>	
Cash	<u>\$ 138,913</u>
<i>Total assets</i>	<u><u>\$ 138,913</u></u>
 <b>LIABILITIES</b>	
<i>Current Liabilities</i>	
Deposits held in trust for others	<u>\$ 138,913</u>
<i>Total liabilities</i>	<u><u>\$ 138,913</u></u>

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

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

**NOTE 1      Summary of Significant Accounting Policies**

Tucumcari Public School District (the “District”) is a public school District governed by an elected five-member Board of Education created under the provision of Chapter 22 Article 5, Paragraph 4, New Mexico Statutes 1978 to provide public education for the children within the District boundaries. The Board of Education is the basic level of government, which has oversight responsibility and control over all activities related to public elementary and secondary school education within its jurisdiction. The District receives funding from local, state and federal government sources and must comply with the requirements of these funding source entities.

This summary of significant accounting policies of the District is presented to assist in the understanding of the District’s financial statements. The financial statements and notes are the representation of the District’s management that is responsible for the financial statements. The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting financial reporting principles. The financial statements have incorporated all applicable GASB pronouncements.

During the year ended June 30, 2018, the District adopted the following GASB Statements.

- GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for post-employment benefits other than pensions (other post-employment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans. This Statement is effective for fiscal years beginning after June 15, 2017.
- GASB Statement No. 81, *Irrevocable Split-Interest Agreements*. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2016, and should be applied retroactively.
- GASB Statement No. 85 *Omnibus 2017*. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and post-employment benefits (pensions and other post-employment benefits [OPEB]). The requirements of this Statement are effective for reporting periods beginning after June 15, 2017.
- GASB Statement No. 86 *Certain Debt Extinguishment Issues*. The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017.

These pronouncements are not expected to have a material effect on the District except for GASB Statement No. 75. The more significant of the government’s accounting policies are described below.

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

**NOTE 1      Summary of Significant Accounting Policies (Continued)**

A.      *Financial Reporting Entity*

In evaluating how to define the District, for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB Statements No. 14 and No. 39. GASB Statement No. 61 modifies certain requirements for inclusion of component units in the financial reporting entity. 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 basis, 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 criteria used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Finally, the nature and significance of a potential component unit to the primary government could warrant its inclusion within the reporting entity. Based upon the application of these criteria, the District does not have a component unit and is not a component unit of another government 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 and changes in net position) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

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

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

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.

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

**NOTE 1      Summary of Significant Accounting Policies (Continued)**

*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 period for which the taxes are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

GASB No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and GASB No. 65, *Items Previously Reported as Assets and Liabilities*, amend GASB No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis for State and Local Governments*, to incorporate deferred outflows of resources and deferred inflows of resources in the financial reporting model.

***Deferred Outflows of Resources*** – a consumption of net position by the government that is applicable to a future reporting period. It has a positive effect on net position, similar to assets; therefore, it is not recognized as an outflow of resources (expense) until then.

***Deferred Inflows of Resources*** – an acquisition of net position by the government that is applicable to a future reporting period. It has a negative effect on net position, similar to liabilities; therefore, it is not recognized as an inflow of resources (revenue) until that time.

***Net Position*** – the residual of the net effects of assets, deferred outflows of resources, liabilities, and deferred inflows of resources.

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.

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

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



**STATE OF NEW MEXICO  
TUCUMCARI PUBLIC SCHOOLS  
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JUNE 30, 2018**

**NOTE 1      Summary of Significant Accounting Policies (Continued)**

*C.      Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)*

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

The *General Fund* is the primary operating fund of the District, and accounts for all financial resources of the general government, except those required to be accounted for in other funds. The General Fund includes the Operational, Transportation, and Instructional Materials Funds.

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

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

The *Debt Service Funds* account for the services of general long-term debt not being financed by proprietary or nonexpendable trust funds.

Under the requirements of GASB Statement No. 34, the District is required to present some of its governmental funds as major funds based upon certain criteria. The major funds presented in the fund financial statements include the following:

The *Operational Fund* (11000) accounts for the primary revenues and expenditures of the District, including, but not limited to, student instruction, student support, instructional support, general administration, school administration, central services, and operations and maintenance of plant. Revenues come from district tax levy, state equalization, and other local, state, and federal sources. This fund is considered by PED to be a sub-fund of the General Fund.

The *Transportation Fund* (13000) accounts for state equalization funds authorized by Section 22-8-26, NMSA, 1978 designated for the costs of transporting school-age children who are students within the District. This fund is considered by PED to be a sub-fund of the General Fund.

The *Instructional Materials Fund* (14000) accounts for funding designated for instructional materials purchases as authorized by Sections 22-15-1 through 22-15-14, NMSA, 1978 for the purposes of purchasing instructional materials (books, manuals, periodicals, etc.) used in the education of students. This is considered by PED to be a sub-fund of the General Fund.

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

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

**NOTE 1 Summary of Significant Accounting Policies (Continued)**

*C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)*

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

The *Debt Service Fund (41000)* is used to account for the accumulation of resources for the payment of general long-term debt principal and interest.

Additionally, the government reports the following fund types:

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

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

*D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity*

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

State statutes authorize the District to invest in certificates of deposit, obligations of the U.S. Government, and the State Treasurer's Investment Pool. Investments for the District are reported at fair value. The State Treasurer's Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

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.

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.

**Restricted Assets:** The Debt Service Fund is used to report resources set aside as restricted to make up potential future deficiencies in the revenue bond current debt service account.

**Receivables and Payables:** Interfund activity is reported as either loans, services provided, reimbursements, or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as reimbursement. All other interfund transactions are treated as transfers.

**STATE OF NEW MEXICO  
TUCUMCARI PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 1      Summary of Significant Accounting Policies (Continued)**

*D.      Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity (Continued)*

Transfers between governmental funds are netted as part of the reconciliation to the government-wide financial statements. All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

The District receives monthly income from a tax levy in Quay County. The funds are collected by the County Treasurer and are remitted to the District the following month. Under the modified accrual method of accounting, the amount remitted by the Quay County Treasurer in July and August 2018 is considered 'measurable and available' and, accordingly, is recorded as revenue during the year ended June 30, 2018.

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

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

**Inventory:** The District accounts for its inventories under the consumption method, reporting inventories purchased as an asset. The recognition of the expenditures is deferred until the period in which the inventories are actually consumed. Inventory in the Food Services Fund consists of U.S.D.A. commodities and other purchased food and non-food supplies. The cost of purchased food is recorded as an expenditure at the time individual inventory items are consumed.

**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 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Information technology equipment, including software, is being capitalized and included in furniture and equipment in accordance with NMAC 2.20.1.9 C (5). Capital expenditures made by the New Mexico Public Schools Facilities Authority are appropriately included in the District's capital assets.

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. The District expenses the cost of library books when purchased because their estimated useful life is less than one year. 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.

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

Land Improvements	10-20 years
Buildings/building improvements	5-100 years
Furniture and equipment	5-25 years
Vehicles	8-15 years

**STATE OF NEW MEXICO  
TUCUMCARI PUBLIC SCHOOLS  
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**NOTE 1      Summary of Significant Accounting Policies (Continued)**

*D.      Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity (Continued)*

**Deferred Outflows of Resources – Pensions:** The government-wide financial statements report pension related expenses and liabilities for the cost-sharing plan one year in arrears, i.e. expenses and liabilities as of June 30, 2017. Contributions of \$796,959 made by the District in the current fiscal year are thus applicable to a future reporting period where they will then be expensed. As such, they are presented in the Statement of Net Position as a deferred outflow of resources in the current period. The District may also have three other deferred outflows which arise due to the implementation of GASB 68; change in proportion \$264,257; change in assumptions \$6,577,047; and actuarial experiences \$40,444.

**Deferred Outflows of Resources – OPEB:** The government-wide financial statements report pension related expenses and liabilities for the cost-sharing plan one year in arrears, i.e. expenses and liabilities as of June 30, 2017. Contributions of \$114,871 made by the District in the current fiscal year are thus applicable to a future reporting period where they will then be expensed. As such, they are presented in the Statement of Net Position as a deferred outflow of resources in the current period. The District may also have four other deferred outflows which arise due to the implementation of GASB 75; change in proportion; change in assumptions; investment experience; and actuarial experiences which have no balances in the current year.

**Unearned Revenues:** The District recognizes grant revenue at the time the related expense is made if the expenditure of funds is the prime factor for determining eligibility for reimbursement; therefore, amounts received and not expended in the Special Revenue Funds are shown as unearned revenues. At June 30, 2018, the District had no unearned revenue.

**Compensated Absences:** All regular twelve month support staff employees are entitled to accumulate vacation with pay. Annual leave accumulated during the first year of employment may not be taken during their first year. Annual leave accumulated during the contract year of employment must be taken prior to June the following year. Twelve month employees with less than ten years of service with the District earn ten days annual leave per contract year. Twelve month employees with ten years or more of service with the District earn fifteen days annual leave per contract year. Total compensated absences were \$46,584 at June 30, 2018.

Compensated sick leave is only paid to an employee upon retirement. If an employee resigns or is terminated their accumulated leave becomes void. The amount of compensated absences is not to exceed one hundred days. An employee must have ten years of service with Tucumcari Public Schools in order to receive this compensation upon retirement.

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported in the district-wide statement of net position.

**Long-term Obligations:** In the government-wide fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. For bonds issued after the fiscal year ended June 30, 2014, bond premiums and discounts, will be deferred and amortized over the life of the bonds using the effective interest method. Bonds payable of \$5,130,000 at June 30, 2018 are reported net of the applicable bond premium or discount. Bond insurance issuance costs will be reported as deferred charges and amortized over the term of the related debt.

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

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

**NOTE 1 Summary of Significant Accounting Policies (Continued)**

*D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity (Continued)*

**Net Pension Liability:** The District records its proportionate share of the difference between the value of total pension liabilities and plan assets for the State of New Mexico's Employee Retirement Board pension plan. For the year ended June 30, 2018, net pension liability totaled \$22,530,334.

**Deferred Inflows of Resources – Unavailable Revenues:** Governmental funds report unavailable revenues in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Revenues not received within sixty (60) days of year-end are not considered available; therefore, a receivable is recorded for the amount due and corresponding deferred revenue is recorded as well. Total unavailable revenues of \$158,616 for property taxes were recorded at June 30, 2018.

**Deferred Inflows of Resources – Pensions:** Changes in actuarial experience \$347,101, change in investment experience \$3,091, and change in proportion \$141,856 for the District are applicable to a future reporting period and will be expensed over a five-year period beginning in the next fiscal year. As such, these amounts are presented in the Statement of Net Position as deferred inflows of resources in the current period.

**Deferred Inflows of Resources – OPEB:** Changes in actuarial experience \$234,124, change in assumptions \$1,066,681, and change in investment experience \$87,767 for the District are applicable to a future reporting period and will be expensed over a five-year period beginning in the next fiscal year. As such, these amounts are presented in the Statement of Net Position as deferred inflows of resources in the current period.

**Net Position or Fund Equity:** 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. In the government-wide financial statements, fund equity is classified as net position and is displayed in three components:

*Net investment in capital assets:* Consists of capital assets including restricted capital assets, net of accumulated depreciation, 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. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position.

*Restricted Net Position:* Consists of net position with constraints placed on the use either by (a) external groups such as creditors, grantors, contributors, or laws or regulation of other governments; or (b) 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. The restricted component consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

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

**Fund Balance:** In the fund financial statements, governmental funds are reported in 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. Some governments may not have policies or procedures that are comparable to those policies that underlie the classifications and therefore would not report amounts in all possible fund balance classifications.

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

**NOTE 1      Summary of Significant Accounting Policies (Continued)**

*D.      Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity (Continued)*

In the governmental financial statements, fund balance is classified and is displayed in five components:

*Nonspendable:* Consists of amounts that cannot be spent because they are either (a) not in spendable form or (b) 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:* Consists of amounts that are restricted to specific purposes as a result of a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation.

*Committed:* Consist of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority. Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action (for example, legislation, resolution, ordinance) it employed to previously commit those amounts.

*Assigned:* Consist of amounts that are constrained by the government's *intent* to be used for specific purposes, but are neither restricted nor committed. Intent should be expressed by (a) the governing body itself or (b) a body (a budget or finance committee, for example) or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes.

*Unassigned:* 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.

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

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

*E.      Revenues*

**Reclassifications:** Certain amounts included in the financial statements have been reclassified to conform to the current year presentation.

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

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

**NOTE 1      Summary of Significant Accounting Policies (Continued)**

*E. Revenues (continued)*

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

**Estimates:** The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant estimates affecting the District's financials include management's estimate of the useful lives of capital assets.

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

A school district's program costs are determined through the use of various formulas using 'program units' which take into consideration 1) early childhood education; 2) basic education; 3) special education; 4) bilingual-multicultural education; 5) size, etc. Payment is made from the public school fund under the authority of the Director of Public School Finance. The District received \$8,522,271 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 1 of each year and are payable in two equal installments, on November 10<sup>th</sup> of the year in which the tax bill is prepared and April 10<sup>th</sup> of the following year with the levies becoming delinquent 30 days (one month) thereafter. In the government-wide financial statements, the District recognizes property tax revenues in the period for which they are levied, net of estimated refunds and uncollectible amounts. The District records only the portion of the taxes considered to be 'measurable' and 'available' in the government fund financial statements, which is within 60 days of year-end. 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.

In the financial statements, the mill levy and ad-valorem taxes are broken out into two types: property taxes – residential and commercial and property taxes – oil and gas. Amounts collected from residential and commercial property taxes as of June 30, 2018 were \$1,080,930. The District received no oil and gas tax revenues.

**Transportation Distribution:** School districts in the State of New Mexico receive student transportation distributions. The transportation distribution is allocated to each school district in accordance with formulas developed by the State Transportation Director and the Director of Public School Finance. The funds shall be used only for the purpose of making payments to each school district for the to-and-from school transportation costs of students in grades K through twelve attending public school within the school district. The District received \$282,370 in transportation distributions during the year ended June 30, 2018.

**Instructional Materials:** The New Mexico Public Education Department (PED) receives federal material leasing funds from which it makes annual allocations to the various school districts for the purchase of educational materials. Of each allocation, fifty percent is restricted to the requisition of materials listed in the State Board of Education "State Adopted Instructional Material" list, while 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 \$29,688.

**STATE OF NEW MEXICO  
TUCUMCARI PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 1      Summary of Significant Accounting Policies (Continued)**

*E.      Revenues (continued)*

**SB-9 State Match:** The Director shall distribute to any school district that has imposed a tax under the Public School Capital Improvements Act (22-25-1 to 22-25-10 NMSA 1978) an amount from the public school capital improvements fund that is equal to the amount by which the revenue estimated to be received from the imposed tax as specified in Subsection B of Section 22-25-3 NMSA 1978, assuming a one hundred percent collection rate, is less than an amount calculated by multiplying the product obtained by the rate imposed in the District under the Public School Capital Improvements Act. The distribution shall be made by December 1, of each year that the tax is imposed in accordance with Section 22-25-3 NMSA 1978. Provided, however, in the event that sufficient funds are not available in the public school capital improvement funds to make the state distribution provided for in this section, the dollar per program unit figure shall be reduced as necessary. The District received \$128,101 in state SB-9 matching during the year ended June 30, 2018.

**Public School Capital Outlay:** Under the provisions of Chapter 22, Article 24, NMSA 1978. 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 per Section 22-24-4(B); core administrative functions of the public school facilities authority and for project management expenses upon approval of the council per Section 22-24-4(G); and for the purpose of demolishing abandoned school district facilities, upon application by a school district to the council, per Section 22-24-4(L).

Money in the fund shall be disbursed by warrant of the Department of Finance and Administration on vouchers signed by the Secretary of Finance and Administration following certification by the council that the application has been approved. During the year ended June 30, 2018, the District received no special capital outlay funds.

**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 operated under its own budget, which has been approved by the federal department or the flowthrough agency (usually the New Mexico Public Education Department). The various budgets are approved by the local school board and the New Mexico Public Education Department.

The District also receives reimbursement under the National School Lunch and Breakfast Programs for its food services operations, and the distributions of commodities through the New Mexico Human Services Department.

**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. Public School Capital Outlay Council expenditures in the Public School Capital Outlay fund are not budgeted at the District level, so there is no budgetary comparison presented.

These budgets are prepared on the non-GAAP cash basis, excluding encumbrances, and secure appropriation of funds for only one year. Carryover funds must be re-appropriated in the budget of the subsequent fiscal year. The budget process in the State of New Mexico requires that the ending cash balance be appropriated in the budget of the subsequent fiscal year.



**STATE OF NEW MEXICO  
TUCUMCARI PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 2 Stewardship, Compliance and Accountability (Continued)**

*Budgetary Information - (Continued)*

Actual expenditures may not exceed the budget at the function level, the level of budgetary control for districts. Budgets may be amended in two ways. If a budget transfer is necessary within a major category called a 'series,' this may be accomplished with only local board of education approval. If a transfer between 'series' or a budget increase is required, approval must also be obtained from Public School Finance Division.

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

1. In April or May, the local school board submits to the District Budget Planning Unit (DBPU) of the New Mexico Public Education Department (100%) 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.
2. In May or June of each year, the proposed "operating" budget will be reviewed and approved by the DBPU and certified and approved by the local school board at a public hearing of which notice has been published by the local school board which fixes the estimated budget for the school district for the ensuing fiscal year.
3. The school board meeting, while not intended for the general public, is open for the general public unless a closed meeting has been called.
4. The "operating" budget will be used by the District until they have been notified that the budget has been approved by the DBPU and the local school board. The budget shall be integrated formally into the accounting system. Encumbrances shall be used as an element of control and shall be integrated into the budget system.
5. The District shall make corrections, revisions and amendments to the estimated budgets fixed by the local school board to recognize actual cash balances and carryover funds, if any. These adjustments shall be reviewed and approved by the DBPU.
6. The superintendent is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the school board and the State of New Mexico Public Education Department.
7. Budget change requests are processed in accordance with Supplement 1 (Budget Preparation and Maintenance) of the Manual of Procedures Public School Accounting and Budgeting. Such changes are initiated by the school district and approved by the DBPU.
8. Legal budget control for expenditures is by function.
9. Appropriations lapse at fiscal year-end. Funds unused during the fiscal year may be carried over into the next fiscal year by budgeting those in the subsequent fiscal year's budget. The budget schedules included in the accompanying financial statements reflect the 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, Debt Service Funds, and Capital Projects Funds.

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 line item.

**STATE OF NEW MEXICO  
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JUNE 30, 2018**

**NOTE 2 Stewardship, Compliance and Accountability (Continued)**

*Budgetary Information - (Continued)*

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 on each funds' Statement of Revenue, Expenditures, and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual.

**NOTE 3 Cash and Temporary Investments**

State statutes authorize the investment of District funds in a wide variety of instruments including certificates of deposit and other similar obligations, state investment pool, money market accounts, and United States Government obligations. All invested funds of the District properly followed State investment requirements as of June 30, 2018.

Deposits of funds may be made in interest or non-interest bearing checking accounts in one or more banks or savings and loan associations within the geographical boundaries of the District. Deposits may be made to the extent that they are insured by an agency of the United States or by collateralized as required by the statute. 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 in excess of the federal deposit insurance to be delivered, or a joint safekeeping receipt be issued, to the District for at least one half of the amount on deposit with the institution in excess of federal deposit insurance. 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.

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**NOTE 3 Cash and Temporary Investments (Continued)**

	Wells Fargo Bank	Citizens Bank	Quay Schools Fed. Credit Union	Total
Total amounts of deposits	\$ 3,719,137	\$ 118,802	\$ 100,000	\$ 3,937,939
FDIC/FCUIC coverage	250,000	118,802	100,000	468,802
Total uninsured public funds	<u>3,469,137</u>	<u>-</u>	<u>-</u>	<u>3,469,137</u>
Collateral requirement (50% of uninsured public funds)	1,734,569	-	-	1,734,569
Pledged security	<u>2,224,972</u>	<u>-</u>	<u>-</u>	<u>2,224,972</u>
Total over (under) collateralized	<u>\$ 490,403</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 490,403</u>

The funds are maintained in interest and non-interest bearing checking accounts at Wells Fargo Bank, non-interest bearing checking accounts at Citizens Bank, and an interest bearing certificate of deposit at Quay Schools Federal Credit Union.

The types of collateral allowed are limited by the section 6-10-16, NMSA 1978.

*Custodial Credit Risk – Deposits.* Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk, other than following state statutes as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978).

Deposits – The risk exists when a portion of the District's deposits are not covered by depository insurance and are:

1. Uncollateralized;
2. Collateralized with securities held by the pledging financial institution; or
3. Collateralized with securities held by the pledging financial institution's trust department or agent but not in the depositor's (District's) name.

**Reconciliation of Cash to the Financial Statements**

At June 30, 2018, \$3,469,137 of the District's bank balances of \$3,937,939 was exposed to custodial credit risk as it was uninsured and the collateral was held by the Bank of New York Mellon, not in the District's name.

The carrying amount of deposits and investments shown above are included in the District's Statement of Net Position as follows:

Reconciliation to Statement of Net Position

Governmental Funds - Balance Sheet

Cash and cash equivalents per Exhibit A-1	\$ 3,825,384
Statement of Fiduciary Net Position - cash per Exhibit D-1	<u>138,913</u>
Total per financial statements	3,964,297
Less funds held in trust investments	(236,655)
Add outstanding checks and other reconciling items	<u>210,297</u>
Bank balance of deposits	<u>\$ 3,937,939</u>

**STATE OF NEW MEXICO  
TUCUMCARI PUBLIC SCHOOLS  
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**NOTE 3 Cash and Temporary Investments (Continued)**

The District utilized pooled accounts for their programs and funds. Negative cash balances in individual funds that were part of the pooled accounts should be reclassified as due to/due from accounts in the combining balance sheets at June 30, 2018. Funds 24000 funds are federal funds and 27000 funds are non-federal funds. The following individual funds had negative cash balances as of June 30, 2018:

<b>Fund #</b>	<b>Special Revenue Funds:</b>	<b>Amount</b>
24101	Title I IASA	\$ 144,171
24106	IDEA-B Entitlement	82,848
24108	New Mexico Autism Project	8,134
24109	IDEA-B Preschool	3,943
24132	IDEA-B Results Plan	2,500
24154	Teacher/Principal Training & Recruiting	30,454
24160	Rural and Low Income Schools	19,745
24174	Carl D Perkins - Current	2,990
27107	2012 GO Bond Student Library Fund (SB66)	3,017
27128	Recruitment Support	1,273
<b>Fund #</b>	<b>Capital Projects Funds:</b>	
31700	Capital Improvements SB-9 (State Match)	6,859
	Total	<u>\$ 305,934</u>

**Temporary Investments**

As of June 30, 2018, the District had \$236,655 held in trust by the Bank of Albuquerque. These funds are held in a U.S. Treasury Money Market Fund. The District does not have the legal authority to move these funds from the trust institution. Information regarding the funds is as follows:

<u>Fund</u>	<u>CUSIP</u>	<u>WAM</u>	<u>Ratings</u>		<u>Net Assets</u>
			<u>S&amp;P</u>	<u>Moody's</u>	
Premier U.S. Government Money Portfolio AIM Treasurer's Series Trust	00142W843	20 days	AAAm	Aaa-mf	\$6.14 Billion

**Interest Rate Risk for Investments.** The District does not have a written policy for limiting interest rate risk. However the average maturity of certificates of deposit is twelve months or less, which is an effective limit of interest rate risk.

**Credit Risk.** State law limits investments to bonds or negotiable securities of the U.S. Government, the State, municipalities, or school district securities issued by the U.S. Government (or its agencies, either direct obligations or backed and guaranteed by the U.S. Government) and repurchase agreements with banks, savings and loan associations, or credit unions. The District has no investment policy that would further limit its investment choices.

**Concentration Credit Risk.** The District places no limit on the amount the District may invest in any one issuer. Investments which are over 5% of total investments are the amounts invested in the Premier U.S. Government Money Portfolio which are invested by the trust institution Bank of Albuquerque and the certificates of deposit in Citizen's Bank and Quay Schools Federal Credit Union.

**STATE OF NEW MEXICO  
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**NOTE 4 Receivables**

Receivables as of June 30, 2018 are as follows:

	Major Funds					Total Governmental Funds
	Operational 11000	Title I IASA 24101	IDEA-B Entitlement 24106	Debt Service 41000	Other Governmental Funds	
Property taxes	\$ 8,540	\$ -	\$ -	\$ 152,035	\$ 40,423	\$ 200,998
Due from other governments	-	150,486	88,710	-	99,067	338,263
<b>Total receivables</b>	<b><u>\$ 8,540</u></b>	<b><u>\$ 150,486</u></b>	<b><u>\$ 88,710</u></b>	<b><u>\$ 152,035</u></b>	<b><u>\$ 139,490</u></b>	<b><u>\$ 539,261</u></b>

The above receivables are deemed 100% collectible. In accordance with GASB No. 33, property tax revenues in the amount of \$158,616 were not collected within the period of availability and have been reclassified as unavailable revenues in the governmental fund financial statements as deferred inflows of resources.

**NOTE 5 Interfund Receivables, Payables, and Transfers**

“Interfund balances” have primarily been recorded when funds overdraw their share of pooled cash when the District is waiting for grant reimbursements. The composition of interfund balances at June 30, 2018 is as follows:

<b>Governmental Activities</b>	Interfund Receivables	Interfund Payables
<b>Major Funds:</b>		
Operational (11000)	\$ 305,854	\$ -
Title I IASA (24101)	-	144,171
IDEA-B Entitlement (24106)	-	82,848
<b>Non-major Funds:</b>		
New Mexico Autism Project (24108)	-	8,134
IDEA-B Preschool (24109)	-	3,943
IDEA-B Results Plan (24132)	-	2,500
Teacher/Principal Training & Recruiting (24154)	-	30,454
Rural & Low-Income Schools (24160)	-	19,745
Carl D. Perkins - Current (24174)	-	2,990
2012 GO Bond Student Library Fund (27107)	-	3,017
Recruitment Support (27128)	-	1,273
Capital Improvements SB-9 (31700)	-	6,859
<b>Totals</b>	<b><u>\$ 305,854</u></b>	<b><u>\$ 305,934</u></b>

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

**STATE OF NEW MEXICO  
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NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 6 Capital Assets**

A summary of capital assets and changes occurring during the year ended June 30, 2018 follows. Land and construction in progress is not subject to depreciation.

	Balance June 30, 2017	Additions	Deletions	Balance June 30, 2018
Capital assets used in governmental activities:				
Capital assets not being depreciated:				
Land	\$ 314,193	\$ -	\$ -	\$ 314,193
Total capital assets not being depreciated	<u>314,193</u>	<u>-</u>	<u>-</u>	<u>314,193</u>
Capital assets being depreciated:				
Land improvements	966,762	117,019	-	1,083,781
Buildings and building improvements	59,317,533	-	-	59,317,533
Furniture, fixtures, and equipment	4,189,534	33,814	(1,024,633)	3,198,715
Vehicles	1,287,901	38,592	-	1,326,493
Total capital assets being depreciated	<u>65,761,730</u>	<u>189,425</u>	<u>(1,024,633)</u>	<u>64,926,522</u>
Less accumulated depreciation:				
Land improvements	186,049	54,717	-	240,766
Buildings and building improvements	27,187,959	1,188,262	-	28,376,221
Furniture, fixtures, and equipment	2,900,637	170,949	(1,001,047)	2,070,539
Vehicles	1,103,107	41,655	-	1,144,762
Total accumulated depreciation	<u>31,377,752</u>	<u>1,455,583</u>	<u>(1,001,047)</u>	<u>31,832,288</u>
Total capital assets, net of depreciation	<u>\$ 34,698,171</u>	<u>\$ (1,266,158)</u>	<u>\$ (23,586)</u>	<u>\$ 33,408,427</u>

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

Governmental activities:	
Instruction	\$ 534,865
Support services - students	47,370
Support services - general administration	485
Central services	629
Operation and maintenance of plant	45,157
Student transportation	9,824
Food services	39,695
Capital outlay	777,558
Total depreciation	<u>\$ 1,455,583</u>

Construction commitments: At June 30, 2018, there are no outstanding construction commitments.

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

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**NOTE 7 Long-Term Debt**

During the year ended June 30, 2018, the following changes occurred in the liabilities reported in the government-wide statement of net position:

	Balance at 06/30/17	Additions	Deletions	Balance at 06/30/18	Due Within One Year
General Obligation Bonds	\$ 5,965,000	\$ -	\$ 835,000	\$ 5,130,000	\$ 645,000
Compensated Absences	45,777	112,767	111,960	46,584	46,584
<b>Total</b>	<b>\$ 6,010,777</b>	<b>\$ 112,767</b>	<b>\$ 946,960</b>	<b>\$ 5,176,584</b>	<b>\$ 691,584</b>

**General Obligations Bonds**

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. As of June 30, 2018, all general obligation bonds are for governmental activities.

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

Fiscal Year Ending June 30,	Total General Obligation Bonds		Total Debt Service
	Principal	Interest	
2019	\$ 645,000	\$ 110,005	\$ 755,005
2020	570,000	95,924	665,924
2021	565,000	50,723	615,723
2022	545,000	66,723	611,723
2023	545,000	51,926	596,926
2024-2028	1,555,000	96,456	1,651,456
2029-2030	705,000	4,754	709,754
<b>Totals</b>	<b>\$ 5,130,000</b>	<b>\$ 476,511</b>	<b>\$ 5,606,511</b>

A summary of all existing long-term debt for the District is provided below:

	Series 2003 GO Bond 4/29/2003	Series 2007 GO Bond 5/25/2007	Series 2009 GO Bond 8/13/2009
Original Issue	\$750,000	\$1,250,000	\$900,000
Maturity Date	8/1/2017	8/1/2020	8/1/2022
Principal	1-Aug	1-Aug	1-Aug
Interest Rate	0.93% to 3.10%	3.08% to 3.28%	0.52% to 3.22%
Principal/Interest	1-Aug	1-Aug	1-Aug
Interest	1-Feb	1-Feb	1-Feb

**STATE OF NEW MEXICO  
TUCUMCARI PUBLIC SCHOOLS  
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**NOTE 7 Long-Term Debt (Continued)**

	Series 2010 GO Bond	Series 2011 GO Bond	Series 2012 GO Bond
Issue Date	5/6/2010	4/22/2011	5/25/2012
Original Issue	\$1,635,000	\$1,055,000	\$745,000
Maturity Date	8/1/2022	8/1/2024	8/1/2025
Principal	1-Aug	1-Aug	1-Aug
Interest Rate	0.50% to 3.64%	1.53% to 4.41%	0.00% to 2.793%
Principal/Interest	1-Aug	1-Aug	1-Aug
Interest	1-Feb	1-Feb	1-Feb
	Series 2013 GO Bond	Series 2015 GO Bond	Series 2016 GO Bond
Issue Date	8/23/2013	6/26/2015	6/24/2016
Original Issue	\$200,000	\$1,500,000	\$1,500,000
Maturity Date	8/1/2023	8/1/2028	8/1/2029
Principal	1-Aug	1-Aug	1-Aug
Interest Rate	0.3552%	0.10% to 3.00%	0.10% to 1.3734%
Principal/Interest	1-Aug	1-Aug	1-Aug
Interest	1-Feb	1-Feb	1-Feb

In prior years, the general fund was typically used to liquidate long-term liabilities other than debt.

**Compensated Absences** – Administrative employees of the District are able to accrue a limited amount of vacation and other compensatory time during the year. During fiscal year June 30, 2018, compensated absences increased \$807 over the prior year accrual. See Note 1 for more details.

**Operating Leases** – The District leases office equipment, including copy machines and postage meter machines, under short-term cancelable operating leases.

**NOTE 8 Unearned Revenue**

In accordance with the terms of the various grant agreements within the Special Revenue Funds, revenues received in excess of expenditures carry over to the subsequent years, unless such excess revenues are requested to be returned to the grantor. The District had no unearned revenue at June 30, 2018.

**NOTE 9 Risk Management**

The District is a member of the New Mexico Public Schools 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.



**STATE OF NEW MEXICO**  
**TUCUMCARI PUBLIC SCHOOLS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**NOTE 9 Risk Management (Continued)**

The NMPSIA provides coverage for up to a maximum of \$500,000,000 for each property damage claim with a \$10,000 deductible to each building and \$750 for contents. General liability coverage is afforded to all employees, volunteers and school board members and the limit is subject to the NMSA Tort Claims Act on a per occurrence basis. The automobile and property liability limit is subject to the provisions of the Tort Claims Act. The crime limit is \$250,000 per occurrence for faithful performance. A limit of \$250,000 applies to depositor's forgery, credit card forgery and money orders. A limit of \$100,000 applies to Money and Security, which includes 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 as part of the Combined Statements of certain information concerning individual funds including:

- A. Deficit fund balance of individual funds. The District had one fund, 31700 Capital Improvements SB-9 (State Match, with a deficit fund balance at June 30, 2018 in the amount of \$3,633.
- B. Excess of expenditures over appropriations. The District had one fund overspend their appropriation. Fund 27149 Pre-K Initiative overspent its budget by \$59,543 in the instruction function and \$11,657 in the student transportation function.
- C. Cash appropriations in excess of available cash balance. No funds had cash appropriations in excess of available cash balances.

**NOTE 11 General Information on the Pension Plan – Educational Retirement Act**

*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\\_report.html](https://www.nmerb.org/Annual_report.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 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 considered a component unit of the State's financial reporting entity. The ERA assigns the authority to establish and amend benefit provisions to a seven-member Board of Trustees (Board); the state legislature has authority to set or amend contribution rates and other terms of the Plan which is a pension benefit trust fund of the State of New Mexico. 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 employments, as defined 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.

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**NOTE 11 General Information on the Pension Plan – Educational Retirement Act (Continued)**

**Benefits provided.** 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 that 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 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 not continuing benefit due to a beneficiary or estate, except the balance, in 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 received under Option A Straight Life Benefit. The member's increased monthly benefit commences in the month following the beneficiary's death.

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**NOTE 11 General Information on the Pension Plan – Educational Retirement Act (Continued)**

**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 the 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 was 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 1.8%. Once the funding is greater than 90%, the COLA reductions will decrease. The retirees with benefits at or below the median and with 25 or more years of service credit will have a 5% COLA reduction; their average COLA will be 1.9%.

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:

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

The contribution requirements of defined benefit plan members and the District are established in state statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the New Mexico legislature. For the fiscal years ended June 30, 2018 and 2017, the District paid employee and employer contributions of \$1,397,097 and \$1,405,025 which equal the amount of the required contributions for each fiscal year.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:** At June 30, 2018, the District reported a liability of \$22,530,334 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016. The total pension liability was rolled-forward from the valuation date to the plan year ending June 30, 2017, using generally accepted actuarial principles. The roll-forward incorporates the impact of the new assumptions adopted by the Board on April

**STATE OF NEW MEXICO  
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JUNE 30, 2018**

**NOTE 11 General Information on the Pension Plan – Educational Retirement Act (Continued)**

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 0.20273%, which was an increase of 0.00329% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the District recognized pension expense of \$2,648,873. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>	<b>Net (Inflows) Outflows</b>
Differences between expected and actual experience	\$ 40,444	\$ (347,101)	\$ (306,657)
Changes of assumptions	6,577,047	-	6,577,047
Net difference between projected and actual earnings on pension plan investments	-	(3,091)	(3,091)
Changes in proportion and differences between contributions and proportionate share of contributions	264,257	(141,856)	122,401
District's contributions subsequent to the measurement date	<u>796,959</u>	<u>-</u>	<u>796,959</u>
Total	<u>\$ 7,678,707</u>	<u>\$ (492,048)</u>	<u>\$ 7,186,659</u>

Deferred outflows of resources of \$796,959 related to pensions resulting from the District's contributions subsequent to the measurement date of June 30, 2017 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	\$ 2,360,644
2020	2,645,408
2021	1,569,169
2022	(185,521)
2023	-
Thereafter	-
Total	<u>\$ 6,389,700</u>

**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	2.5%
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.

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TUCUMCARI PUBLIC SCHOOLS  
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JUNE 30, 2018**

**NOTE 11 General Information on the Pension Plan – Educational Retirement Act (Continued)**

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**

**Healthy males:** Based on the RP-2000 Combined Mortality Table with White Collar adjustments, generational mortality improvements with Scale BB.  
**Healthy females:** Based on GRS Southwest Region Teacher Mortality Table, set back one year, generational mortality improvements in accordance with Scale BB from the table’s base year of 2012.  
**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 balance in the past as well as future.

**Disability Incidence** Approved rates applied to eligible members with at least 10 years of service.

The 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.

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

**NOTE 11 General Information on the Pension Plan – Educational Retirement Act (Continued)**

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

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

**Sensitivity of the District’s proportionate share of the net pension liability to changes in the discount rate.** The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 5.90%, 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%) or 1-percentage-point higher (6.90%) than the current rate:

1% Decrease (4.90%)	Current Discount Rate (5.90%)	1% Increase (6.90%)
\$ 29,328,892	\$ 22,530,334	\$ 16,973,066

**Pension plan fiduciary net position.** Detailed information about the pension plan’s fiduciary net position is available in the separately issued NMERB’s financial reports. The reports can be found on NMERB’s web site at [https://www.nmerb.org/Annual\\_reports.html](https://www.nmerb.org/Annual_reports.html).

**Payables to the pension plan.** The District remits the legally required employer and employee contributions on a monthly basis to ERB. The ERB requires that the contributions be remitted by the 15<sup>th</sup> day of the month following the month for which contributions are withheld. At June 30, 2018 all contributions due and payable by the District were paid by June 30, 2018.

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

**NOTE 12 Other Post-Employment Benefits (OPEB) – State Retiree Health Care Act (RHCA)**

**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:

Plan membership	
Current retirees and surviving spouses	51,208
Inactive and eligible for deferred benefit	11,478
Current active members	<u>97,349</u>
Total	<u><u>160,035</u></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>
Total	<u><u>97,349</u></u>

**Contributions** - Employer and employee contributions to the Fund total 3% for non-enhanced retirement plans and 3.75% of enhanced retirement plans of each participating employee’s salary as required by Section 10-7C-15 NMSA 1978. The contributions are established by statute and are not based on an actuarial calculation. All employer and employee contributions are non-refundable under any circumstance, including termination of the employer’s participation in the Fund. Contributions to the Fund from the District were \$172,302 for the year ended June 30, 2018.

At June 30, 2018, the District reported a liability of \$6,100,991 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as 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, the District’s proportion was 0.13463%.

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TUCUMCARI PUBLIC SCHOOLS  
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JUNE 30, 2018**

**NOTE 12 Other Post-Employment Benefits (OPEB) – State Retiree Health Care Act (RHCA) (Continued)**

For the year ended June 30, 2018, the District recognized OPEB expense of \$127,689. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>	<b>Net (Inflows) Outflows</b>
Differences between expected and actual experience	\$ -	\$ (234,124)	\$ (234,124)
Changes of assumptions	-	(1,066,681)	(1,066,681)
Net difference between projected and actual earnings on pension plan investments	-	(87,767)	(87,767)
Changes in proportion and differences between measurement date	114,871	-	114,871
Total	<u>\$ 114,871</u>	<u>\$ (1,388,572)</u>	<u>\$ (1,273,701)</u>

Deferred outflows of resources totaling \$114,871 represent the District's contributions to the Fund made subsequent to the measurement date and will be recognized as a reduction of net OPEB liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

<b>Year ended June 30,</b>	
2019	\$ (295,220)
2020	(295,220)
2021	(295,220)
2022	(295,220)
2023	(207,692)
Thereafter	-
Total	<u>\$ (1,388,572)</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.



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TUCUMCARI PUBLIC SCHOOLS  
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JUNE 30, 2018**

**NOTE 12 Other Post-Employment Benefits (OPEB) – State Retiree Health Care Act (RHCA) (Continued)**

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

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

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

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

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

**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%) or 1-percentage-point higher (4.81%) than the current discount rate:

<u>1% Decrease (2.81%)</u>	<u>Current Discount Rate (3.81%)</u>	<u>1% Increase (4.81%)</u>
\$ 7,400,407	\$ 6,100,991	\$ 5,081,483

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

**NOTE 12 Other Post-Employment Benefits (OPEB) – State Retiree Health Care Act (RHCA) (Continued)**

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
\$ 5,189,313	\$ 6,100,991	\$ 6,811,875

**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 reported no outstanding contributions due to NMRHCA for the year ended June 30, 2018.

**NOTE 13 Unavailable Revenues**

The District had \$158,616 of property taxes which were earned and due at June 30, 2018 but not received within 60 days of year-end.

**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 the specific flows of intergovernmental revenues based on modifications to Federal and State laws and Federal and State appropriations.

**NOTE 15 Contingent Liabilities**

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

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

**NOTE 16 Tax Abatement Disclosures**

GASB Statement No. 77 requires government agencies to identify any tax abatement agreements that affect the government agency and disclose the amount of tax which was abated. There are two such agreements which may impact the District for the year ending June 30, 2018. The abatements which affect the District are in the form of county taxable industrial revenue bonds (IRB) which were issued in the 2004 and 2016. Caprock Wind LLC and Caprock Solar 1 LLC entered into agreements with Quay County to abate ad valorem and property taxes. Both companies are eligible for tax abatement as they are electric generation facilities under 4-59-2(F)(4b) NMSA 1978. The 2004 and 2016A IRB’s require the companies to make an annual payment in lieu of taxes (PILOT) payment of \$3,600 and \$26,650, respectively. On a gross dollar amount on an accrual basis the District’s tax revenues were reduced during the year by the following amounts:

- 2004 IRB \$2,694.27
- 2016A IRB \$0

The abatements did not have a negative effect on the District for the year ended June 30, 2018, as the PILOT payments resulted in the District receiving \$27,555.73 more than it would have in the absence of the abatements.

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

**NOTE 17**      **Subsequent Accounting Standard Pronouncements**

In November 2016, GASB Statement No. 83, *Certain Asset Retirement Obligations*, was issued. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged. The District is still evaluating how this standard will affect the District.

In January 2017, GASB Statement No. 84 *Fiduciary Activities*, was issued. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and post-employment benefit arrangements that are fiduciary activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged. The District is still evaluating how this standard will affect the District.

In June 2017, GASB Statement No. 87 *Leases*, was issued. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The District is still evaluating how this standard will affect the District.

In April 2018, GASB Statement No. 88 *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements* was issued. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged. The District is still evaluating how this standard will affect the District.

In June 2018, GASB Statement No. 89 *Accounting for Interest Cost Incurred Before the End of a Construction Period*, was issued. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The District is still evaluating how this standard will affect the District.

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

**NOTE 18      Restatement – Change in Accounting Principle**

During the year ended June 30, 2018, there was a restatement in the District's financial statements due to the implementation of GASB 75 resulting in a reduction in net position in the amount of \$7,247,003. This includes the District's proportionate share of the beginning net OPEB liability of \$7,362,598 less the 2017 contributions to the pension plan in the amount of \$115,595.

**NOTE 19      Subsequent Events**

A review of subsequent events through October 18, 2018 which is the date the financial statements were available to be issued, indicated nothing of audit significance.

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**REQUIRED SUPPLEMENTARY INFORMATION**

**STATE OF NEW MEXICO**  
**TUCUMCARI PUBLIC SCHOOLS**  
**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**EDUCATIONAL RETIREMENT BOARD (ERB) PLAN**  
**LAST 10 FISCAL YEARS\***  
**JUNE 30, 2018**

Schedule I

<b>Fiscal Year Ended June 30,</b>	<b>Measurement Date - Year Ended June 30,</b>	<b>District's Proportion of the Net Pension Liability (NPL)</b>	<b>District's Proportionate Share of the NPL</b>	<b>District's Covered- Employee Payroll</b>	<b>District's Proportionate Share of the NPL as a Percentage of its Covered- Employee Payroll</b>	<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>
2018	2017	0.20273%	\$ 22,530,334	\$ 5,780,214	389.78%	52.95%
2017	2016	0.19944%	\$ 14,352,567	\$ 5,699,133	251.84%	61.58%
2016	2015	0.19594%	\$ 12,691,556	\$ 5,577,460	227.55%	63.97%
2015	2014	0.20552%	\$ 11,726,409	\$ 5,669,503	206.83%	66.54%

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

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

**STATE OF NEW MEXICO**  
**TUCUMCARI PUBLIC SCHOOLS**  
**SCHEDULE OF PENSION CONTRIBUTIONS**  
**EDUCATIONAL RETIREMENT BOARD (ERB) PLAN**  
**LAST 10 FISCAL YEARS\***  
**JUNE 30, 2018**

Schedule II

Fiscal Year Ended June 30,	Contractually Required Contribution	Contributions in Relation to the Contractually Required Contribution	Contribution Deficiency (Excess)	District's Covered- Employee Payroll	Contributions as a Percentage of Covered- Employee Payroll
2018	\$ 796,959	\$ 796,959	\$ -	\$ 5,734,247	13.90%
2017	\$ 802,471	\$ 802,471	\$ -	\$ 5,780,214	13.88%
2016	\$ 791,772	\$ 791,772	\$ -	\$ 5,699,133	13.89%
2015	\$ 774,571	\$ 774,571	\$ -	\$ 5,577,460	13.89%

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

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



**STATE OF NEW MEXICO**  
TUCUMCARI PUBLIC SCHOOLS  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
EDUCATIONAL RETIREMENT BOARD (ERB) PLAN  
JUNE 30, 2018

**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%.

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

**STATE OF NEW MEXICO**  
**TUCUMCARI PUBLIC SCHOOLS**  
**SCHEDULE OF PROPORTIONATE SHARE OF THE**  
**NET OTHER POST-EMPLOYMENT BENEFITS (OPEB)**  
**RETIREE HEALTH CARE AUTHORITY (RHCA)**  
**LAST 10 FISCAL YEARS\***  
**JUNE 30, 2018**

<b>Fiscal Year Ended June 30,</b>	<b>Measurement Date - Year Ended June 30,</b>	<b>District's Proportion of the Net OPEB Liability</b>	<b>District's Proportionate Share of the Net OPEB Liability</b>	<b>District's Covered- Employee Payroll</b>	<b>District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered- Employee Payroll</b>	<b>Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability</b>
2018	2017	0.13463%	\$ 6,100,991	\$ 5,664,862	107.70%	11.34%

\* Governmental Accounting Standards Board Statement No. 75 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 fiscal year 2018, the year the statement's requirements became effective.

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

**STATE OF NEW MEXICO**  
**TUCUMCARI PUBLIC SCHOOLS**  
**SCHEDULE OF OTHER POST-EMPLOYMENT BENEFITS (OPEB) CONTRIBUTIONS**  
**RETIREE HEALTH CARE AUTHORITY (RHCA)**  
**LAST 10 FISCAL YEARS\***  
**JUNE 30, 2018**

Schedule IV

Year Ended June 30,	Contractually required contribution	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	District's covered- employee payroll	Contributions as a percentage of covered- employee payroll
2018	114,871	\$ 114,871	\$ -	\$ 5,743,326	2.00%

\* Governmental Accounting Standards Board Statement No. 75 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 fiscal year 2018, the year the statement's requirements became effective.

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

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**SUPPLEMENTARY INFORMATION**

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**NONMAJOR GOVERNMENTAL FUNDS**

**STATE OF NEW MEXICO**  
**TUCUMCARI PUBLIC SCHOOLS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**JUNE 30, 2018**

Statement A-1

	SPECIAL REVENUE	CAPITAL PROJECTS	DEBT SERVICE	TOTAL
<b>ASSETS</b>				
<i>Current assets:</i>				
Cash and temporary investments	\$ 492,863	\$ 492,716	\$ -	\$ 985,579
Accounts receivable				
Taxes	-	40,423	-	40,423
Due from other governments	95,841	3,226	-	99,067
Interfund receivables	-	80	-	80
Other	-	-	-	-
Prepaid assets	2,990	-	-	2,990
Inventory	1,771	-	-	1,771
	<u>593,465</u>	<u>536,445</u>	<u>-</u>	<u>1,129,910</u>
<i>Total assets</i>				
<b>LIABILITIES</b>				
<i>Current liabilities:</i>				
Accounts payable	2,353	-	-	2,353
Accrued payroll liabilities	6,261	-	-	6,261
Interfund payables	72,056	6,859	-	78,915
	<u>80,670</u>	<u>6,859</u>	<u>-</u>	<u>87,529</u>
<i>Total liabilities</i>				
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenues - property taxes	-	32,024	-	32,024
	<u>-</u>	<u>32,024</u>	<u>-</u>	<u>32,024</u>
<i>Total deferred inflows of resources</i>				
<b>FUND BALANCES</b>				
Nonspendable	4,761	-	-	4,761
Restricted for:				
Grant mandates	189,380	-	-	189,380
Capital projects	-	295,223	-	295,223
Debt service	-	-	-	-
Assigned	318,654	205,972	-	524,626
Unassigned	-	(3,633)	-	(3,633)
	<u>512,795</u>	<u>497,562</u>	<u>-</u>	<u>1,010,357</u>
<i>Total fund balances</i>				
<i>Total liabilities, deferred inflows of resources, and fund balances</i>				
	<u>\$ 593,465</u>	<u>\$ 536,445</u>	<u>\$ -</u>	<u>\$ 1,129,910</u>

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



**STATE OF NEW MEXICO**  
**TUCUMCARI PUBLIC SCHOOLS**  
**COMBINING STATEMENT OF REVENUES,**  
**EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

Statement A-2

	SPECIAL REVENUE	CAPITAL PROJECTS	DEBT SERVICE	TOTAL
<i>Revenues:</i>				
Property taxes	\$ -	\$ 248,872	\$ -	\$ 248,872
State grants	123,040	128,101	-	251,141
Federal grants	1,043,664	-	-	1,043,664
Miscellaneous	30,338	-	-	30,338
Charges for services	45,694	-	-	45,694
Investment income	-	4,004	-	4,004
<i>Total revenues</i>	<u>1,242,736</u>	<u>380,977</u>	<u>-</u>	<u>1,623,713</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	254,291	-	-	254,291
Support services				
Students	109,892	-	-	109,892
Instruction	52,828	-	-	52,828
General administration	21,694	2,091	-	23,785
School administration	1,518	-	-	1,518
Central services	34,518	-	-	34,518
Operation & maintenance of plant	210	-	-	210
Student transportation	11,657	-	-	11,657
Other support services	-	-	-	-
Food services operations	662,015	-	-	662,015
Community services	-	-	-	-
Capital outlay	36,563	639,082	-	675,645
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance costs	-	-	-	-
<i>Total expenditures</i>	<u>1,185,186</u>	<u>641,173</u>	<u>-</u>	<u>1,826,359</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>57,550</u>	<u>(260,196)</u>	<u>-</u>	<u>(202,646)</u>
<i>Net changes in fund balances</i>	<u>57,550</u>	<u>(260,196)</u>	<u>-</u>	<u>(202,646)</u>
<i>Fund balances - beginning of year</i>	<u>455,245</u>	<u>757,758</u>	<u>-</u>	<u>1,213,003</u>
<i>Fund balances - end of year</i>	<u>\$ 512,795</u>	<u>\$ 497,562</u>	<u>\$ -</u>	<u>\$ 1,010,357</u>

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

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**SPECIAL REVENUE FUNDS**

**STATE OF NEW MEXICO  
TUCUMCARI PUBLIC SCHOOLS  
SPECIAL REVENUE FUND DESCRIPTIONS  
JUNE 30, 2018**

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. Special Revenue Funds include:

**Food Services (21000)** - This fund is utilized to account for Federal and Local sources of income relating to the food service programs. The Food Service Fund is segregated into two categories, one being the Federal funds and the other being Non-Federal funds. Federal funds consist of National School Lunch Program, which is administered by the State of New Mexico for the purpose of making breakfast and lunch available to all school children and to encourage the domestic consumption of agricultural commodities and other food components. Authority for the creation of this fund is NMSA 22-13-13. No minimum balance required according to legislation.

**Athletics (22000)** – This fund is used to account for fees generated at athletic activities throughout the School District. The gate receipts are obtained from the general public and are expended in this fund. The authority for creation of this fund is 6.20.2 NMAC. No minimum balance required according to legislation.

**New Mexico Autism Project (24108)** – To provide funds for research based programs for Autism provided through the New Mexico Public Education Department. No minimum balance required according to legislation.

**IDEA-B Preschool (24109)** – The objective of the Assistance to States for the Education of Handicapped Children Program is to assist in providing free, appropriate public education to all handicapped children from 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. No minimum balance required according to legislation.

**IDEA-B Results Plan (24132)** – This account is to support the individual school site’s Educational Plan for Student Success, or areas in need of improvement as identified through an instructional audit. This is a pilot program for the New Mexico Real Results program required by US Dept. of Education of Special Education Programs. Authority for creation of this fund is the NMPED. No minimum balance required according to legislation.

**Teacher/Principal Training & Recruiting (24154)** – To improve the skills of teachers and the quality of instruction in mathematics and science, and also to increase the accessibility of such instruction to all students. No minimum balance required according to legislation.

**Rural & Low-Income Schools (24160)** – To provide financial assistance to rural districts to carry out activities to help improve the quality of teaching and learning in their schools. Elementary and Secondary Education Act, Title VI, Part B. No minimum balance required according to legislation.

**Carl D Perkins - Current (24174)** – The objective of this grant is to provide secondary educational institutions the opportunity to develop, implement, and operate programs using different models of curricula that integrate vocational and academic learning. Funds are acquired from federal sources through the New Mexico Department of Education. This program is authorized by the Carl D. Perkins Career and Technical Education Act of 2006.

**Title XIX Medicaid 3/21 Years (25153)** – To provide school-based screening, diagnostic services and other related health services and administrative activities in conformance with the approved Medicaid State Plan in order to improve health and developmental outcomes for children. (P.L. 105-33). No minimum balance required according to legislation.

**Dual Credit Instructional Materials (27103)** – To purchase college textbooks for students who dual enroll in college credited courses while still attending high school. No minimum balance required according to legislation.

**2012 GO Bond Student Library Fund (SB66) (27107)** – Funds used to purchase library books and library supplies for all school sites. Program is authorized by state statute. No minimum balance required according to legislation.

**Recruitment Support (27128)** – To account for monies received to help districts offset the costs of teacher recruiting costs. No minimum balance required according to legislation

**STATE OF NEW MEXICO  
TUCUMCARI PUBLIC SCHOOLS  
SPECIAL REVENUE FUND DESCRIPTIONS  
JUNE 30, 2018**

**PreK Initiative (27149)** – The Pre-K Initiative program provides high-quality early childhood services (in accordance with the NM Pre-K standards) to four year old children in need. Authorized through 32A-23-1 NMSA 1978. No minimum balance required according to legislation.

**NM Highway Department (Road) (28120)** – To account for funds awarded by the New Mexico Department of Transportation for parking lot and bus area improvements.

**NM Arts Division (28131)** – Funding will be used to produce short art documentaries to be featured on the New Mexico PBS website.

**NMFLEX (28194)** – Funds used to support rural communities in preserving access to primary and emergency health care services. No minimum balance required according to legislation.

**Wind Farm Projects (29134)** – Funds received by the district as a Payment in Lieu of Taxes from wind farms within Quay County. No minimum balance required according to legislation.

**STATE OF NEW MEXICO**  
**TUCUMCARI PUBLIC SCHOOLS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**JUNE 30, 2018**

Statement B-1

	Food Services 21000	Athletics 22000	New Mexico Autism Project 24108	IDEA-B Preschool 24109
<b>ASSETS</b>				
<i>Current assets:</i>				
Cash and temporary investments	\$ 282,529	\$ 13,532	\$ -	\$ -
Accounts receivable				
Taxes	-	-	-	-
Due from other governments	11,168	-	8,134	3,973
Interfund receivables	-	-	-	-
Other	-	-	-	-
Prepaid assets	-	-	-	-
Inventory	1,771	-	-	-
<i>Total assets</i>	<u>295,468</u>	<u>13,532</u>	<u>8,134</u>	<u>3,973</u>
<b>LIABILITIES</b>				
<i>Current liabilities:</i>				
Accounts payable	2,353	-	-	-
Accrued payroll liabilities	-	-	-	30
Interfund payables	-	-	8,134	3,943
<i>Total liabilities</i>	<u>2,353</u>	<u>-</u>	<u>8,134</u>	<u>3,973</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenues - property taxes	-	-	-	-
<i>Total deferred inflows of resources</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>				
Nonspendable	1,771	-	-	-
Restricted for:				
Grant mandates	47,590	13,532	-	-
Capital projects	-	-	-	-
Debt service	-	-	-	-
Assigned	243,754	-	-	-
Unassigned	-	-	-	-
<i>Total fund balances</i>	<u>293,115</u>	<u>13,532</u>	<u>-</u>	<u>-</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 295,468</u>	<u>\$ 13,532</u>	<u>\$ 8,134</u>	<u>\$ 3,973</u>

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

**STATE OF NEW MEXICO**  
**TUCUMCARI PUBLIC SCHOOLS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**JUNE 30, 2018**

Statement B-1

	IDEA-B Results Plan 24132	Teacher/Principal Training & Recruiting 24154	Rural & Low-Income Schools 24160	Carl D Perkins - Current 24174
<b>ASSETS</b>				
<i>Current assets:</i>				
Cash and temporary investments	\$ -	\$ -	\$ -	\$ -
Accounts receivable				
Taxes	-	-	-	-
Due from other governments	2,500	30,574	19,907	-
Interfund receivables	-	-	-	-
Other	-	-	-	-
Prepaid assets	-	-	-	2,990
Inventory	-	-	-	-
<i>Total assets</i>	<u>2,500</u>	<u>30,574</u>	<u>19,907</u>	<u>2,990</u>
<b>LIABILITIES</b>				
<i>Current liabilities:</i>				
Accounts payable	-	-	-	-
Accrued payroll liabilities	-	120	162	-
Interfund payables	2,500	30,454	19,745	2,990
<i>Total liabilities</i>	<u>2,500</u>	<u>30,574</u>	<u>19,907</u>	<u>2,990</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenues - property taxes	-	-	-	-
<i>Total deferred inflows of resources</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>				
Nonspendable	-	-	-	-
Restricted for:				
Grant mandates	-	-	-	-
Capital projects	-	-	-	-
Debt service	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
<i>Total fund balances</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 2,500</u>	<u>\$ 30,574</u>	<u>\$ 19,907</u>	<u>\$ 2,990</u>

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

**STATE OF NEW MEXICO**  
**TUCUMCARI PUBLIC SCHOOLS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**JUNE 30, 2018**

Statement B-1

	Title XIX Medicaid 3/21 Years 25153	Dual Credit Instructional Materials 27103	2012 GO Bond Student Library Fund (SB66) 27107	Recruitment Support 27128
<b>ASSETS</b>				
<i>Current assets:</i>				
Cash and temporary investments	\$ 119,245	\$ -	\$ -	\$ -
Accounts receivable				
Taxes	-	-	-	-
Due from other governments	15,295	-	3,017	1,273
Interfund receivables	-	-	-	-
Other	-	-	-	-
Prepaid assets	-	-	-	-
Inventory	-	-	-	-
<i>Total assets</i>	<u>134,540</u>	<u>-</u>	<u>3,017</u>	<u>1,273</u>
<b>LIABILITIES</b>				
<i>Current liabilities:</i>				
Accounts payable	-	-	-	-
Accrued payroll liabilities	3,292	-	-	-
Interfund payables	-	-	3,017	1,273
<i>Total liabilities</i>	<u>3,292</u>	<u>-</u>	<u>3,017</u>	<u>1,273</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenues - property taxes	-	-	-	-
<i>Total deferred inflows of resources</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>				
Nonspendable	-	-	-	-
Restricted for:				
Grant mandates	131,248	-	-	-
Capital projects	-	-	-	-
Debt service	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
<i>Total fund balances</i>	<u>131,248</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 134,540</u>	<u>\$ -</u>	<u>\$ 3,017</u>	<u>\$ 1,273</u>

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



**STATE OF NEW MEXICO**  
**TUCUMCARI PUBLIC SCHOOLS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**JUNE 30, 2018**

Statement B-1

	PreK Initiative 27149	NM Highway Department (Road) 28120	NM Arts Division 28131	NMFLEX 28194
<b>ASSETS</b>				
<i>Current assets:</i>				
Cash and temporary investments	\$ 2,657	\$ -	\$ -	\$ -
Accounts receivable				
Taxes	-	-	-	-
Due from other governments	-	-	-	-
Interfund receivables	-	-	-	-
Other	-	-	-	-
Prepaid assets	-	-	-	-
Inventory	-	-	-	-
<i>Total assets</i>	<u>2,657</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>LIABILITIES</b>				
<i>Current liabilities:</i>				
Accounts payable	-	-	-	-
Accrued payroll liabilities	2,657	-	-	-
Interfund payables	-	-	-	-
<i>Total liabilities</i>	<u>2,657</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenues - property taxes	-	-	-	-
<i>Total deferred inflows of resources</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>				
Nonspendable	-	-	-	-
Restricted for:				
Grant mandates	-	-	-	-
Capital projects	-	-	-	-
Debt service	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
<i>Total fund balances</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 2,657</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

**STATE OF NEW MEXICO**  
**TUCUMCARI PUBLIC SCHOOLS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**JUNE 30, 2018**

Statement B-1

	Wind Farm Projects 29134	Total
<b>ASSETS</b>		
<i>Current assets:</i>		
Cash and temporary investments	\$ 74,900	\$ 492,863
Accounts receivable	-	-
Taxes	-	-
Due from other governments	-	95,841
Interfund receivables	-	-
Other	-	-
Prepaid assets	-	2,990
Inventory	-	1,771
	<u>74,900</u>	<u>593,465</u>
<i>Total assets</i>	<u>74,900</u>	<u>593,465</u>
<b>LIABILITIES</b>		
<i>Current liabilities:</i>		
Accounts payable	-	2,353
Accrued payroll liabilities	-	6,261
Interfund payables	-	72,056
	<u>-</u>	<u>80,670</u>
<i>Total liabilities</i>	<u>-</u>	<u>80,670</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Unavailable revenues - property taxes	-	-
	<u>-</u>	<u>-</u>
<i>Total deferred inflows of resources</i>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>		
Nonspendable	-	1,771
Restricted for:		
Grant mandates	-	192,370
Capital projects	-	-
Debt service	-	-
Assigned	74,900	318,654
Unassigned	-	-
	<u>74,900</u>	<u>512,795</u>
<i>Total fund balances</i>	<u>74,900</u>	<u>512,795</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 74,900</u>	<u>\$ 593,465</u>

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

**STATE OF NEW MEXICO**  
**TUCUMCARI PUBLIC SCHOOLS**  
**COMBINING STATEMENT OF REVENUES,**  
**EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

Statement B-2

	Food Services 21000	Athletics 22000	New Mexico Autism Project 24108	IDEA-B Preschool 24109
<i>Revenues:</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	-	-	-	-
Federal grants	665,978	-	10,269	19,491
Miscellaneous	-	88	-	-
Charges for services	25,165	20,529	-	-
Investment income	-	-	-	-
<i>Total revenues</i>	<u>691,143</u>	<u>20,617</u>	<u>10,269</u>	<u>19,491</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	-	19,641	5,358	18,093
Support services				
Students	-	-	4,438	499
Instruction	-	-	-	-
General administration	-	-	473	899
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food services operations	662,015	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>662,015</u>	<u>19,641</u>	<u>10,269</u>	<u>19,491</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>29,128</u>	<u>976</u>	<u>-</u>	<u>-</u>
<i>Net changes in fund balances</i>	<u>29,128</u>	<u>976</u>	<u>-</u>	<u>-</u>
<i>Fund balances - beginning of year</i>	<u>263,987</u>	<u>12,556</u>	<u>-</u>	<u>-</u>
<i>Fund balances - end of year</i>	<u>\$ 293,115</u>	<u>\$ 13,532</u>	<u>\$ -</u>	<u>\$ -</u>

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

**STATE OF NEW MEXICO**  
**TUCUMCARI PUBLIC SCHOOLS**  
**COMBINING STATEMENT OF REVENUES,**  
**EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

Statement B-2

	IDEA-B Results Plan 24132	Teacher/Principal Training & Recruiting 24154	Rural & Low-Income Schools 24160	Carl D Perkins - Current 24174
<i>Revenues:</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	-	-	-	-
Federal grants	34,888	91,861	23,905	22,343
Miscellaneous	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
<i>Total revenues</i>	<u>34,888</u>	<u>91,861</u>	<u>23,905</u>	<u>22,343</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	105	72,650	22,803	21,265
Support services				
Students	-	-	-	-
Instruction	34,783	-	-	-
General administration	-	17,693	1,102	1,078
School administration	-	1,518	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food services operations	-	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>34,888</u>	<u>91,861</u>	<u>23,905</u>	<u>22,343</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net changes in fund balances</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

**STATE OF NEW MEXICO**  
**TUCUMCARI PUBLIC SCHOOLS**  
**COMBINING STATEMENT OF REVENUES,**  
**EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

Statement B-2

	Title XIX Medicaid 3/21 Years 25153	Dual Credit Instructional Materials 27103	2012 GO Bond Student Library Fund (SB66) 27107	Recruitment Support 27128
<i>Revenues:</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	-	3,006	3,017	1,273
Federal grants	174,929	-	-	-
Miscellaneous	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
<i>Total revenues</i>	<u>174,929</u>	<u>3,006</u>	<u>3,017</u>	<u>1,273</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	23,846	3,006	-	-
Support services				
Students	96,569	-	-	-
Instruction	15,028	-	3,017	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	33,245	-	-	1,273
Operation & maintenance of plant	210	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food services operations	-	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>168,898</u>	<u>3,006</u>	<u>3,017</u>	<u>1,273</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>6,031</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net changes in fund balances</i>	<u>6,031</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances - beginning of year</i>	<u>125,217</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances - end of year</i>	<u>\$ 131,248</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

**STATE OF NEW MEXICO**  
**TUCUMCARI PUBLIC SCHOOLS**  
**COMBINING STATEMENT OF REVENUES,**  
**EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

Statement B-2

	PreK Initiative 27149	NM Highway Department (Road) 28120	NM Arts Division 28131	NMFLEX 28194
<i>Revenues:</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	73,857	36,563	5,324	-
Federal grants	-	-	-	-
Miscellaneous	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
<i>Total revenues</i>	<u>73,857</u>	<u>36,563</u>	<u>5,324</u>	<u>-</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	62,200	-	5,324	-
Support services				
Students	-	-	-	8,386
Instruction	-	-	-	-
General administration	-	-	-	449
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	11,657	-	-	-
Other support services	-	-	-	-
Food services operations	-	-	-	-
Community services	-	-	-	-
Capital outlay	-	36,563	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>73,857</u>	<u>36,563</u>	<u>5,324</u>	<u>8,835</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(8,835)</u>
<i>Net changes in fund balances</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(8,835)</u>
<i>Fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,835</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

**STATE OF NEW MEXICO**  
**TUCUMCARI PUBLIC SCHOOLS**  
**COMBINING STATEMENT OF REVENUES,**  
**EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	Wind Farm Projects 29134	Total
	<u>29134</u>	<u>Total</u>
<i>Revenues:</i>		
Property taxes	\$ -	\$ -
State grants	-	123,040
Federal grants	-	1,043,664
Miscellaneous	30,250	30,338
Charges for services	-	45,694
Investment income	-	-
<i>Total revenues</i>	<u>30,250</u>	<u>1,242,736</u>
<i>Expenditures:</i>		
Current:		
Instruction	-	254,291
Support services		
Students	-	109,892
Instruction	-	52,828
General administration	-	21,694
School administration	-	1,518
Central services	-	34,518
Operation & maintenance of plant	-	210
Student transportation	-	11,657
Other support services	-	-
Food services operations	-	662,015
Community services	-	-
Capital outlay	-	36,563
Debt service		
Principal	-	-
Interest	-	-
<i>Total expenditures</i>	<u>-</u>	<u>1,185,186</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>30,250</u>	<u>57,550</u>
<i>Net changes in fund balances</i>	<u>30,250</u>	<u>57,550</u>
<i>Fund balances - beginning of year</i>	<u>44,650</u>	<u>455,245</u>
<i>Fund balances - end of year</i>	<u>\$ 74,900</u>	<u>\$ 512,795</u>

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

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**CAPITAL PROJECTS FUNDS**

**STATE OF NEW MEXICO  
TUCUMCARI PUBLIC SCHOOLS  
CAPITAL PROJECT FUNDS DESCRIPTIONS  
JUNE 30, 2018**

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

**Bond Building (31100)** – The fund is used to account for bond proceeds and any income earned thereon. The proceeds are restricted for the purpose of making additions to and furnishing of school buildings, or purchasing or improving school grounds or any combination thereof, as approved by the voters of the District. No minimum balance required according to legislation.

**Capital Improvements SB-9 (State Match) – (31700)** – To account for erecting, remodeling, making additions to, and furnishing of school buildings, or purchasing or improving school grounds or any combination thereof, as identified by the local school board. Financing is provided by the State of New Mexico’s State Equalization Matching. (22-25-1 to 22-25-10 NMSA 1978).

**Capital Improvements SB-9 (Local) – (31701)** – To account for erecting, remodeling, making additions to, and furnishing of school buildings, or purchasing or improving school grounds or any combination thereof, as identified by the local school board. Financing is provided by a special tax levy as authorized by the Public School District Capital Improvements Act. (22-25-1 to 22-25-10 NMSA 1978).

**STATE OF NEW MEXICO**  
**TUCUMCARI PUBLIC SCHOOLS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR CAPITAL PROJECTS FUNDS**

Statement C-1

	Bond Building 31100	Capital Improvements SB-9 (State Match) 31700	Capital Improvements SB-9 (Local) 31701	Total
<b>ASSETS</b>				
<i>Current assets:</i>				
Cash and temporary investments	\$ 236,656	\$ -	\$ 256,060	\$ 492,716
Accounts receivable				
Taxes	-	-	40,423	40,423
Due from other governments	-	3,226	-	3,226
Interfund receivables	-	-	80	80
Other	-	-	-	-
Prepaid assets	-	-	-	-
Inventory	-	-	-	-
	<u>236,656</u>	<u>3,226</u>	<u>296,563</u>	<u>536,445</u>
<i>Total assets</i>				
<b>LIABILITIES</b>				
<i>Current liabilities:</i>				
Accounts payable	-	-	-	-
Accrued payroll liabilities	-	-	-	-
Interfund payables	-	6,859	-	6,859
Unearned revenue	-	-	-	-
	<u>-</u>	<u>6,859</u>	<u>-</u>	<u>6,859</u>
<i>Total liabilities</i>				
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenues - property taxes	-	-	32,024	32,024
Unavailable revenues - other	-	-	-	-
	<u>-</u>	<u>-</u>	<u>32,024</u>	<u>32,024</u>
<i>Total deferred inflows of resources</i>				
<b>FUND BALANCES</b>				
Nonspendable	-	-	-	-
Restricted for:				
Grant mandates	-	-	-	-
Capital projects	206,988	-	88,235	295,223
Debt service	-	-	-	-
Assigned	29,668	-	176,304	205,972
Unassigned	-	(3,633)	-	(3,633)
	<u>236,656</u>	<u>(3,633)</u>	<u>264,539</u>	<u>497,562</u>
<i>Total fund balances</i>				
	<u>\$ 236,656</u>	<u>\$ 3,226</u>	<u>\$ 296,563</u>	<u>\$ 536,445</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>				

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

**STATE OF NEW MEXICO**  
**TUCUMCARI PUBLIC SCHOOLS**  
**COMBINING STATEMENT OF REVENUES,**  
**EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR CAPITAL PROJECT FUNDS**  
**FOR THE YEAR ENDING JUNE 30, 2018**

Statement C-2

	Bond Building 31100	Capital Improvements SB-9 (State Match) 31700	Capital Improvements SB-9 (Local) 31701	Total
<i>Revenues:</i>				
Property taxes	\$ -	\$ -	\$ 248,872	\$ 248,872
State grants	-	128,101	-	128,101
Federal grants	-	-	-	-
Miscellaneous	-	-	-	-
Charges for services	-	-	-	-
Investment income	4,004	-	-	4,004
<i>Total revenues</i>	<u>4,004</u>	<u>128,101</u>	<u>248,872</u>	<u>380,977</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	-	-	-	-
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	2,091	2,091
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food services operations	-	-	-	-
Community services	-	-	-	-
Capital outlay	265,588	131,654	241,840	639,082
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance costs	-	-	-	-
<i>Total expenditures</i>	<u>265,588</u>	<u>131,654</u>	<u>243,931</u>	<u>641,173</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(261,584)</u>	<u>(3,553)</u>	<u>4,941</u>	<u>(260,196)</u>
<i>Net changes in fund balances</i>	<u>(261,584)</u>	<u>(3,553)</u>	<u>4,941</u>	<u>(260,196)</u>
<i>Fund balances - beginning of year</i>	<u>498,240</u>	<u>(80)</u>	<u>259,598</u>	<u>757,758</u>
<i>Fund balances - end of year</i>	<u>\$ 236,656</u>	<u>\$ (3,633)</u>	<u>\$ 264,539</u>	<u>\$ 497,562</u>

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

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**OTHER SUPPLEMENTAL INFORMATION**

**STATE OF NEW MEXICO**  
**TUCUMCARI PUBLIC SCHOOLS**  
**AGENCY FUNDS**  
**SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Balance</u> <u>June 30, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Adjustments</u>	<u>Balance</u> <u>June 30, 2018</u>
High School	\$ 70,877	\$ 144,785	\$ 132,673	\$ -	\$ 82,989
Middle School	14,969	34,048	32,414	-	16,603
Elementary	22,333	15,108	20,202	-	17,239
Memorials/Scholarships	<u>21,789</u>	<u>1,571</u>	<u>1,278</u>	<u>-</u>	<u>22,082</u>
	<u>\$ 129,968</u>	<u>\$ 195,512</u>	<u>\$ 186,567</u>	<u>\$ -</u>	<u>\$ 138,913</u>

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

**STATE OF NEW MEXICO**  
**TUCUMCARI PUBLIC SCHOOLS**  
**SCHEDULE OF PLEDGED COLLATERAL**  
**FOR THE YEAR ENDED JUNE 30, 2018**

Schedule VI

<u>Name of Depository</u>	<u>Description of Pledged Collateral</u>	<u>Maturity Date</u>	<u>CUSIP Number</u>	<u>Fair Market Value June 30, 2018</u>
<b>Wells Fargo Bank</b>				
	FNMA	2/1/2043	3138W3QCO	\$ 2,224,972
Total Wells Fargo Bank				<u>\$ 2,224,972</u>

The securities are held, not in the District's name, at:

Bank of NY Mellon  
101 Barcklay Street  
Fourth Floor  
New York, NY 10286

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



**STATE OF NEW MEXICO**  
**TUCUMCARI PUBLIC SCHOOLS**  
**SCHEDULE OF CASH AND TEMPORARY INVESTMENT ACCOUNTS**  
**JUNE 30, 2018**

Schedule VII

Bank Name/Account Type	Account Type	Bank Balance	Deposits in Transit	Outstanding Checks	Other Adjustments	Book Balance
<b>Wells Fargo Bank N.A.</b>						
General Accounts	Checking	\$ 3,674,835	\$ -	\$ (311,314)	\$ 125,208	\$ 3,488,729
Direct Deposit	ACH	-	-	-	-	-
NMPSIA Clearing	ACH	22,219	-	(22,219)	-	-
David L/Sylvia York Scholarship Fund	Money Market	3,326	-	-	-	3,326
Rod David Memorial Fund	Money Market	4,155	-	-	-	4,155
DECA Scholarship Fund	Checking	12,201	-	-	-	12,201
AJ Moya Memorial Fund	Checking	2,400	-	-	-	2,400
Total Wells Fargo Bank		<u>\$ 3,719,136</u>	<u>\$ -</u>	<u>\$ (333,533)</u>	<u>\$ 125,208</u>	<u>\$ 3,510,811</u>

Bank Name/Account Type	Account Type	Bank Balance	Deposits in Transit	Outstanding Checks	Other Adjustments	Book Balance
<b>Citizens Bank</b>						
Tucumcari High School	Checking	\$ 84,296	\$ -	\$ (1,307)	\$ -	\$ 82,989
Tucumcari Middle School	Checking	16,762	-	(159)	-	16,603
Tucumcari Elementary School	Checking	17,744	-	(505)	-	17,239
Total Citizens Bank		<u>\$ 118,802</u>	<u>\$ -</u>	<u>\$ (1,971)</u>	<u>\$ -</u>	<u>\$ 116,831</u>

Bank Name/Account Type	Account Type	Bank Balance	Deposits in Transit	Outstanding Checks	Other Adjustments	Book Balance
<b>Quay Schools Federal Credit Union</b>						
Certificate of Deposit	CD	\$ 100,000	\$ -	\$ -	\$ -	\$ 100,000

Bank Name/Account Type	Account Type	Bank Balance	Deposits in Transit	Outstanding Checks	Other Adjustments	Book Balance
<b>Bank of Albuquerque</b>						
PSCOC Repay School Improv Bond Acct	Trust	\$ 236,655	\$ -	\$ -	\$ -	\$ 236,655
Total		<u>\$ 4,174,593</u>	<u>\$ -</u>	<u>\$ (335,504)</u>	<u>\$ 125,208</u>	<u>\$ 3,964,297</u>

<b>Cash per financial statements</b>						
Cash and cash equivalents - Government Activities Exhibit A-1						\$ 3,825,384
Fiduciary funds - Exhibit D-1						138,913
						<u>\$ 3,964,297</u>

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

**STATE OF NEW MEXICO**  
**TUCUMCARI PUBLIC SCHOOLS**  
**SCHEDULE OF CASH RECONCILIATIONS**  
**JUNE 30, 2018**

Schedule VIII

**Primary Government**

	Operational 11000	Transportation 13000	Instructional Materials 14000	Food Services 21000
Cash, June 30, 2017	\$ 1,647,706	\$ -	\$ 24,096	\$ 261,918
Add:				
Current year revenues	8,665,422	282,795	29,688	646,216
Permanent cash transfers	-	-	-	-
Prior period adjustment	-	-	-	-
Bond proceeds	-	-	-	-
Loans from other funds	-	-	-	-
Total cash available	10,313,128	282,795	53,784	908,134
Less:				
Current year expenditures	(8,147,265)	(282,359)	(13,612)	(625,605)
Permanent cash transfers	-	-	-	-
Prior period adjustment	-	-	-	-
Loans to other funds	(305,854)	-	-	-
Cash, June 30, 2018	<u>\$ 1,860,009</u>	<u>\$ 436</u>	<u>\$ 40,172</u>	<u>\$ 282,529</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**TUCUMCARI PUBLIC SCHOOLS**  
**SCHEDULE OF CASH RECONCILIATIONS**  
**JUNE 30, 2018**

Schedule VIII

**Primary Government**

	Athletics 22000	Federal Flowthrough 24000	Federal Direct 25000	Local Grants 26000
Cash, June 30, 2017	\$ 12,556	\$ (270,285)	\$ 109,329	\$ -
Add:				
Current year revenues	20,617	888,423	175,522	-
Permanent cash transfers	-	-	-	-
Prior period adjustment	-	-	-	-
Bond proceeds	-	-	-	-
Loans from other funds	-	294,785	-	-
Total cash available	33,173	912,923	284,851	-
Less:				
Current year expenditures	(19,641)	(912,923)	(165,606)	-
Permanent cash transfers	-	-	-	-
Prior period adjustment	-	-	-	-
Loans to other funds	-	-	-	-
Cash, June 30, 2018	<u>\$ 13,532</u>	<u>\$ -</u>	<u>\$ 119,245</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**TUCUMCARI PUBLIC SCHOOLS**  
**SCHEDULE OF CASH RECONCILIATIONS**  
**JUNE 30, 2018**

Schedule VIII

**Primary Government**

	State Flowthrough 27000	State Direct 28000	Local / State 29000	Bond Building 31100
Cash, June 30, 2017	\$ (527)	\$ 8,835	\$ 44,650	\$ 498,240
Add:				
Current year revenues	77,390	41,887	30,250	4,004
Permanent cash transfers	-	-	-	-
Prior period adjustment	-	-	-	-
Bond proceeds	-	-	-	-
Loans from other funds	4,290	-	-	-
Total cash available	81,153	50,722	74,900	502,244
Less:				
Current year expenditures	(78,496)	(50,722)	-	(265,588)
Permanent cash transfers	-	-	-	-
Prior period adjustment	-	-	-	-
Loans to other funds	-	-	-	-
Cash, June 30, 2018	<u>\$ 2,657</u>	<u>\$ -</u>	<u>\$ 74,900</u>	<u>\$ 236,656</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**TUCUMCARI PUBLIC SCHOOLS**  
**SCHEDULE OF CASH RECONCILIATIONS**  
**JUNE 30, 2018**

Schedule VIII

<b>Primary Government</b>	Capital Improvements SB-9 (State Match) 31700	Capital Improvements SB-9 (Local) 31701	Debt Service 41000	Total
Cash, June 30, 2017	\$ (80)	\$ 259,500	\$ 1,132,173	\$ 3,728,111
Add:				
Current year revenues	124,875	244,984	768,516	12,000,589
Permanent cash transfers	-	-	-	-
Prior period adjustment	-	-	-	-
Bond proceeds	-	-	-	-
Loans from other funds	6,859	-	-	305,934
Total cash available	131,654	504,484	1,900,689	16,034,634
Less:				
Current year expenditures	(131,654)	(248,344)	(961,501)	(11,903,316)
Permanent cash transfers	-	-	-	-
Prior period adjustment	-	-	-	-
Loans to other funds	-	(80)	-	(305,934)
Cash, June 30, 2018	<u>\$ -</u>	<u>\$ 256,060</u>	<u>\$ 939,188</u>	<u>\$ 3,825,384</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**TUCUMCARI PUBLIC SCHOOLS**  
**SCHEDULE OF JOINT POWERS AGREEMENTS**  
**JUNE 30, 2018**

Schedule IX

**Title:** Regional Education Cooperative Joint Powers Agreement

**Participants:** Tucumcari Public Schools and Regional Educational Center #6

**Responsible Party:** Regional Educational Cooperative #6's Governing Council

**Description:** The parties have agreed to form a Regional Education Cooperative to participate in cooperative programs relating to education related services, provide professional services to the districts, and provide other optional services as needed.

**Dates of Operation:** July 1, 2017 through June 30, 2018 during which either party may give Notice of Intent to Terminate pursuant to the agreement.

**Projected Cost:** Not to exceed \$195,289

**Audit Responsibility:** Tucumcari Public Schools and Regional Educational Cooperative #6

**Fiscal Agent:** Tucumcari Public Schools and Regional Educational Cooperative #6

**Reporting Agency:** Tucumcari Public Schools and Regional Educational Cooperative #6

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

**STATE OF NEW MEXICO**  
**TUCUMCARI PUBLIC SCHOOLS**  
**SCHEDULE OF JOINT POWERS AGREEMENTS**  
**JUNE 30, 2018**

Schedule IX

Title:	Cost Sharing Construction Joint Powers Agreement
Participants:	Tucumcari Public Schools, PSCOC, and PSFA
Responsible Party:	Tucumcari Public Schools, PSCOC, and PSFA
Description:	Ensure the physical condition of school facilities meets adequate level to promote safe, functional, and durable learning environment.
Dates of Operation:	Ongoing but contingent on sufficient appropriations and authorizations being made by the legislature for performance of agreement.
Projected Cost:	Cost of materials and labor, if any
Audit Responsibility:	Tucumcari Public Schools, PSCOC, and PSFA
Fiscal Agent:	Tucumcari Public Schools, PSCOC, and PSFA
Reporting Agency:	Tucumcari Public Schools, PSCOC, and PSFA

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

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**COMPLIANCE SECTION**



# Manning Accounting and Consulting Services, LLC

## 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 A. Johnson  
New Mexico State Auditor  
The Office of Management and Budget  
And the Board of Education of  
Tucumcari Public Schools  
Tucumcari, New Mexico

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, the aggregate remaining fund information, the budgetary comparisons of the general fund and major special revenue fund of the Tucumcari Public 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 have issued our report thereon dated October 18, 2018.

#### **Internal Control over Financial Reporting**

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

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

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

#### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those

provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items NM 2017-001, NM 2017-003, NM 2017-005, and NM 2018-001.

### **Response to Findings**

The District's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

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

Manning Accounting and Consulting Services, LLC

Manning Accounting and Consulting Services, LLC  
Kirtland, New Mexico  
October 18, 2018

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**FEDERAL FINANCIAL ASSISTANCE**



# Manning Accounting and Consulting Services, LLC

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

### INDEPENDENT AUDITOR'S REPORT

Wayne A. Johnson, New Mexico State Auditor  
The Office of Management and Budget  
And the Board of Education of  
Tucumcari Public Schools  
Tucumcari, New Mexico

#### Report on Compliance for Each Major Federal Program

We have audited the Tucumcari Public Schools (the "District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2018. The District's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

#### Management's Responsibility

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

#### Auditor's Responsibility

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

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

#### Opinion on Each Major Federal Program

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

## Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as item FA 2018-001. Our opinion on each major federal program is not modified with respect to these matters.

The District's response to the noncompliance finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

## Report on Internal Control over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as items FA 2018-001, that we consider to be a significant deficiency.

The District's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

*Manning Accounting and Consulting Services, LLC*

Manning Accounting and Consulting Services, LLC  
Kirtland, New Mexico  
October 18, 2018

**STATE OF NEW MEXICO**  
**TUCUMCARI PUBLIC SCHOOLS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

Schedule X

Federal Grantor or Pass-Through Grantor / Program Title	Passthrough Number	Federal CFDA Number	Federal Expenditures
<b>U.S. Department of Education</b>			
<i>Passthrough State of New Mexico Public Education Department</i>			
<b>Special Education Cluster (IDEA)</b>			
IDEA B - Entitlement (1)	24106	84.027	\$ 293,610
New Mexico Autism Project (1)	24108	84.027	10,269
IDEA-B Preschool (1)	24109	84.173	19,491
IDEA-B Results Plan (1)	24132	84.027	34,888
<b>Total Special Education Cluster (IDEA)</b>			<u>358,258</u>
<b>Other Programs (Treated individually for major program determination)</b>			
Title I IASA	24101	84.010	426,055
Teacher / Principal Training & Recruiting	24154	84.367	91,861
Rural & Low-Income Schools	24160	84.358	23,905
Carl D Perkins - Current	24174	84.048	22,343
<b>Total Other Programs</b>			<u>564,164</u>
<b>Total U.S. Department of Education</b>			<u>922,422</u>
<b>U.S. Department of Agriculture</b>			
<i>Passthrough State of New Mexico Department of Education</i>			
<b>Child Nutrition Cluster</b>			
USDA School Breakfast Program (1)	21000	10.553	163,754
National School Lunch Program (1)	21000	10.555	463,502
<i>Subtotal - Passthrough State of New Mexico Department of Education</i>			<u>627,256</u>
<i>Passthrough State of New Mexico Department of Health and Human Services</i>			
Food Distribution (Commodities) (1)	21000	10.553/10.555	34,759
<i>Subtotal - Passthrough State of New Mexico Department of Health and Human Services</i>			<u>34,759</u>
<b>Total Child Nutrition Cluster</b>			<u>662,015</u>
<b>Total U.S. Department of Agriculture</b>			<u>662,015</u>
<b>Total Federal Financial Assistance</b>			<u>\$ 1,584,437</u>

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



**STATE OF NEW MEXICO**  
**TUCUMCARI PUBLIC SCHOOLS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

Schedule X

**Notes to Schedule of Expenditures of Federal Awards**

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards presents the activity of federal award programs administered by the District, which is described in Note 1 to the District's accompanying financial statements, using the modified accrual basis of accounting. federal awards that are included in the schedule may be received directly from federal agencies, as well as federal awards that are passed through from other government agencies. The information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

2. Subrecipients

The District did not provide any federal awards to subrecipients during the year.

3. 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 \$34,759 and is reported in the Schedule of Expenditures of Federal Awards under the Department of Agriculture Commodities program, CFDA numbers 10.553 and 10.555. Commodities are recorded as revenues and expenditures in the food service fund.

4. Indirect Cost Rate

Indirect costs may be included in the reported expenditures, to the extent that they are included in the federal financial reports used as the source for the data presented. Certain of the District's federal award programs have been charged with indirect costs, based upon a rate established by the State of New Mexico, and the District has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance applied to overall expenditures. The District's indirect cost rate for the year was 5.08%

5. Matching Costs

Matching costs (the District's share of certain program costs) are not included in the reported expenditures. The basis of accounting varies by federal program consistent with the underlying regulations pertaining to each program. The amounts reported as federal expenditures were obtained from the federal financial reports for the applicable program and periods. The amounts reported in these reports are prepared from records maintained for each program, which are reconciled with the District's financial reporting system.

6. Insurance

No insurance is carried specifically to cover equipment purchased with federal funds. Any equipment purchased with federal funds has only a nominal value, and is covered by the District's casualty insurance policies.

7. Loan or Loan Guarantees

There were no loans or loan guarantees outstanding at year-end.

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

Total federal awards expended per Schedule of Expenditures of Federal Awards	\$ 1,584,437
Total expenditures funded by other sources	10,277,342
	11,861,779
Total expenditures	\$ 11,861,779

(1) Denotes Major Federal Financial Assistance Program

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

**STATE OF NEW MEXICO**  
**TUCUMCARI PUBLIC SCHOOLS**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

**Section I – Summary of Audit Results**

*Financial Statements:*

- |  |            |
|--|------------|
| 1. Type of auditor’s report issued   | Unmodified |
| 2. Internal control over financial reporting:                                    |            |
| a. Material weakness in internal control identified?                             | None noted |
| b. Significant deficiencies identified not considered to be material weaknesses? | None noted |
| c. Noncompliance material to financial statements noted?                         | None noted |

*Federal Awards:*

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

4. Identification of major programs:

CFDA Number	Federal Program
10.553 and 10.555 84.027 and 84.173	Child Nutrition Cluster Special Education Cluster (IDEA)

- |   |           |
|---|-----------|
| 5. Dollar threshold used to distinguish between type A and type B programs: | \$750,000 |
| 6. Auditee qualified as low-risk auditee?                                   | No        |

STATE OF NEW MEXICO  
TUCUMCARI PUBLIC SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2018

Schedule XI

**Section II – Financial Statement Findings**

None identified

STATE OF NEW MEXICO  
TUCUMCARI PUBLIC SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2018

Schedule XI

**Section III – Federal Award Findings**

**FA 2018-001 – Procurement and Suspension and Debarment (Significant Deficiency)**

**Federal Program Information:**

Funding Agency: USDA  
Title: National School Lunch and Breakfast Program  
CFDA Number: 10.553 & 10.555  
Passthrough: New Mexico Public Education Department  
Award Year: 2018

**Criteria:** Uniform Grant Guidance and 2 CFR Part 200 Subpart C and D:

**§200.213 Suspension and debarment.**

Non-federal entities are subject to the non-procurement debarment and suspension regulations implementing Executive Orders 12549 and 12689, 2 CFR part 180. These regulations restrict awards, sub awards, and contracts with certain parties that are debarred, suspended, or otherwise excluded from or ineligible for participation in Federal assistance programs or activities.

**§200.317 Procurements by states.**

When procuring property and services under a Federal award, a state must follow the same policies and procedures it uses for procurements from its non-Federal funds. The state will comply with §200.322 Procurement of recovered *materials* and ensure that every purchase order or other contract includes any clauses required by section §200.326 Contract provisions. All other non-Federal entities, including sub recipients of a state, will follow §§200.318 General procurement standards through 200.326 Contract provisions.

**§200.318 General procurement standards.**

(a) The non-Federal entity must use its own documented procurement procedures which reflect applicable State, local, and tribal laws and regulations, provided that the procurements conform to applicable Federal law and the standards identified in this part.

(b) Non-Federal entities must maintain oversight to ensure that contractors perform in accordance with the terms, conditions, and specifications of their contracts or purchase orders.

**APPENDIX II TO PART 200—CONTRACT PROVISIONS FOR NON-FEDERAL ENTITY CONTRACTS UNDER FEDERAL AWARDS**

In addition to other provisions required by the Federal agency or non-Federal entity, all contracts made by the non-Federal entity under the Federal award must contain provisions covering the following, as applicable.

(H) Debarment and Suspension (Executive Orders 12549 and 12689)—A contract award (see 2 CFR 180.220) must not be made to parties listed on the government-wide exclusions in the System for Award Management (SAM), in accordance with the OMB guidelines at 2 CFR 180 that implement Executive Orders 12549 (3 CFR part 1986 Comp., p. 189) and 12689 (3 CFR part 1989 Comp., p. 235), “Debarment and Suspension.” <https://www.sam.gov/portal/public/SAM/> SAM Exclusions contains the names of parties debarred, suspended, or otherwise excluded by agencies, as well as parties declared ineligible under statutory or regulatory authority other than Executive Order 12549.

**Condition:** During our testing of single audit disbursements, we identified one vendor which would meet the requirement of verifying that the vendor was not suspended or debarred or otherwise excluded from receiving the contract which was funded through Federal dollars. The vendor received more than \$25,000 in payments from the District from Federal grant sources. The vendor is not currently suspended or debarred from receiving Federal contracts; however, the District did not have proper internal controls in place to verify this prior to the purchase.

**Questioned Costs:** None

**Cause:** District personnel did not verify that vendors which meet the \$25,000 thresholds are not suspended, debarred, or otherwise excluded from participating in contracts funded through Federal awards due to a misunderstanding of staff personnel regarding this requirement.

**Effect:** The District is not in compliance with Federal regulations related to the grant and could put funding in jeopardy or require the District to reimburse the program for improper grant distributions.

STATE OF NEW MEXICO  
TUCUMCARI PUBLIC SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2018

Schedule XI

**Section III – Federal Award Findings**

**FA 2018-001 – Procurement and Suspension and Debarment (Significant Deficiency) (Continued)**

***Auditor's Recommendation:*** We recommend that the District establish a policy and implement procedures regarding large purchases related to Federal grants to insure that no vendors who are suspended, debarred, or otherwise excluded from participating in transactions funded through Federal grants is used. As identified above, there are several methods in which the District can verify vendors are not suspended or debarred. The District may have the vendor provide an annual certification that it is not currently suspended, debarred, or otherwise prevented from receiving Federal dollars. In other occasions in which a single purchase is going to be made, the purchasing procedures should include looking up the vendor on the GSA website, printing a copy of the verification, and placing it in the file with the purchase order. The District has options, and it should establish what method is the least intrusive but also effective in complying with the requirements of the Uniform Grant Guidance.

***Responsible Official's Plan:***

- Specific corrective action plan for finding:  
*The debarment and suspension statement has been sent with any new bid or RFP since July 1 of 2017. There will be a yearly statement sent to any multiyear contracted vendor. The debarment and suspension form is supposed to be gathered from the vendor when they sign their contract and it will be attached to the contract. The CPO will implement checking the <https://www.sam.gov/portal/publis/SAM> website as a double check on vendors also.*

Timeline for completion of corrective action plan:

*July 1, 2018*

- Employee position(s) responsible for meeting the timeline:  
*The Superintendent, Assistant Superintendent and the Chief Procurement Officer as they are the employees that are allowed to sign contracts.*

STATE OF NEW MEXICO  
TUCUMCARI PUBLIC SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2018

Schedule XI

**Section IV – Section 12-6-5 NMSA 1978 Findings**

**NM 2017-001 [FS 2013-003] [2013-03] – Purchase Orders and Payment Authorization (Compliance) Repeated and Revised**

**Criteria:** Per the New Mexico Manual of Procedures for Public School Accounting and Budgeting, Supplement 13 – Purchasing, “the preparation and execution of a duly authorized purchase order must precede the placement of any order for goods, services, or construction....For each individual purchase contract, a receiving document or other recording instrument (i.e., electronic) shall be present at the delivery site to record the delivery of items or service. Upon verifying and recording the receipt of all the items or services ordered, the receiving document or recording instrument shall be manually or electronically signed by authorized receiving personnel and processed for payment according to procedures established by school district or charter school boards’ of education local procedures.”

**13-1-157 NMSA 1978 Receipt; inspection; acceptance or rejection of deliveries.**

The using agency is responsible for inspecting and accepting or rejecting deliveries. The using agency shall determine whether the quantity is as specified in the purchase order or contract and whether the quality conforms to the specifications referred to or included in the purchase order or contract. If inspection reveals that the delivery does not conform to the quantity or quality specified in the purchase order or contract, the using agency shall immediately notify the central purchasing office. The central purchasing office shall notify the vendor that the delivery has been rejected and shall order the vendor to promptly make a satisfactory replacement or supplementary delivery. In case the vendor fails to comply, the central purchasing office shall have no obligation to pay for the nonconforming items of tangible personal property. If the delivery does conform to the quantity and quality specified in the purchase order or contract, the using agency shall certify to the central purchasing office that delivery has been completed and is satisfactory.

Additionally, [13-1-158 NMSA 1978](#) states:

**“No warrant, check or other negotiable instrument shall be issued in payment for any purchase of services, construction or items of tangible personal property unless the central purchasing office or the using agency certifies that the services, construction or items of tangible personal property have been received and meet specifications or unless prepayment is permitted under [Section 13-1-98](#) NMSA 1978 by exclusion of the purchase from the Procurement Code [ [13-1-28](#) NMSA 1978].”**

**Condition:** During our testing of individually significant we noted the following instances in which proper procedures were not followed:

- In 10 of 31 items tested there was no receiving documentation to verify goods and services were received by the district. The amount of these purchases ranged from \$36,835.36 to \$71,565.97

During our testing of regular disbursement we noted the following instances in which proper procedures were not followed:

- In 1 of 25 items tested there was no receiving documentation to verify goods and or services were received by the schools. The value of these purchased were:
  - \$47,939.65

In the prior year’s audit there was four instances in which the PO was created after the fact and four instances in which there was no receiving documentation.

During our testing of activity disbursements we noted the following instances in which proper procedures were not followed:

- In 4 of 25 items tested goods and or services were purchased before the approval of a purchase order
  - An invoice of \$4,410.80 was dated 1/19/18 and the purchase order was authorized 1/25/18
  - An invoice of \$58.00 was dated 3/16/18 and the purchase order was authorized 4/10/18
  - An invoice for \$242.52 was dated 10/2/17 the purchase order was authorized 10/3/17
  - An invoice for \$257.00 was dated 9/20/17 the purchase order was authorized 9/21/17
- In 1 of 25 items tested there was no invoice to verify if goods and services were purchased prior to the creation of a purchase order and the quantity and price paid for goods and or services was appropriate. The purchase amount was \$135.00.

STATE OF NEW MEXICO  
TUCUMCARI PUBLIC SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2018

Schedule XI

**Section IV – Section 12-6-5 NMSA 1978 Findings (Continued)**

**NM 2017-001 [FS 2013-003] – Purchase Orders and Payment Authorization (Compliance) Repeated and Revised (Continued)**

- In 3 of 25 items tested there was no receiving documentation to verify good and or services were received. The value of these goods and or services were
  - \$61.58
  - \$94.25
  - \$135

In the previous year's audit there were four instances in which goods and or services were purchased prior to the authorization of a purchase order.

During our review of single audit disbursements we noted the following instances in which proper procedures were not followed:

- In 7 of 50 items reviewed the District did not have receiving documents to confirm the receipt of goods and or services.

**Cause:** District personnel have not followed state guidelines or internal procedures in the payment of services. Policy clearly states that the District must have a signed purchase order in place prior to receiving goods and or services and that there is a receiving document to verify goods and services are received.

**Effect:** Internal control over expenditures and the ability of responsible parties to appropriately monitor budgets for which they bear responsibility may be compromised. Not being in compliance with these requirements places the District and the Board at risk for fraud or misuse of public funds

**Auditor's Recommendation:** We recommend that all personnel be reminded of, or trained in, District and state policy in regards to payment of goods, services, or construction. All District personnel need to be aware that a purchase order must be approved prior to the purchase of goods and services and that all goods and services should be signed for indicating when items were received and by whom.

**Responsible Official's Plan:**

- Specific corrective action plan for finding:
  - 1<sup>st</sup> and 2<sup>nd</sup> bullet—All of the checks listed were for Cafeteria. The cafeteria had not signed off on the receipt of goods. They are now signing each of the receipts.*
  - Bullet 3 and 4 and 5—Activities—THS office staff will continue to cross-train staff to be able to complete purchase orders and requisitions correctly. All paper work will be completed and verified for correct information before being processed.*
  - Teachers and staff will have training in the process of making purchases and be reminded of how each step must be completed in the proper order.*
- Timeline for completion of corrective action plan:
  - 1<sup>st</sup> and 2<sup>nd</sup> bullet—July 1, 2018 the receipts were being signed.*
  - Bullet 3, 4, and 5—The two HS building secretaries will utilize a Friday in October of 2018 to cross-train on the process of completing purchase orders and requisitions. This will provide the school with coverage if one person should be gone from the school.*
- Employee position(s) responsible for meeting the timeline:
  - 1<sup>st</sup> and 2<sup>nd</sup> bullet—Cafeteria Staff*
  - Bullet 3, 4, 5—School Principals and Secretaries*

**Section IV – Section 12-6-5 NMSA 1978 Findings (Continued)**

**NM 2017-003 Improper Cash Receiving and Depositing (Compliance) Repeated and Revised**

**Criteria:** NMAC 6.20.2.14 1978:

A. School districts shall establish and maintain a cash management program to safeguard cash and provide prompt and accurate reporting that adheres to cash management requirements of the office of management and budget (OMB) Circular A-102, and applicable state and federal laws and regulations.

B. **The school district shall issue a factory pre-numbered receipt for all money received.** Pre-numbered receipts are to be controlled and secured. If a receipt is voided, all copies shall be marked "VOID" and retained in the receipt book.

C. **Money received and receipted shall be deposited in the bank within twenty-four (24) hours or one banking day.** If the distance to the bank is considerable, or the cash collection is limited to small amounts and/or low volume and it is impractical to meet the twenty-four hour/one banking day requirement, the local board may request approval from the department for an alternative plan. The bank deposit slip shall have the numbers from applicable receipts entered on it or attached as a reference.

D. A cash receipts journal is to be used for each fiscal year beginning July 1 and ending June 30, and is to be presented to the school district's auditor during the annual audit.

**Condition:** During our review of activity cash receipts we noted the following instances where proper procedures were not followed.

- In 2 of 25 items reviewed deposits were not deposited within 24 hours of receipt of the funds.
  - \$20.00 was received on 9/10/17 and was deposited on 9/13/17
  - \$20.00 was received on 11/13/17 and was deposited on 11/15/17

The District has made improvement from the previous year. In the previous year, there were 10 instances in which there was no receipt written and there were 11 instances in which deposits were not made within 24 hours of receipt.

**Cause:** The staff of the District did not deposit the funds within 24 hours after receipt. Proper procedures relating to cash receipts were not followed.

**Effect:** Non-adherence to state statutes places the District in noncompliance and lack of timeliness of deposits and proper receipt documentation could subject the District to a possible occurrence of fraud.

**Auditors' Recommendations:** We recommend that the District emphasize the importance of timely deposits of receipts and monitor receipts more closely in order to be compliant with state statutes. The District should cross-train employees so that more than one individual is able to make deposits to ensure timely deposits are possible. Additionally, those individuals who supervise fundraising activities for the students should be trained in the procedures which are required to follow state and District policies.

**Responsible Official's View:**

- Specific corrective action plan for finding:  
*The Sponsors of the activity accounts will be reminded on the importance of turning in money as received and not waiting.*
- Timeline for completion of corrective action plan:  
*Beginning of school August 2018*
- Employee position(s) responsible for meeting the timeline:  
*School Principal*



STATE OF NEW MEXICO  
TUCUMCARI PUBLIC SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2018

Schedule XI

**Section IV – Section 12-6-5 NMSA 1978 Findings (Continued)**

**NM 2017-005 [2010-02] – Budgetary Controls (Compliance) Repeated**

**Criteria:** According to 22-8-11 B. NMSA 1978:

B. No School district or state-chartered school or officer or employee of a school district or state-chartered school shall make any expenditure or incur any obligation for the expenditure of public funds unless that expenditure or obligation is made in accordance with an operating budget approved by the department. This prohibition does not prohibit the transfer of funds pursuant to the department's rules and procedures.

**Condition:** The District did not have an approved budget for the 2017-2018 fiscal year for Pre-K Initiative. However, the District expended \$71,200 from this fund, \$58,543 in the Instruction function and \$11,657 in the Student Transportation function.

This condition existed in the prior year and will continue to exist as long as the District is given approval to spend these funds or until the State changes the way in which it records and budgets these funds as is described below.

This is not an oversight or an error on the part of the District as all other funds are budgeted and expended within the confines of the statute. The District is in a catch-22 and must violate the budgeting statute in order to expend the funds legally allocated to them.

In the prior year the District had the same issue as well as one expenditure in excess of budget of \$8 related to tax receipt collection fees.

**Cause:** The District did not obtain a budget from the Public Education Department even though the District received an award. The District received \$98,103 from the Public Education Department for this fund during the 2016-2017 budget year, \$19,792 for prior year expenditures and \$78,311 for current year expenditures.

The District receives these funds from a Regional Educational Cooperative (REC) which has been established by the State. However, these funds are budgeted at the REC and not at the District. The District has full rights to expend these funds and follow through on the program. The State does not want to show two separate entities budgeting and expending the same funds, so it only allows the REC to budget the funds but then distribute them to member districts where they are actually spent in accordance with the requirements of the fund. This finding cannot be corrected until the State changes how it allows districts to budget these funds from the REC.

**Effect:** The internal controls established by adherence to budgets have been compromised, and excess spending could, and did, result. In addition, New Mexico statutes have been violated. However, there is no way to administer the program and expend the funds allocated to the District without violating the statute. Until the State changes the method it accounts for these types of funds administered through an REC, the member districts will be in violation of the statute, and there is nothing they can do to avoid non-compliance.

**Auditor's Recommendation:** We recommend that the District continue to bring this to the attention of the State that its own requirements on how these funds are budgeted and expended from an REC will result in a finding for legally expending funds. This finding should exist for every district which expends these types of funds which are distributed through an REC. We also recommend that the District attempt to budget an excess amount in the General Administration sub-function so that unexpected tax receipts don't cause a budget finding.

STATE OF NEW MEXICO  
TUCUMCARI PUBLIC SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2018

Schedule XI

**Section IV – Section 12-6-5 NMSA 1978 Findings (Continued)**

**NM 2017-005 [2010-02] – Budgetary Controls (Compliance) Repeated**

***Responsible Official's Plan:***

- Specific corrective action plan for finding:  
*Business Manager has not been given a way to fix this*
  
- Timeline for completion of corrective action plan:  
*Dependent on State changing procedures*
  
- Employee position(s) responsible for meeting the timeline:  
*None*

**Section IV – Section 12-6-5 NMSA 1978 Findings (Continued)**

**NM 2018-001 – Improper Reimbursement of Travel Expense (Compliance)**

**Criteria: 2.42.2.9 NMAC 1978: REIMBURSEMENT OF ACTUAL EXPENSES IN LIEU OF PER DIEM RATES:**

A. **Applicability:** Upon written request of a public officer or an employee, agency heads may grant written approval for a public officer or employee of that agency or local public body to be reimbursed actual expenses in lieu of the per diem rate where overnight travel is required.

B. **Overnight travel:** For overnight travel for state officers and employees where overnight lodging is required, the public officer or employee will be reimbursed as follows:

(1) **Actual reimbursement for lodging:** A public officer or an employee may elect to be reimbursed actual expenses for lodging not exceeding the single occupancy room charge (including tax) in lieu of the per diem rate set forth in this Section. Whenever possible, public officers and employees should stay in hotels which offer government rates. Agencies, public officers or employees who incur lodging expenses in excess of \$215.00 per night must obtain the signature of the agency head or chairperson of the governing board on the travel voucher prior to requesting reimbursement and on the encumbering document at the time of encumbering the expenditure.

(2) **Actual reimbursement for meals: Actual expenses for meals are limited by Section 10-8-4(K)(2) NMSA 1978 (1995 Repl. Pamp.) to a maximum of \$30.00 for in-state travel and \$45.00 for out-of-state travel for a 24-hour period.**

(3) **Receipts required:** The public officer or employee must submit receipts for the actual meal and lodging expenses incurred. Under circumstances where the loss of receipts would create a hardship, an affidavit from the officer or employee attesting to the expenses may be substituted for actual receipts. The affidavit must accompany the travel voucher and include the signature of the agency head or governing board. See Appendix B for a sample affidavit.

C. **Return from overnight travel: On the last day of travel when overnight lodging is no longer required, partial day reimbursement shall be made.** To calculate the number of hours in the partial day, begin with the time the traveler initially departed on the travel. Divide the total number of hours traveled by 24. The hours remaining constitute the partial day which shall be reimbursed as follows:

- (1) for less than 2 hours, none;
- (2) for 2 hours but less than 6 hours, \$12.00;
- (3) **for 6 hours or more, but less than 12 hours, \$20.00;**
- (4) for 12 hours or more, \$30.00;
- (5) no reimbursement for actual expenses will be granted in lieu of partial day per diem rates.

**Condition:** During our review of travel and per diem we noted the following instances in which proper procedures were not followed:

- In 4 of 25 items tested the District did not reimburse the employee the proper amount.
  - An employee traveled to Albuquerque by private vehicle. The District approved reimbursement for that trip is 346 miles. The employee was paid for 352 miles resulting in an overpayment of \$2.58.
  - An employee was traveling for one 24 hour period and an additional 6.5 hours. The employee should have been reimbursed \$33.27 but was paid \$22.16. On the last day the employee was paid actuals in the amount of \$8.89 instead of the partial day per diem amount of \$20.00.
  - An employee traveled overnight but was gone for less than 24 hours. The employee should have only been paid actuals not to exceed \$30.00.
  - An employee had \$115.29 in reimbursable meal expenses but was only reimbursed \$99.26 due to a data entry error.
- The board president should authorize and sign off on the superintendent's travel. The superintendent made a trip to Clovis in a personal vehicle and approved and signed off on his own travel reimbursement. The amount of the reimbursement was \$36.55.

In the prior year's audit there were no findings related to travel.

**Cause:** The District did not properly calculate the reimbursement rate for travel and per diem and meal expenses.

STATE OF NEW MEXICO  
TUCUMCARI PUBLIC SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2018

Schedule XI

**Section IV – Section 12-6-5 NMSA 1978 Findings (Continued)**

**NM 2018-001 – Improper Reimbursement of Travel Expense (Compliance) (Continued)**

*Effect:* The District did not fully reimburse one employee for qualified travel expenses while other employee was paid too much on their travel expenses. Employees were not reimbursed at the District and State mandated rates. There is no oversight of the superintendent's travel by the board.

*Auditor's Recommendation:* We recommend that management ensure that they are reimbursing employees properly for qualified expenses and ensure that policies are consistent for all employees. The superintendent or an immediate supervisor must approve travel reimbursements for district employees. The school board should likewise approve the superintendent's travel reimbursement.

***Responsible Official's View:***

- Specific corrective action plan for finding:  
*To correct the Superintendent's travel reimbursement for using his own vehicle –The Superintendent is going to request the Board approve personal travel reimbursement in June of each year for the next school year. The Superintendent will have to turn in a travel voucher that has been signed off on by the Assist Supt for each trip and the Business Office will also review before a check is written. When the Supt uses his own pickup for travel it has always been to pick up something or deliver something that does not fit in a suburban. The reason for travel will be listed on the travel voucher.*

*To correct the employee reimbursements—the person doing the calculations will highlight the numbers being used and then the Business Mgr. will check to see if they agree with the numbers before the check is cut. At any time the employee is allowed to question their payments for revision and the amounts will be reviewed. Most times the employee puts the \$ to be used.*

*As for the per diem payment vs the actual payment for time over the 24 hours—Tucumcari is a rural community. It is 1.5 to 2.5 hours away from a Walmart or major shopping area. Because of this, employees are allowed to do their necessary errands when in the shopping area and they may not immediately return to Tucumcari. The district has allowed this practice and employees have been allowed a meal or snack, whatever they want during this time frame based on the 2, 6 or 12 hour time frame. If the district paid out the actual hourly expense it would create a burden on our travel budget each year because of the distance traveled for most professional development. Tucumcari Schools will continue this practice until a shopping metroplex is built in Tucumcari.*

- Timeline for completion of corrective action plan:  
*A request from the Superintendent to approve his use of his personal vehicle will be presented at the October 2018 Board meeting.*

*July 1, 2018 amounts have been highlighted for reimbursements*

- Employee position(s) responsible for meeting the timeline:  
*Superintendent, Business Manager, Assistant Business Manager, and any employee turning in a form for reimbursement.*

**STATE OF NEW MEXICO**  
**TUCUMCARI PUBLIC SCHOOLS**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

Schedule XI

**Section V – Prior Year Audit Finding**

**Financial Statement Findings**

None

**Federal Awards Findings**

FA 2017-001 – Improper Cost Allocation – Resolved

**Section 12-6-5 NMSA Findings**

NM 2017-001 [FS 2013-003] [2013-03] – Purchase Orders and Payment Authorization – Repeated and Revised

NM 2017-002 [FS2014-003] – Background Checks and Licensing –Resolved

NM 2017-003 [FS 2014-005] – Improper Cash Receiving and Depositing – Repeated and Revised

NM 2017-004 – Failure to Award Statutory Preferences – Resolved

NM 2017-005 [2010-02] – Budgetary Controls –Repeated

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**UNAUDITED SUPPLEMENTAL INFORMATION**



# Tucumcari Public Schools

700 W Amarosa • P.O. Box 1046  
Tucumcari, New Mexico 88401

Ph. 575.461.3910  
Fax 575.461.3554

To: Federal Audit Clearinghouse

RE: Summary Schedule of Prior Audit Findings  
Corrective Action Plan for Current Year Audit Findings

*Schedule of Findings and Questioned Cost for year ended June 30, 2016*

## RESOLVED

FS 2014-001—Improper Recording of Journal Entries  
FS 2014-002—Payroll Documentation of I-9s  
FS 2014-010—Insufficient Pledged Collateral  
FS 2015-002—Segregation of Duties  
FS 2015-003—Insufficient Documentation for Mileage Reimbursement  
FS 2015-004—Improper Purchase of High Grade Fuel  
FS 2015-005—Cash Appropriation in Excess of Available Cash Balances

## Repeat and New Findings for 2016

### **FS 2010-002—Budgetary Controls**

Tucumcari Schools does not have Budget authority for the Pre School grant used as it is funded through the REC. This finding continues to be brought to the States attention at every Quarterly Report stating that this is budgeted for information purposes only.

We are funded through the REC which has permission to budget the dollars but Tucumcari Schools spends the money and asks for reimbursement from the REC. Tucumcari has to have a budget showing expenditures to be reimbursed and because of that the Business Manager has no other option than to put the information in the Visions accounting to keep up with reimbursements and expenses. This is not a finding the school can correct. The finding must be addressed by the State before it can be fixed.

### **FS 2013-003—Purchase Orders and Payment Authorization**

HS Secretary PO for Referees and Maintenance Workers purchases without a PO

An Open PO has been created by the Business Mgr to cover any referee that is changed or added at the last minute by the AD. Maintenance workers have been instructed by the Business Mgr and their supervisor to not purchase anything



without a PO in hand. Local vendors have been asked not to charge anything unless they have a current PO in place.

School Activity accounts not having receiving documentation and quotes when needed

Business Mgr continues to train on purchase procedures. At the HS a letter of Corrective Action will be given to sponsor/worker when breach of procedures has been found.

#### **FS 2014-003—Background Checks and Licensing**

##### **No Background Check**

The Admin Assist to the Superintendent neglected to review all files for background checks. The Supt Admin Assistant has been asked to make sure the three files missing FBI checks have been cleaned up before August. One left the district, another came back as part time and has been printed, and the third has gotten their prints done again.

#### **FS 2014-005—Timeliness of Deposits**

Money not being deposited within 24 hours at schools, receipts not signed at schools

The secretaries at the schools have been instructed along with their principals to have money deposited within 24 hours whether the secretaries do it or their back up does it. Copies of checks are being made and attached to deposit information for reference.

#### **FS 2015-001—Failure to Follow Statutory Bid-RFP Procedures**

CPO did not monitor the contracts and requisitions sufficiently

The CPO has been advised by the Auditor and the Business Mgr to be more detailed oriented and be cognizant of all the Purchasing rules she is supposed to follow.

#### **FS 2016-001—Improper Recording and Maintenance of Fixed Assets and Warehouse Inventory**

Transportation Dept. not changing costs on items, Physical verifying of Assets not being done

The CPO must get the Fixed Asset inventory up to date and the Transportation Dept. must pay attention to first in and first out on their supplies they keep on hand.

### **Federal Award Findings for 2016**

#### **RESOLVED**

**FA 2014-002—Improper Recording of Goods and Services**

**No New or Repeated Federal Findings for 2016**

*Schedule of Findings and Questioned Cost for year ended June 30, 2017*

**RESOLVED**

**FS 2015-001**—Failure to Follow Statutory Bid-RFP Procedures

**FS 2016-001**—Improper Recording and Maintenance of Fixed Assets and Warehouse Inventory

**Repeat and New Findings for 2017**

**Repeat Findings and are now listed as NM findings for 2017**

**NM 2017-001 Was FS 2013-003—Purchase Orders and Payment Authorization**

Activity accounts at the schools continue to not have PO's in place before purchases are made. Receiving documentation was not attached to payments.

The principals and the secretaries at the schools are made aware of the people who are causing the problems with making purchases without a PO. The secretaries at the schools are not the ones creating the problems; it is the sponsors of the different activities. The principals are the ones in charge of the activity accounts and at the beginning of every year the principals are asked to make sure their sponsors have training on how to operate their activities. Until the people doing the infractions are made accountable for their purchases this will continue. The secretaries are instructed each year as to what is supposed to be attached to payments. If a packing slip is not included then they are supposed to make a copy of the PO and write what was received and sign and date. This should be corrected before the end of the school year 17/18.

**NM 2017-002 Was FS 2014-003—Background Checks and Licensing**

**No Background Check**

The previous year there were three files with no background check. Those were resolved. This year's audit had two more files pulled with no background check. The previous Admin Assistant to the superintendent, neglected to review all files. She is no longer with the district and the new Admin Assist is aware of the problem and is working on reviewing all files for all information, background checks, license, etc. She is creating a Table of Contents for all files to be set up alike in hopes that all information will be collected and maintained.

**NM 2017-003 Was FS 2014-005—Improper Cash Receiving and Depositing**

Money not being deposited within 24 hours and no receipts being issued Secretaries at the schools have been instructed along with their principals to have money deposited within 24 hours whether the secretaries do it or their back up. NO excuses. It is the principal's job to make sure their teachers are turning money in timely to the secretaries when fundraising. This process is addressed at the beginning of every year with the secretaries and principals.

### **Receipts not issued**

Three part receipts are available to the secretaries for their staff to use for their fundraising. At the beginning of every school year the schools are made aware that it is their job to make sure receipts are given and attached to deposits.

### **NM 2017-004—Failure to Award Statutory Preference**

The scoring for a bid did not include the resident contractor's points that are granted by New Mexico.

The Chief Procurement Officer has created a checklist to be used for all bids beginning with the 17/18 school year. This checklist will be referenced for each bid so all points are awarded.

### **NM 2017-005 Was 2010-02—Budgetary Controls**

Tucumcari Schools does not have Budget authority for the Pre School grant used as it is funded through the REC. This finding continues to be brought to the States attention at every Quarterly Report stating that this is budgeted for information purposes only.

We are funded through the REC which has permission to budget the dollars but Tucumcari Schools spends the money and asks for reimbursement from the REC. Tucumcari has to have a budget showing expenditures to be reimbursed and because of that the Business Manager has no other option than to put the information in the Visions accounting to keep up with reimbursements and expenses. This is not a finding the school can correct. The finding must be addressed by the State before it can be fixed.

## **Federal Award Findings for 2017**

### **FA 2017-001—Improper Cost Allocation**

Money spent for audit did not match the quote on the bid. The audit bid allocated 2,500.00 for the cost of the Federal Single Audit. When the PO's were done for the year that amount was not put in for Title 1. The PO for the audit payment has been adjusted by the Business Mgr. to reflect the amount charged to Title 1 and for other federal single audits at \$2,500.00.

*Schedule of Findings and Questioned Cost for year ended June 30, 2018*

**RESOLVED**

NM 2017-002 Was FS 2014-003—Background Checks and Licensing  
NM 2017-004—Failure to Award Statutory Preference

**Repeat and New Findings for 2018**

**NM 2017-001 Was FS 2013-003—Purchase Orders and Payment Authorization**

Activity accounts at the schools continue to not have PO's in place before purchases are made. Receiving documentation was not attached to payments. Cafeteria Staff not signing off on receipt of goods. Cross training is a priority for the HS office staff. Teachers and staff will continue to be trained on proper procedures. Cafeteria Staff trained on proper procedures. A Friday in Oct of 2018 is going to be training for the secretarial staff. The Cafeteria staff has been signing receipts.

**NM 2017-003 Was FS 2014-005—Improper Cash Receiving and Depositing**

Money is not being deposited in the bank at the HS within 24 hours because the sponsors of the activity accounts are not turning the money in timely. This is addressed every year at the beginning of the school year.

**NM 2017-005 Was 2010-02—Budgetary Controls**

Tucumcari Schools does not have Budget authority for the Pre School grant used as it is funded through the REC. This finding continues to be brought to the States attention at every Quarterly Report stating that this is budgeted for information purposes only. We are funded through the REC which has permission to budget the dollars but Tucumcari Schools spends the money and asks for reimbursement from the REC. Tucumcari has to have a budget showing expenditures to be reimbursed and because of that the Business Manager has no other option than to put the information in the Visions accounting to keep up with reimbursements and expenses. This is not a finding the school can correct. The finding must be addressed by the State before it can be fixed.

**NM 2018-001—Improper Reimbursement of Travel Expense**

The District did not properly calculate the reimbursement rate for travel and periderm and meal expenses. The Superintendent will request permission at the June Board meetings to be approved for reimbursement of mileage when he has to use his own vehicle. The calculations for the reimbursements of travel will be highlighted and the Business Mgr will review the dollar amounts. The reimbursement for actual payment over the 24 hours will continue to be done as the district has always done because of the rural proximity to shopping.

## **Federal Award Findings for 2018**

### **RESOLVED**

#### **FA 2017-001—Improper Cost Allocation**

No Repeated Federal Findings for 2018

### **New FA Findings for 2018**

#### **FA 2018-001—Procurement and Suspension and Debarment**

The CPO did not verify that vendors which meet the \$25,000.00 thresholds are not suspended, debarred, or otherwise excluded from participating in contracts. The proper paperwork will be sent with all contracts as of July 1, 2018.

**STATE OF NEW MEXICO**  
**TUCUMCARI PUBLIC SCHOOLS**  
**OTHER DISCLOSURES**  
**FOR THE YEAR ENDED JUNE 30, 2018**

**Auditor Prepared Financial Statements**

Manning Accounting and Consulting Services, LLC prepared the GAAP-basis financial statements and footnotes of Tukumcari Public Schools from the original books and records provided to them by the management of the District. The District's management has reviewed and approved the financial statements and related notes and they believe that their records adequately support the financial statements. The responsibility for the financial statements remains with the District.

**Exit Conference**

The contents of this report were discussed on October 18, 2018. The following individuals were in attendance.

Tukumcari Public Schools

Aaron McKinney - Superintendent  
David Johnson – Assistant Superintendent  
Corinne Hayes – Board Secretary  
Leola Patterson – Business Manager  
Janet Sanchez – Assistant Business Manager

Manning Accounting and Consulting Services, LLC

Byron R. Manning, CPA, Managing Partner  
Chris Manning, Staff Accountant