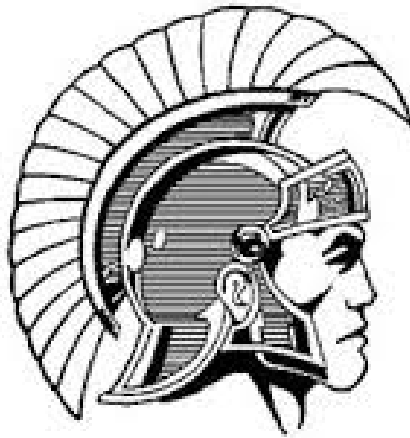


STATE OF NEW MEXICO
WAGON MOUND PUBLIC SCHOOLS

TROJANS



ANNUAL FINANCIAL REPORT

JUNE 30, 2018



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INTRODUCTORY SECTION

STATE OF NEW MEXICO
WAGON MOUND PUBLIC SCHOOLS
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FOR THE YEAR ENDED JUNE 30, 2018

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

<u>Name</u>		<u>Title</u>
	<u>School Board</u>	
Tony Rubin		Chairman
Andres Martinez		Vice-Chairman
Sonia Cruz-Olguin		Secretary
Thomas Herrera		Member
Eldie Cruz		Member
	<u>District Officials</u>	
Anita Romero		Interim Superintendent
Teresa Casias		Business Manager

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FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

Wayne Johnson, New Mexico State Auditor
The Office of Management and Budget
And the Board of Education of
Wagon Mound Public Schools
Wagon Mound, 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 Wagon Mound 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, and accordingly, no such opinion is expressed.

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

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

Opinions

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

Accounting principles generally accepted in the United States of America requires the Schedules I through IV and the notes to the Required Supplementary Information on pages 50 through 54 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 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.

Schedules V through IX on pages 77 through 85 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, 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 i through iii 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 16, 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 16, 2018

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BASIC FINANCIAL STATEMENTS

STATE OF NEW MEXICO
WAGON MOUND PUBLIC SCHOOLS
STATEMENT OF NET POSITION
JUNE 30, 2018

Exhibit A-1

	<u>Governmental Activities</u>
ASSETS	
<i>Current Assets</i>	
Cash and temporary investments	\$ 433,989
Receivables (net of allowance for uncollectibles)	132,641
Inventory	1,215
<i>Total current assets</i>	<u>567,845</u>
<i>Noncurrent assets</i>	
Restricted cash	17,867
Capital assets (net of accumulated depreciation):	
Land and land improvements	873,087
Buildings and building improvements	10,206,129
Furniture, fixtures and equipment	730,750
Less: accumulated depreciation	<u>(7,679,645)</u>
<i>Total noncurrent assets</i>	<u>4,148,188</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows - pensions	1,581,360
Deferred outflows - other post-employment benefits	24,676
<i>Total deferred outflows</i>	<u>1,606,036</u>
<i>Total assets and deferred outflows of resources</i>	<u>\$ 6,322,069</u>
LIABILITIES	
<i>Current liabilities</i>	
Accounts payable	\$ 13,062
Accrued payroll liabilities	236,547
Accrued interest payable	6,010
Current maturities of:	
Bonds payable	80,000
Compensated absences	6,332
<i>Total current liabilities</i>	<u>341,951</u>
<i>Noncurrent liabilities:</i>	
Bonds payable	800,000
Compensated absences	14,484
Net pension liability	4,797,684
Net other post-employment benefits liability	1,304,215
<i>Total noncurrent liabilities</i>	<u>6,916,383</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows - pensions	86,663
Deferred inflows - other post-employment benefits	296,836
<i>Total deferred inflows</i>	<u>383,499</u>
NET POSITION	
Invested in capital assets	3,250,321
Restricted for:	
Debt service	26,663
Capital projects	112,854
Other purposes - special revenue	30,142
Unrestricted	<u>(4,739,744)</u>
<i>Total net position</i>	<u>(1,319,764)</u>
<i>Total liabilities, deferred inflows of resources, and net position</i>	<u>\$ 6,322,069</u>

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

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

Exhibit A-2

<u>Functions/Programs</u>	<u>Program Revenues</u>				Net (Expenses) Revenues and Changes in Net Position
	<u>Expenses</u>	<u>Charges for Service</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Primary Government					
Governmental activities:					
Instruction	\$ 1,489,928	\$ 8,505	\$ 286,918	\$ -	\$ (1,194,505)
Support services:					
Students	168,207	-	-	-	(168,207)
Instruction	31,628	-	6,175	-	(25,453)
General administration	463,600	-	-	-	(463,600)
School administration	116,047	-	-	-	(116,047)
Other	42,500	-	-	-	(42,500)
Central services	233,415	4,990	-	-	(228,425)
Operation & maintenance of plant	300,668	-	1,635	-	(299,033)
Student transportation	129,096	-	116,191	-	(12,905)
Food services operations	143,446	3,894	55,178	-	(84,374)
Community services	-	-	-	-	-
Interest on long-term debt	32,513	-	-	-	(32,513)
Facilities materials, supplies, & other services	464,877	-	-	-	(464,877)
Total Primary Government	<u>\$ 3,615,925</u>	<u>\$ 17,389</u>	<u>\$ 466,097</u>	<u>\$ -</u>	<u>(3,132,439)</u>

General Revenues:

Property taxes:	
Levied for general purposes	15,277
Levied for debt service	118,435
Levied for capital projects	67,827
State Equalization Guarantee	925,392
Emergency supplemental	550,000
Loss on disposal of fixed assets	(834)
Miscellaneous	588,543
Total general revenues	<u>2,264,640</u>
Change in net position	<u>(867,799)</u>
Net position - beginning of year	1,097,237
Restatement - change in accounting principle	<u>(1,549,202)</u>
Net position - beginning of year, restated	<u>(451,965)</u>
Net position - end of year	<u>\$ (1,319,764)</u>

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

STATE OF NEW MEXICO
WAGON MOUND PUBLIC SCHOOLS
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2018

Exhibit B-1

	General Fund			Special Revenue
	Operational 11000	Transportation 13000	Instructional Materials 14000	Title I IASA 24101
ASSETS				
<i>Current assets:</i>				
Cash and temporary investments	\$ 145,923	\$ 16,721	\$ 1,140	\$ -
Accounts receivable				
Taxes	1,073	-	-	-
Due from other governments	13,045	-	-	54,370
Interfund receivables	195,012	-	-	-
Inventory	-	-	-	-
<i>Total assets</i>	<u>355,053</u>	<u>16,721</u>	<u>1,140</u>	<u>54,370</u>
LIABILITIES				
<i>Current liabilities:</i>				
Accounts payable	5,176	-	-	-
Accrued payroll liabilities	191,275	11,518	-	10,830
Interfund payables	-	-	-	43,682
<i>Total liabilities</i>	<u>196,451</u>	<u>11,518</u>	<u>-</u>	<u>54,512</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues - property taxes	1,027	-	-	-
<i>Total deferred inflows of resources</i>	<u>1,027</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted for:				
Transportation	-	5,203	-	-
Instructional materials	-	-	739	-
Grant mandates	-	-	-	-
Capital projects	-	-	-	-
Debt service	-	-	-	-
Assigned	61,947	-	401	-
Unassigned	95,628	-	-	(142)
<i>Total fund balances</i>	<u>157,575</u>	<u>5,203</u>	<u>1,140</u>	<u>(142)</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 355,053</u>	<u>\$ 16,721</u>	<u>\$ 1,140</u>	<u>\$ 54,370</u>

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

STATE OF NEW MEXICO
WAGON MOUND PUBLIC SCHOOLS
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2018

Exhibit B-1

	<u>Capital Projects</u>			<u>Total Primary Government</u>
	<u>Capital Improvements SB-9 (Local) 31701</u>	<u>Educational Technology Equipment Act 31900</u>	<u>Other Governmental Funds</u>	
ASSETS				
<i>Current assets:</i>				
Cash and temporary investments	\$ 134,713	\$ -	\$ 153,359	\$ 451,856
Accounts receivable				
Taxes	5,178	-	8,796	15,047
Due from other governments	-	-	50,179	117,594
Interfund receivables	-	-	-	195,012
Inventory	-	-	1,215	1,215
<i>Total assets</i>	<u>139,891</u>	<u>-</u>	<u>213,549</u>	<u>780,724</u>
LIABILITIES				
<i>Current liabilities:</i>				
Accounts payable	-	-	7,886	13,062
Accrued payroll liabilities	-	-	22,924	236,547
Interfund payables	-	109,432	41,898	195,012
<i>Total liabilities</i>	<u>-</u>	<u>109,432</u>	<u>72,708</u>	<u>444,621</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues - property taxes	4,920	-	8,359	14,306
<i>Total deferred inflows of resources</i>	<u>4,920</u>	<u>-</u>	<u>8,359</u>	<u>14,306</u>
FUND BALANCES				
Nonspendable	-	-	1,215	1,215
Restricted for:				
Transportation	-	-		5,203
Instructional materials	-	-		739
Grant mandates	-	-	7,749	7,749
Capital projects	72,454	-	86,829	159,283
Debt service	-	-	8,266	8,266
Assigned	62,517	-	43,770	168,635
Unassigned	-	(109,432)	(15,347)	(29,293)
<i>Total fund balances</i>	<u>134,971</u>	<u>(109,432)</u>	<u>132,482</u>	<u>321,797</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 139,891</u>	<u>\$ -</u>	<u>\$ 213,549</u>	<u>\$ 780,724</u>

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

STATE OF NEW MEXICO
WAGON MOUND 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	\$ 321,797
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
The cost of capital assets is	11,809,966
Accumulated depreciation is	(7,679,645)
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	14,306
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	1,581,360
Deferred outflows of resources - other post-employment benefits	24,676.00
Deferred inflows of resources - pensions	(86,663)
Deferred inflows of resources - other post-employment benefits	(296,836)
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	(6,010)
Bonds payable	(880,000)
Accrued compensated absences	(20,816)
Net pension liability	(4,797,684)
Net other post-employment benefits liability	(1,304,215)
Total net position - governmental activities	\$ (1,319,764)

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

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

	General Fund			Special Revenue
	Operational 11000	Transportation 13000	Instructional Materials 14000	Title I IASA 24101
<i>Revenues:</i>				
Property taxes	\$ 14,250	\$ -	\$ -	\$ -
State grants	2,025,392	116,191	2,121	-
Federal grants	4,884	-	-	123,419
Miscellaneous	19,387	-	-	-
Charges for services	4,990	-	-	-
Investment income	-	-	-	-
<i>Total revenues</i>	<u>2,068,903</u>	<u>116,191</u>	<u>2,121</u>	<u>123,419</u>
<i>Expenditures:</i>				
Current:				
Instruction	835,707	-	3,717	81,376
Support services				
Students	128,080	-	-	-
Instruction	19,582	-	-	-
General administration	366,964	-	-	8,200
School administration	67,667	-	-	15,986
Central services	179,164	-	-	-
Operation & maintenance of plant	262,613	-	-	-
Student transportation	-	110,988	-	-
Other support services	42,500	-	-	-
Food services operations	55,128	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>1,957,405</u>	<u>110,988</u>	<u>3,717</u>	<u>105,562</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>111,498</u>	<u>5,203</u>	<u>(1,596)</u>	<u>17,857</u>
<i>Net changes in fund balances</i>	111,498	5,203	(1,596)	17,857
<i>Fund balances - beginning of year</i>	<u>46,077</u>	<u>-</u>	<u>2,736</u>	<u>(17,999)</u>
<i>Fund balances - end of year</i>	<u>\$ 157,575</u>	<u>\$ 5,203</u>	<u>\$ 1,140</u>	<u>\$ (142)</u>

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

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

	Capital Projects			Total Primary Government
	Capital Improvements SB-9 (Local) 31701	Educational Technology Equipment Act 31900	Other Governmental Funds	
<i>Revenues:</i>				
Property taxes	\$ 62,907	\$ -	\$ 110,076	\$ 187,233
State grants	-	-	167,120	2,310,824
Federal grants	-	-	68,924	197,227
Miscellaneous	-	-	2,635	22,022
Charges for services	-	-	12,399	17,389
Investment income	-	-	-	-
<i>Total revenues</i>	<u>62,907</u>	<u>-</u>	<u>361,154</u>	<u>2,734,695</u>
<i>Expenditures:</i>				
Current:				
Instruction	-	-	172,406	1,093,206
Support services				
Students	-	-	2,271	130,351
Instruction	-	-	6,175	25,757
General administration	627	-	10,747	386,538
School administration	-	-	250	83,903
Central services	-	-	569	179,733
Operation & maintenance of plant	-	-	-	262,613
Student transportation	-	-	-	110,988
Other support services	-	-	-	42,500
Food services operations	-	-	60,967	116,095
Community services	-	-	-	-
Capital outlay	31,875	-	4,434	36,309
Debt service				
Principal	-	-	70,000.00	70,000
Interest	-	-	32,513	32,513
<i>Total expenditures</i>	<u>32,502</u>	<u>-</u>	<u>360,332</u>	<u>2,570,506</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>30,405</u>	<u>-</u>	<u>822</u>	<u>164,189</u>
<i>Net changes in fund balances</i>	30,405	-	822	164,189
<i>Fund balances - beginning of year</i>	<u>104,566</u>	<u>(109,432)</u>	<u>131,660</u>	<u>157,608</u>
<i>Fund balances - end of year</i>	<u>\$ 134,971</u>	<u>\$ (109,432)</u>	<u>\$ 132,482</u>	<u>\$ 321,797</u>

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

STATE OF NEW MEXICO

Exhibit B-4

WAGON MOUND 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

	Governmental Funds
Amounts reported for governmental activities in the Statement of Activities are different because:	
Net change in fund balances - total governmental funds	\$ 164,189
<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	(462,273)
Loss on disposal of capital assets	(834)
<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	14,306
<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	(10,477)
<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	70,000
<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	172,210
Pension expense	(781,737)
Other post-employment benefits contributions - current year	24,676
Other post-employment benefits expense	(51,849)
Change in net position - total governmental activities	\$ (867,799)

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

STATE OF NEW MEXICO
WAGON MOUND 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

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<i>Revenues:</i>				
Property taxes	\$ 14,613	\$ 14,613	\$ 14,457	\$ (156)
State grants	1,868,755	2,028,595	2,025,392	(3,203)
Federal grants	28,500	29,338	4,884	(24,454)
Miscellaneous	900	900	6,342	5,442
Charges for services	750	750	4,990	4,240
Interest	-	-	-	-
<i>Total revenues</i>	<u>1,913,518</u>	<u>2,074,196</u>	<u>2,056,065</u>	<u>(18,131)</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	987,800	944,526	853,160	91,366
Support services				
Students	125,861	132,265	128,080	4,185
Instruction	16,621	22,253	19,582	2,671
General administration	228,204	407,157	365,690	41,467
School administration	116,982	68,406	67,667	739
Central services	145,950	179,027	179,164	(137)
Operation & maintenance of plant	283,663	277,732	258,711	19,021
Student transportation	-	-	-	-
Other support services	2,208	44,708	42,500	2,208
Food services operations	57,652	59,737	55,128	4,609
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>1,964,941</u>	<u>2,135,811</u>	<u>1,969,682</u>	<u>166,129</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(51,423)</u>	<u>(61,615)</u>	<u>86,383</u>	<u>147,998</u>
<i>Other financing sources (uses):</i>				
Designated cash	51,423	61,615	-	(61,615)
Operating transfers	-	-	-	-
Proceeds from bond issues	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>51,423</u>	<u>61,615</u>	<u>-</u>	<u>(61,615)</u>
<i>Net change in fund balance</i>	<u>-</u>	<u>-</u>	<u>86,383</u>	<u>86,383</u>
<i>Cash or fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>254,552</u>	<u>254,552</u>
Prior period adjustments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Adjusted cash or fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>254,552</u>	<u>254,552</u>
<i>Cash or fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 340,935</u>	<u>\$ 340,935</u>
<i>Reconciliation to GAAP basis:</i>				
Net change in fund balance (cash basis)			\$ 86,383	
Adjustments to revenues			12,838	
Adjustments to expenditures			12,277	
Net change in fund balance (GAAP basis)			<u>\$ 111,498</u>	

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

STATE OF NEW MEXICO
WAGON MOUND 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

Exhibit C-2

	<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	116,191	116,191	116,191	-
Federal grants	-	-	-	-
Miscellaneous	-	-	-	-
Charges for services	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	<u>116,191</u>	<u>116,191</u>	<u>116,191</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	116,191	116,191	110,339	5,852
Other support services	-	-	-	-
Food services operations	-	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>116,191</u>	<u>116,191</u>	<u>110,339</u>	<u>5,852</u>
<i>Excess (deficiency) of revenues</i>				
<i>over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>5,852</u>	<u>5,852</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>	<u>-</u>	<u>-</u>	<u>5,852</u>	<u>5,852</u>
<i>Cash or fund balance - beginning of year</i>	-	-	10,869	10,869
Prior period adjustments	-	-	-	-
<i>Adjusted cash or fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>10,869</u>	<u>10,869</u>
<i>Cash or fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,721</u>	<u>\$ 16,721</u>
<i>Reconciliation to GAAP basis:</i>				
Net change in fund balance (cash basis)			\$ 5,852	
Adjustments to revenues			-	
Adjustments to expenditures			(649)	
Net change in fund balance (GAAP basis)			<u>\$ 5,203</u>	

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

STATE OF NEW MEXICO
WAGON MOUND 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

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<i>Revenues:</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	1,698	1,698	2,121	423
Federal grants	-	-	-	-
Miscellaneous	-	-	-	-
Charges for services	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	<u>1,698</u>	<u>1,698</u>	<u>2,121</u>	<u>423</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	3,561	4,434	3,717	717
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>3,561</u>	<u>4,434</u>	<u>3,717</u>	<u>717</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(1,863)</u>	<u>(2,736)</u>	<u>(1,596)</u>	<u>1,140</u>
<i>Other financing sources (uses):</i>				
Designated cash	1,863	2,736	-	(2,736)
Operating transfers	-	-	-	-
Proceeds from bond issues	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>1,863</u>	<u>2,736</u>	<u>-</u>	<u>(2,736)</u>
<i>Net change in fund balance</i>	<u>-</u>	<u>-</u>	<u>(1,596)</u>	<u>(1,596)</u>
<i>Cash or fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>2,736</u>	<u>2,736</u>
Prior period adjustments	-	-	-	-
<i>Adjusted cash or fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>2,736</u>	<u>2,736</u>
<i>Cash or fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,140</u>	<u>\$ 1,140</u>
<i>Reconciliation to GAAP basis:</i>				
Net change in fund balance (cash basis)			\$ (1,596)	
Adjustments to revenues			-	
Adjustments to expenditures			-	
Net change in fund balance (GAAP basis)			<u>\$ (1,596)</u>	

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

STATE OF NEW MEXICO

Exhibit C-4

WAGON MOUND 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

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<i>Revenues:</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	-	-	-	-
Federal grants	104,607	138,366	69,631	(68,735)
Miscellaneous	-	-	-	-
Charges for services	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	<u>104,607</u>	<u>138,366</u>	<u>69,631</u>	<u>(68,735)</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	81,165	112,423	81,149	31,274
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	7,382	9,883	8,200	1,683
School administration	16,060	16,060	15,986	74
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>104,607</u>	<u>138,366</u>	<u>105,335</u>	<u>33,031</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>(35,704)</u>	<u>(35,704)</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>	<u>-</u>	<u>-</u>	<u>(35,704)</u>	<u>(35,704)</u>
<i>Cash or fund balance - beginning of year</i>	-	-	(7,978)	(7,978)
Prior period adjustments	-	-	-	-
<i>Adjusted cash or fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(7,978)</u>	<u>(7,978)</u>
<i>Cash or fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (43,682)</u>	<u>\$ (43,682)</u>
<i>Reconciliation to GAAP basis:</i>				
Net change in fund balance (cash basis)			\$ (35,704)	
Adjustments to revenues			53,788	
Adjustments to expenditures			(227)	
Net change in fund balance (GAAP basis)			<u>\$ 17,857</u>	

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

STATE OF NEW MEXICO
WAGON MOUND PUBLIC SCHOOLS
STATEMENT OF FIDUCIARY NET POSITION
LIBRARY PRIVATE PURPOSE TRUST FUND
JUNE 30, 2018

Exhibit D-1

	<u>Agency Funds</u>
ASSETS	
<i>Current assets:</i>	
Restricted investments	<u>\$ 16,019</u>
<i>Total assets</i>	<u><u>\$ 16,019</u></u>
 LIABILITIES	
<i>Current liabilities:</i>	
Deposits held in trust for others	<u>\$ 16,019</u>
<i>Total liabilities</i>	<u><u>\$ 16,019</u></u>

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

STATE OF NEW MEXICO
WAGON MOUND PUBLIC SCHOOLS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
LIBRARY PRIVATE PURPOSE TRUST FUND
FOR THE YEAR ENDING JUNE 30, 2018

Description	Balance June 30, 2017	Additions	Deletions	Adjustments	Balance June 30, 2018
Private Purpose Trust Fund	\$ 31,790	-	\$ 15,771	-	\$ 16,019
	<u>\$ 31,790</u>	<u>\$ -</u>	<u>\$ 15,771</u>	<u>\$ -</u>	<u>\$ 16,019</u>

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

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

Exhibit D-3

	<u>Agency Funds</u>
ASSETS	
<i>Current Assets</i>	
Cash	\$ 39,437
<i>Total assets</i>	<u>\$ 39,437</u>
 LIABILITIES	
<i>Current Liabilities</i>	
Deposits held in trust for others	\$ 39,437
<i>Total liabilities</i>	<u>\$ 39,437</u>

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

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STATE OF NEW MEXICO
WAGON MOUND PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 1 Summary of Significant Accounting Policies

Wagon Mound Public Schools, (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 postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. 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 postemployment benefits (pensions and other postemployment 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 accounting policies of the District are described below.

STATE OF NEW MEXICO
WAGON MOUND 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
WAGON MOUND 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
WAGON MOUND 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)

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

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.

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) is used for major objectives are to provide supplemental educational opportunity for academically disadvantaged children in the area 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
WAGON MOUND 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)

The *Capital Improvements SB-9 (Local) Capital Projects Fund* (31701) accounts for funding 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).

The *Educational Technology Equipment Act Capital Projects Fund* (31900) accounts for State funding to promote the comprehensive integration of advanced technologies in education settings, through the conduct of technical assistance, professional development, information and resource dissemination, and collaboration activities.

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. 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.

**STATE OF NEW MEXICO
WAGON MOUND 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)

The District receives monthly income from a tax levy in Colfax 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 Colfax 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. 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:

Buildings	40-50 years
Building improvements	20 years
Land improvements	10-20 years
Vehicles	5-7 years
Furniture and equipment	5 years
Computer equipment	3-5 years

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 \$172,210 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 has two other deferred outflows which arise due to the implementation of GASB 68; change in assumptions \$1,400,538 and actuarial experience \$8,612.

STATE OF NEW MEXICO
WAGON MOUND 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)

Deferred Outflows of Resources – OPEB: The government-wide financial statements report other post-employment benefits 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 \$24,676 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 revenues.

Compensated Absences: Qualified employees are entitled to accumulate annual leave up to 20 days per fiscal year. All earned vacation must be taken within one year after it is earned. Upon termination, employees will be paid for up to 20 days of accrued annual leave. Sick pay does not vest and is recorded as an expenditure when it is paid. 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. Total compensated absences were \$20,816 at June 30, 2018.

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, 2004, bond premiums and discounts, will be deferred and amortized over the life of the bonds using the effective interest method and 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. Bonds payable of \$880,000 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.

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 \$4,797,684.

Net Other Post-Employment Benefits: The District records its proportionate share of the difference between the value of total other post-employment benefits (OPEB) liabilities and plan assets for the State of New Mexico's Retiree Health Care plan. For the year ended June 30, 2018, net OPEB liability totaled \$1,304,215.

STATE OF NEW MEXICO
WAGON MOUND 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)

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 a corresponding deferred revenue, is recorded as well. Total unavailable revenues of \$14,306 for property taxes were recorded at June 30, 2018.

Deferred Inflows of Resources – Pensions: Changes in actuarial experience \$73,913, change in investment experience \$658, and change in proportion \$12,092 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: Change in actuarial experience \$50,049, change in assumptions \$228,025, and investment experience \$18,762 for the District are applicable to a future reporting period and will be expensed over an established 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 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 components 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. 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.

STATE OF NEW MEXICO
WAGON MOUND PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 1 Summary of Significant Accounting Policies (Continued)

E. Revenues

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.

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. 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 OF NEW MEXICO
WAGON MOUND PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 1 Summary of Significant Accounting Policies (Continued)

E. Revenues (Continued)

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 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 receive \$2,025,392 in state equalization guarantee and emergency supplemental 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 10th of the year in which the tax bill is prepared and April 10th of the following year with the levies becoming delinquent 30 days (one month) thereafter. 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 at June 30, 2018 were \$187,233. The District did not collect any revenues from oil and gas taxes.

Transportation Distribution: School districts in the State of New Mexico receive student transportation distributions. The transportation distribution is allocated to each school district in accordance with formulas developed by the State Transportation Director and the Director of Public School Finance. The funds shall be used only for the purpose of making payments to each school district for the to-and-from school transportation costs of students in grades K through twelve attending public school within the school district. The District received \$116,191 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 \$2,121.

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 did not receive any state SB-9 matching during the year ended June 30, 2018.

STATE OF NEW MEXICO
WAGON MOUND PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 1 Summary of Significant Accounting Policies (Continued)

E. Revenues (Continued)

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.

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 (PED) (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 are submitted to the State of New Mexico PED.
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.

STATE OF NEW MEXICO
WAGON MOUND PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 2 Stewardship, Compliance and Accountability (Continued)

Budgetary Information (Continued)

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.

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.

**STATE OF NEW MEXICO
WAGON MOUND PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018**

NOTE 3 Cash and Temporary Investments (Continued)

The rate of interest in non-demand interest-bearing accounts shall be set by the State Board of Finance, but in no 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.

	Wells Fargo Bank
Total amounts of deposits	\$ 633,457
FDIC coverage	250,000
Total uninsured public funds	383,457
Collateral requirement (50% of uninsured public funds)	191,729
Pledged security	227,460
Total over (under) collateralized	\$ 35,731

The funds are maintained in non-interest bearing accounts and interest bearing certificate of deposits at Wells Fargo Bank. 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.

At June 30, 2018, \$383,457 of the District's bank balance of \$633,457 was exposed to custodial credit risk as it was uninsured and the collateral was not held in the District's name.

**STATE OF NEW MEXICO
WAGON MOUND PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018**

NOTE 3 Cash and Temporary Investments (Continued)

Reconciliation of Cash to the Financial Statements

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	\$	451,856
Statement of Fiduciary Net Position - cash per Exhibit D-1		16,019
Statement of Fiduciary Net Position - cash per Exhibit D-2		39,437
Total per financial statements		507,312
Less common stock		(16,019)
Add outstanding checks and other reconciling items		142,164
Bank balance of deposits	\$	633,457

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 in the 24000's and 25000's are federal funds while funds in the 26000's through 29000's are non-federal funds. The following individual funds had negative cash balances as of June 30, 2018:

Fund # Special Revenue Funds:

24101	Title I IASA	\$	43,682
24106	IDEA-B Entitlement		9,058
24118	Fresh Fruits & Vegetables		2,360
24154	Teacher/Principal Training & Recruiting		132
27107	2012 GO Bonds Student Library Fund (SB66)		6,175
27114	New Mexico Reads to Lead K-3 Reading Initiative		11,900
27128	Recruitment Support		569
27149	PreK Initiative		2,724
27166	Kindergarten - Three Plus		1,231
27198	K-3 Plus 4 & 5 Pilot		3,185
28201	CYFD Child & Adult Care Food Program		130

Capital Projects Funds:

31700	Capital Improvement SB-9 (State Match)		4,434
31900	Education Technology Equipment Act		109,432
	Total	\$	195,012

The *Common Stock* is held by the District via stock certificates. There are donor-imposed restrictions. The intent of the donors was that principal and income of stock donated to the District could only be used for the school library.

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WAGON MOUND PUBLIC SCHOOLS
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NOTE 4 Receivables

Receivables as of June 30, 2018 are as follows:

	Major Funds			Other Governmental Funds	Total Governmental Funds
	Operational 11000	Title I IASA 24101	Cap. Improv. SB-9 (Local) 31701		
Property taxes	\$ 1,073	\$ -	\$ 5,178	\$ 8,796	\$ 15,047
Due from other governments	13,045	54,370	-	50,179	117,594
Total receivables	\$ 14,118	\$ 54,370	\$ 5,178	\$ 58,975	\$ 132,641

The above receivables are deemed 100% collectible. In accordance with GASB No. 33, property tax revenues in the amount of \$14,306 were not collected within the period of availability.

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:

Governmental Activities	Interfund Receivables	Interfund Payables
Major Funds:		
Operational (11000)	\$ 195,012	\$ -
Title I IASA (24101)	-	43,682
Educational Technology Equipment Act (31900)	-	109,432
Non-Major Funds:		
IDEA-B Entitlement (24106)	-	9,058
Fresh Fruits & Vegetables (24118)	-	2,360
Teacher/Principal Training & Recruitment (24154)	-	132
2012 GO Bond Student Library Fund SB66 (27107)	-	6,175
New Mexico Reads to Lead (27114)	-	11,900
Recruitment Support (27128)	-	569
PreK Initiative (27149)	-	2,724
Kindergarten Three Plus (27166)	-	1,231
K-3 Plus 4 & 5 Pilot (27198)	-	3,185
CYFD Child & Adult Care Food Program (28201)	-	130
Capitla Improvements SB-9 (State Matech) (31700)	-	4,434
Totals	\$ 195,012	\$ 195,012

All interfund balances are expected to be repaid or closed out within one year. During the year ended June 30, 2018, the District had no interfund transfers.

**STATE OF NEW MEXICO
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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	\$ 189,300	\$ -	\$ -	\$ 189,300
Total capital assets not being depreciated	<u>189,300</u>	<u>-</u>	<u>-</u>	<u>189,300</u>
Capital assets being depreciated:				
Land improvements	729,572	-	(45,785)	683,787
Buildings and building improvements	10,301,276	-	(95,147)	10,206,129
Furniture, fixtures, and equipment	753,780	-	(23,030)	730,750
Total capital assets being depreciated	<u>11,784,628</u>	<u>-</u>	<u>(163,962)</u>	<u>11,620,666</u>
Less accumulated depreciation:				
Land improvements	586,244	15,612	(45,662)	556,194
Buildings and building improvements	6,149,352	420,313	(94,395)	6,475,270
Furniture, fixtures, and equipment	644,863	26,348	(23,030)	648,181
Total accumulated depreciation	<u>7,380,459</u>	<u>462,273</u>	<u>(163,087)</u>	<u>7,679,645</u>
Total capital assets, net of depreciation	<u>\$ 4,593,469</u>	<u>\$ (462,273)</u>	<u>\$ (875)</u>	<u>\$ 4,130,321</u>

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

Governmental activities:	
Instruction	\$ 26,236
Support services - general administration	1,282
Operation and maintenance of plant	3,812
Food services	8,385
Capital outlay	422,558
Total depreciation	<u>\$ 462,273</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.

STATE OF NEW MEXICO
WAGON MOUND PUBLIC SCHOOLS
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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	\$ 950,000	\$ -	\$ 70,000	\$ 880,000	\$ 80,000
Compensated Absences	10,339	16,809	6,332	20,816	6,332
Total	<u>\$ 960,339</u>	<u>\$ 16,809</u>	<u>\$ 76,332</u>	<u>\$ 900,816</u>	<u>\$ 86,332</u>

General Obligation Bonds: GO bonds are direct obligations and pledge the full faith and credit of the District. The District has no outstanding general obligation bond as of June 30, 2018.

	Series 2011 GO Bond <u>5/15/2011</u>	Series 2012 GO Bond <u>3/15/2012</u>
Issue Date		
Original Issue	\$800,000	\$500,000
Maturity Date	5/15/2024	3/15/2028
Principal	15-May	15-Mar
Interest Rate	3.70% to 3.85%	2.90% to 3.20%
Principal/Interest	15-Nov	15-Sep
Interest	15-May	15-Mar

The annual requirements to amortize the NMFA loans as of June 30, 2018, including interest payments are as follows:

Fiscal Year Ending <u>June 30,</u>	Total General Obligation Bonds		Total Debt Service
	<u>Principal</u>	<u>Interest</u>	
2019	\$ 80,000	\$ 29,973	\$ 109,973
2020	90,000	27,113	117,113
2021	95,000	23,833	118,833
2022	95,000	20,363	115,363
2023	95,000	16,854	111,854
2024-2028	<u>425,000</u>	<u>33,037</u>	<u>458,037</u>
Totals	<u>\$ 880,000</u>	<u>\$ 151,173</u>	<u>\$ 1,031,173</u>

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 \$10,477 over the prior year accrual. See Note 1 for more details.

Operating Leases: The District has no leases at this time.

**STATE OF NEW MEXICO
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NOTE 8 Unearned Revenues

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 revenues 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.

The NMPSIA provides coverage for up to a maximum of \$500,000,000 for each property damage claim with a \$750 deductible for each building. General liability coverage is afforded to all employees, volunteers and school board members and the limit is subject to the NMSA Tort Claims Act on a per occurrence basis. The automobile and property liability limit 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 following funds reported a deficit fund balance at June 30, 2018:

Fund #	Fund Description	Amount
24101	Title I IASA	\$ 142
24106	IDEA-B Entitlement	8,156
24118	Fresh Fruits & Vegetables	1,734
24154	Teacher/Principal Training & Recruiting	132
27128	Recruitment Support	569
27149	PreK Initiative	322
31700	Capital Improvements SB-9 (State Match)	4,434
31900	Educational Technology Equipment Act	109,432
	Total	<u>\$ 124,921</u>

- B. Excess of expenditures over appropriations. Two funds exceeded their approved budgetary authority for the year ended June 30, 2018. See the schedule of findings and responses for additional information.

Fund #	Fund and Function	Amount
22000	Athletics - Instruction	\$ 2,122
41000	Debt Service - General Administration	86
	Total	<u>\$ 2,208</u>

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NOTE 10 Other Required Individual Fund Disclosures (Continued)

- C. Cash appropriations in excess of available cash balance. For the year ended June 30, 2018, the District had one fund with cash appropriations in excess of available cash balance. Food Services (21000) had a cash budget of \$45,459 but only \$39,796 of actual cash balance at the prior year-end for a difference of \$5,663. See the schedule of findings and responses for additional information.

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.

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

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.

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.

STATE OF NEW MEXICO
WAGON MOUND PUBLIC SCHOOLS
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NOTE 11 General Information on the Pension Plan – Educational Retirement Act (Continued)

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, if any, of member contributions plus interest less benefits paid prior to the member's death.
- **Option B – Joint 100% Survivor Benefit** – The single life annuity monthly benefit is reduced to provide for a 100% survivor's benefit. The reduced benefit is payable during the life of the member, with the provision that, upon death, the same benefit is paid to the beneficiary for his or her lifetime. If the beneficiary predeceases the member, the member's monthly benefit is increased to the amount the member would have received under Option A Straight Life Benefit. The member's increased monthly benefit commences in the month following the beneficiary's death.
- **Option C – Joint 50% Survivor Benefit** – The single life annuity monthly benefit is reduced to provide for a 50% survivor's benefit. The reduced benefit is payable during the life of the member, with the provision that, upon death, the reduced 50% benefit is paid to the beneficiary for his or her lifetime. If the beneficiary predeceases the member, the member's monthly benefit is increased to the amount the member would have received under Option A Straight Life Benefit. The member's increased monthly benefit commences in the month following the beneficiary's death.

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

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

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

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:

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

The contribution requirements 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 \$303,260 and \$300,662 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 \$4,797,684 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016. The total pension liability was rolled-forward from the valuation date to the plan year ending June 30, 2017, using generally accepted actuarial principles. The roll-forward incorporates the impact of the new assumptions adopted by the Board on April 21, 2017. There were no other significant events of changes in benefit provisions that required an adjustment to the roll-forward liabilities as of June 30, 2017. Therefore, the employer’s portion was established as of the measurement date of June 30, 2017. The District’s proportion of the net pension liability was based on a projection of the District’s long-term share of contributions to the pension plan relative to the projected contributions of all participating educational institutions, actuarially determined. June 30, 2017, the District’s proportion was 0.04317%, which was a decrease of 0.00010% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the District recognized pension expense of \$609,486. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

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

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net (Inflows) Outflows
Differences between expected and actual experience	\$ 8,612	\$ (73,913)	\$ (65,301)
Changes of assumptions	1,400,538	-	1,400,538
Net difference between projected and actual earnings on pension plan investments	-	(658)	(658)
Changes in proportion and differences between contributions and proportionate share of contributions	-	(12,092)	(12,092)
District's contributions subsequent to the measurement date	<u>172,210</u>	<u>-</u>	<u>172,210</u>
Total	<u>\$ 1,581,360</u>	<u>\$ (86,663)</u>	<u>\$ 1,494,697</u>

Deferred outflows of resources of \$172,210 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	\$ 498,883
2020	538,454
2021	324,656
2021	(39,506)
2022	-
Thereafter	-
Total	<u>\$ 1,322,487</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.				
Average of Expected Remaining Service Lives	Fiscal Year	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
	Service life in years	3.335	3.77	3.92	3.88

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

Mortality	<p>Healthy males: Based on the RP-2000 Combined Mortality Table with White Collar adjustments, not set back. Generational mortality improvements with Scale BB from the table’s base year of 2000.</p> <p>Healthy females: Based on GRS Southwest Region Teacher Mortality Table, set back one year, generational mortality improvements in accordance with Scale BB from the table’s base year of 2012.</p> <p>Disabled males: RP-2000 Disabled Mortality Table for males, set back three years, projected to 2016 with Scale BB.</p> <p>Disabled females: RP-2000 Disabled Mortality Table for females, no set back, projected to 2016 with Scale BB.</p> <p>Active members: RP-2000 Employee Mortality Tables, with males set back two years and scaled at 80%, and females set back five years and scaled at 70%. Static mortality improvement from the table’s base year of 2000 to the year 2016 in accordance with Scale BB. No future improvement was assumed for preretirement mortality.</p>
Retirement Age	Experience-based table rates based on age and service, adopted by the Board on June 12, 2015 in conjunction with the six-year experience study for the period ending June 30, 2014.
Cost-of-Living Increases	1.90% per year, compounded annually.
Payroll Growth	3.00% per year (with no allowance for membership growth).
Contribution Accumulation	The accumulated member account balance with interest is estimated at the valuation date by assuming that member contributions increased 5.50% per year for all years prior to the valuation date. Contributions are credited with 4.00% interest, compounded annually, applicable to the account 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.

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

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

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

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

Sensitivity of the District’s proportionate share of the net pension liability to changes in the discount rate. The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 5.90%, 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:

<u>1% Decrease (4.90%)</u>	<u>Current Discount Rate (5.90%)</u>	<u>1% Increase (6.90%)</u>
\$ 6,245,392	\$ 4,797,684	\$ 3,614,301

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.

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 15th day of the month following the month for which contributions are withheld. At June 30, 2018 the contributions due and payable by the District were \$55,589 which were paid on July 16, 2018.

**STATE OF NEW MEXICO
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NOTE 12 Post-Employment Benefits – State Retiree Health Care Authority

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 \$37,015 for the year ended June 30, 2018.

**STATE OF NEW MEXICO
WAGON MOUND PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018**

NOTE 12 Post-Employment Benefits – State Retiree Health Care Authority (Continued)

At June 30, 2018, the District reported a liability of \$1,304,215 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 0.02878%.

For the year ended June 30, 2018, the District recognized OPEB expense of \$27,173. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Net (Inflows) Outflows</u>
Differences between expected and actual experience	\$ -	\$ (50,049)	\$ (50,049)
Changes of assumptions	-	(228,025)	(228,025)
Net difference between projected and actual earnings on pension plan investments	-	(18,762)	(18,762)
District's contributions subsequent to the measurement date	<u>24,676</u>	<u>-</u>	<u>24,676</u>
Total	<u>\$ 24,676</u>	<u>\$ (296,836)</u>	<u>\$ (272,160)</u>

Deferred outflows of resources totaling \$24,676 represent the District's contributions to the Fund made subsequent to the measurement date and will be recognized as a reduction of net OPEB liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

Year ended June 30,	
2019	\$ (63,109)
2020	(63,109)
2021	(63,109)
2022	(63,109)
2023	(44,400)
Thereafter	-
Total	<u>\$ (296,836)</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

**STATE OF NEW MEXICO
WAGON MOUND PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018**

NOTE 12 Post-Employment Benefits – State Retiree Health Care Authority (Continued)

Actuarial assumptions:

Inflation	2.50% for ERB, 2.25% for PERA
Projected payroll increases	3.50%
Investment rate of return	7.25%, net of OPEB plan investment expense and margin for adverse deviation including inflation.
Health care cost trend rate	8% graded down to 4.5% over 14 years for Non-Medicare medical plan costs and 7.5% graded down to 4.5% over 12 for Medicare medical plan costs

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

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 School, 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:

**STATE OF NEW MEXICO
WAGON MOUND PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018**

NOTE 12 Post-Employment Benefits – State Retiree Health Care Authority (Continued)

1% Decrease (2.81%)	Current Discount Rate (3.81%)	1% Increase (4.81%)
\$ 1,581,993	\$ 1,304,215	\$ 1,086,274

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
\$ 1,109,325	\$ 1,304,215	\$ 1,456,182

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 a payable of \$6,717 for outstanding contributions due to NMRHCA for the year ended June 30, 2018 which were paid in July and August 2018.

NOTE 13 Unavailable Revenues

The District did not receive any funds subsequent to year-end which were outside the period of availability, more than 60 days after year-end for grants. The District did have \$14,306 of uncollected taxes at 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 the 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 no reported tax abatements affecting the District.

STATE OF NEW MEXICO
WAGON MOUND 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 postemployment 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
WAGON MOUND PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 17 Subsequent Accounting Standard Pronouncements (Continued)

In August 2018, GASB Statement No. 90 *Majority Equity Interests – An Amendment of GASB Statement No. 14 and No. 61*, was issued. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit. 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.

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 \$1,549,202. This includes the District's proportionate share of the beginning net OPEB liability of \$1,573,911 less the 2017 contributions of \$24,676 to the plan.

NOTE 19 Subsequent Events

A review of subsequent events through October 16, 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
WAGON MOUND PUBLIC SCHOOLS
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
EDUCATIONAL RETIREMENT BOARD (ERB) PLAN
LAST 10 FISCAL YEARS*
JUNE 30, 2018

Fiscal Year Ended June 30,	Measurement Date - Year Ended June 30,	District's Proportion of the Net Pension Liability (NPL)	District's Proportionate Share of the NPL	District's Covered- Employee Payroll	District's Proportionate Share of the NPL as a Percentage of its Covered- Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2018	2017	0.04317%	\$ 4,797,684	\$ 1,229,511	390.21%	52.95%
2017	2016	0.04327%	\$ 3,113,897	\$ 1,235,875	251.96%	61.58%
2016	2015	0.04330%	\$ 2,805,304	\$ 1,126,983	248.92%	63.97%
2015	2014	0.04370%	\$ 2,494,539	\$ 1,205,183	206.98%	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.

STATE OF NEW MEXICO
WAGON MOUND 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	\$ 172,210	\$ 172,210	\$ -	\$ 1,239,365	13.90%
2017	\$ 170,902	\$ 170,902	\$ -	\$ 1,229,511	13.90%
2016	\$ 171,787	\$ 171,787	\$ -	\$ 1,235,875	13.90%
2015	\$ 156,651	\$ 156,651	\$ -	\$ 1,126,983	13.90%

* 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
WAGON MOUND 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%.

STATE OF NEW MEXICO
WAGON MOUND 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

Schedule III

Fiscal Year Ended June 30,	Measurement Date - Year Ended June 30,	District's Proportion of the Net OPEB Liability	District's Proportionate Share of the Net OPEB Liability	District's Covered- Employee Payroll	District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered- Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2018	2017	0.02878%	\$ 1,304,215	\$ 1,235,448	105.57%	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
WAGON MOUND PUBLIC SCHOOLS
SCHEDULE OF OTHER POST-EMPLOYMENT BENEFITS (OPEB) CONTRIBUTIONS
RETIREE HEALTH CARE AUTHORITY (RHCA)
LAST 10 FISCAL YEARS*
JUNE 30, 2018

Schedule IV

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	24,676	\$ 24,676	\$ -	\$ 1,233,823	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
WAGON MOUND PUBLIC SCHOOLS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2018

Statement A-1

	SPECIAL REVENUE	CAPITAL PROJECTS	DEBT SERVICE	TOTAL
ASSETS				
<i>Current assets:</i>				
Cash and temporary investments	\$ 48,663	\$ 86,829	\$ 17,867	\$ 153,359
Accounts receivable				
Taxes	-	-	8,796	8,796
Due from other governments	50,179	-	-	50,179
Interfund receivables	-	-	-	-
Other	-	-	-	-
Inventory	1,215	-	-	1,215
<i>Total assets</i>	<u>100,057</u>	<u>86,829</u>	<u>26,663</u>	<u>213,549</u>
LIABILITIES				
<i>Current liabilities:</i>				
Accounts payable	7,886	-	-	7,886
Accrued payroll liabilities	22,924	-	-	22,924
Interfund payables	37,464	4,434	-	41,898
Unearned revenue	-	-	-	-
<i>Total liabilities</i>	<u>68,274</u>	<u>4,434</u>	<u>-</u>	<u>72,708</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues - property taxes	-	-	8,359	8,359
Unavailable revenues - other	-	-	-	-
<i>Total deferred inflows of resources</i>	<u>-</u>	<u>-</u>	<u>8,359</u>	<u>8,359</u>
FUND BALANCES				
Nonspendable	1,215	-	-	1,215
Restricted for:				
Grant mandates	7,749	-	-	7,749
Capital projects	-	86,829	-	86,829
Debt service	-	-	8,266	8,266
Assigned	33,732	-	10,038	43,770
Unassigned	(10,913)	(4,434)	-	(15,347)
<i>Total fund balances</i>	<u>31,783</u>	<u>82,395</u>	<u>18,304</u>	<u>132,482</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 100,057</u>	<u>\$ 86,829</u>	<u>\$ 26,663</u>	<u>\$ 213,549</u>

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

STATE OF NEW MEXICO
WAGON MOUND 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	\$ -	\$ -	\$ 110,076	\$ 110,076
State grants	167,120	-	-	167,120
Federal grants	68,924	-	-	68,924
Miscellaneous	2,635	-	-	2,635
Charges for services	12,399	-	-	12,399
Investment income	-	-	-	-
<i>Total revenues</i>	251,078	-	110,076	361,154
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	172,406	-	-	172,406
Support services				
Students	2,271	-	-	2,271
Instruction	6,175	-	-	6,175
General administration	9,635	-	1,112	10,747
School administration	250	-	-	250
Central services	569	-	-	569
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food services operations	60,967	-	-	60,967
Community services	-	-	-	-
Capital outlay	-	4,434	-	4,434
Debt service				
Principal	-	-	70,000	70,000
Interest	-	-	32,513	32,513
<i>Total expenditures</i>	252,273	4,434	103,625	360,332
<i>Excess (deficiency) of revenues over (under) expenditures</i>	(1,195)	(4,434)	6,451	822
<i>Net changes in fund balances</i>	(1,195)	(4,434)	6,451	822
<i>Fund balances - beginning of year</i>	32,978	86,829	11,853	131,660
<i>Fund balances - end of year</i>	\$ 31,783	\$ 82,395	\$ 18,304	\$ 132,482

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

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SPECIAL REVENUE FUNDS

STATE OF NEW MEXICO
WAGON MOUND PUBLIC SCHOOLS
SPECIAL REVENUE FUNDS 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.

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.

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.

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

Rural Education Achievement Program (REAP) (25233) – Part B of Title VI of the reauthorized ESEA contains Rural Education Achievement Program (REAP) initiatives that are designed to help rural districts that may lack the personnel and resources to compete effectively for Federal competitive grants and that often receive grant allocations in amounts that are too small to be effective in meeting their intended purposes. The fund was created by the authority of federal grant provisions. 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. No minimum balance required according to legislation.

NM Reads to Lead K-3 Reading Initiative (27114) – The purpose of this grant is to provide funding for reading initiative activities for grades K-3. Funds accounted for in this fund are received from the State of New Mexico. The authority for creation of this fund is the School Board and the New Mexico Public Education Department. No minimum balance required according to legislation.

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

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.

Kindergarten – Three Plus (27166) – In 2007, House Bill 198 established a fund to allow New Mexico public schools and districts to develop a six year pilot project that extends to the school year for kindergarten through third grade by up to two months for participating students to measure the effect of additional time on literacy, numeric and social skills development. No minimum balance required according to legislation.

STATE OF NEW MEXICO
WAGON MOUND PUBLIC SCHOOLS
SPECIAL REVENUE FUNDS DESCRIPTIONS
JUNE 30, 2018

Teachers “hard to staff” Stipend (27195) – To account for monies which the New Mexico legislature appropriated for teacher retention stipends for positions which are hard to staff. The stipends may only be awarded to teachers who have met the award criteria. No minimum balance required according to legislation.

K-3 Plus 4 & 5 Pilot (27198) – To account for monies which the New Mexico legislature appropriated for additional education time for kindergarten through 5th grade with at least 25 instructional days beginning up to two months earlier than the regular school year. No minimum balance required according to legislation.

Sun Safety (28146) – To account for funds administered through the NM Department of Health to promote sun safety education to reduce the risk of developing skin cancer.

CYFD Child and Adult Care Food Program (28201) – To account for funds to provide summer lunches to community members in New Mexico communities. No minimum balance required according to legislation.

Private Direct Grants (29102) – To account for local grants awarded to provide additional funding for specific projects. No minimum balance required according to legislation.

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

Statement B-1

	Food Services 21000	Athletics 22000	IDEA-B Entitlement 24106	IDEA-B Preschool 24109
ASSETS				
<i>Current assets:</i>				
Cash and temporary investments	\$ 39,390	\$ 4,383	\$ -	\$ 52
Accounts receivable				
Taxes	-	-	-	-
Due from other governments	-	-	3,527	-
Interfund receivables	-	-	-	-
Other	-	-	-	-
Inventory	1,215	-	-	-
<i>Total assets</i>	<u>40,605</u>	<u>4,383</u>	<u>3,527</u>	<u>52</u>
LIABILITIES				
<i>Current liabilities:</i>				
Accounts payable	7,886	-	-	-
Accrued payroll liabilities	-	-	2,625	-
Interfund payables	-	-	9,058	-
Unearned revenue	-	-	-	-
<i>Total liabilities</i>	<u>7,886</u>	<u>-</u>	<u>11,683</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues - property taxes	-	-	-	-
Unavailable revenues - other	-	-	-	-
<i>Total deferred inflows of resources</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Nonspendable	1,215	-	-	-
Restricted for:				
Grant mandates	2,155	-	-	52
Capital projects	-	-	-	-
Debt service	-	-	-	-
Assigned	29,349	4,383	-	-
Unassigned	-	-	(8,156)	-
<i>Total fund balances</i>	<u>32,719</u>	<u>4,383</u>	<u>(8,156)</u>	<u>52</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 40,605</u>	<u>\$ 4,383</u>	<u>\$ 3,527</u>	<u>\$ 52</u>

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

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

Statement B-1

	Fresh Fruits & Vegetables 24118	Teacher/Principal Training & Recruiting 24154	Rural Education Achievement Program 25233	2012 GO Bond Student Library Fund (SB66) 27107
ASSETS				
<i>Current assets:</i>				
Cash and temporary investments	\$ -	\$ -	\$ 2,893	\$ -
Accounts receivable				
Taxes	-	-	-	-
Due from other governments	626	-	-	6,175
Interfund receivables	-	-	-	-
Other	-	-	-	-
Inventory	-	-	-	-
<i>Total assets</i>	<u>626</u>	<u>-</u>	<u>2,893</u>	<u>6,175</u>
LIABILITIES				
<i>Current liabilities:</i>				
Accounts payable	-	-	-	-
Accrued payroll liabilities	-	-	2,581	-
Interfund payables	2,360	132	-	6,175
Unearned revenue	-	-	-	-
<i>Total liabilities</i>	<u>2,360</u>	<u>132</u>	<u>2,581</u>	<u>6,175</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues - property taxes	-	-	-	-
Unavailable revenues - other	-	-	-	-
<i>Total deferred inflows of resources</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted for:				
Grant mandates	-	-	312	-
Capital projects	-	-	-	-
Debt service	-	-	-	-
Assigned	-	-	-	-
Unassigned	(1,734)	(132)	-	-
<i>Total fund balances</i>	<u>(1,734)</u>	<u>(132)</u>	<u>312</u>	<u>-</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 626</u>	<u>\$ -</u>	<u>\$ 2,893</u>	<u>\$ 6,175</u>

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

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

Statement B-1

	NM Reads to Lead K-3 Reading Initiative 27114	Recruitment Support 27128	Pre-K Initiative 27149	Kindergarten - Three Plus 27166
ASSETS				
<i>Current assets:</i>				
Cash and temporary investments	\$ -	\$ -	\$ -	\$ -
Accounts receivable				
Taxes	-	-	-	-
Due from other governments	24,283	-	6,697	4,397
Interfund receivables	-	-	-	-
Other	-	-	-	-
Inventory	-	-	-	-
<i>Total assets</i>	<u>24,283</u>	<u>-</u>	<u>6,697</u>	<u>4,397</u>
LIABILITIES				
<i>Current liabilities:</i>				
Accounts payable	-	-	-	-
Accrued payroll liabilities	10,195	-	4,295	3,058
Interfund payables	11,900	569	2,724	1,231
Unearned revenue	-	-	-	-
<i>Total liabilities</i>	<u>22,095</u>	<u>569</u>	<u>7,019</u>	<u>4,289</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues - property taxes	-	-	-	-
Unavailable revenues - other	-	-	-	-
<i>Total deferred inflows of resources</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted for:				
Grant mandates	2,188	-	-	108
Capital projects	-	-	-	-
Debt service	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	(569)	(322)	-
<i>Total fund balances</i>	<u>2,188</u>	<u>(569)</u>	<u>(322)</u>	<u>108</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 24,283</u>	<u>\$ -</u>	<u>\$ 6,697</u>	<u>\$ 4,397</u>

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

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

Statement B-1

	Teachers "hard to staff" Stipend 27195	K-3 Plus 4 & 5 Pilot 27198	Sun Safety 28146	CYFD Child & Adult Care Food Program 28201
ASSETS				
<i>Current assets:</i>				
Cash and temporary investments	\$ -	\$ -	\$ 1,945	\$ -
Accounts receivable				
Taxes	-	-	-	-
Due from other governments	-	3,185	-	1,289
Interfund receivables	-	-	-	-
Other	-	-	-	-
Inventory	-	-	-	-
<i>Total assets</i>	<u>-</u>	<u>3,185</u>	<u>1,945</u>	<u>1,289</u>
LIABILITIES				
<i>Current liabilities:</i>				
Accounts payable	-	-	-	-
Accrued payroll liabilities	-	-	87	83
Interfund payables	-	3,185	-	130
Unearned revenue	-	-	-	-
<i>Total liabilities</i>	<u>-</u>	<u>3,185</u>	<u>87</u>	<u>213</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues - property taxes	-	-	-	-
Unavailable revenues - other	-	-	-	-
<i>Total deferred inflows of resources</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted for:				
Grant mandates	-	-	1,858	1,076
Capital projects	-	-	-	-
Debt service	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
<i>Total fund balances</i>	<u>-</u>	<u>-</u>	<u>1,858</u>	<u>1,076</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ -</u>	<u>\$ 3,185</u>	<u>\$ 1,945</u>	<u>\$ 1,289</u>

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

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

	Private Direct Grants 29102	Total
ASSETS		
<i>Current assets:</i>		
Cash and temporary investments	\$ -	\$ 48,663
Accounts receivable		-
Taxes	-	-
Due from other governments	-	50,179
Interfund receivables	-	-
Other	-	-
Inventory	-	1,215
	-	1,215
<i>Total assets</i>	-	100,057
LIABILITIES		
<i>Current liabilities:</i>		
Accounts payable	-	7,886
Accrued payroll liabilities	-	22,924
Interfund payables	-	37,464
Unearned revenue	-	-
	-	68,274
<i>Total liabilities</i>	-	68,274
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenues - property taxes	-	-
Unavailable revenues - other	-	-
	-	-
<i>Total deferred inflows of resources</i>	-	-
FUND BALANCES		
Nonspendable	-	1,215
Restricted for:		
Grant mandates	-	7,749
Capital projects	-	-
Debt service	-	-
Assigned	-	33,732
Unassigned	-	(10,913)
	-	31,783
<i>Total fund balances</i>	-	31,783
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	\$ -	\$ 100,057

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

STATE OF NEW MEXICO
WAGON MOUND 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	IDEA-B Entitlement 24106	IDEA-B Preschool 24109
<i>Revenues:</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	48,736	-	-	-
Federal grants	2,373	-	41,347	-
Miscellaneous	-	1,000	-	-
Charges for services	3,894	8,505	-	-
Investment income	-	-	-	-
<i>Total revenues</i>	<u>55,003</u>	<u>9,505</u>	<u>41,347</u>	<u>-</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	-	9,645	33,130	-
Support services				
Students	-	-	2,271	-
Instruction	-	-	-	-
General administration	8,700	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food services operations	54,956	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>63,656</u>	<u>9,645</u>	<u>35,401</u>	<u>-</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(8,653)</u>	<u>(140)</u>	<u>5,946</u>	<u>-</u>
<i>Net changes in fund balances</i>	(8,653)	(140)	5,946	-
<i>Fund balances - beginning of year</i>	<u>41,372</u>	<u>4,523</u>	<u>(14,102)</u>	<u>52</u>
<i>Fund balances - end of year</i>	<u>\$ 32,719</u>	<u>\$ 4,383</u>	<u>\$ (8,156)</u>	<u>\$ 52</u>

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

STATE OF NEW MEXICO
WAGON MOUND 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

	Fresh Fruits & Vegetables 24118	Teacher/Principal Training & Recruiting 24154	Rural Education Achievement Program 25233	2012 GO Bond Student Library Fund (SB66) 27107
<i>Revenues:</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	-	-	-	6,175
Federal grants	2,615	10,276	12,313	-
Miscellaneous	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
<i>Total revenues</i>	<u>2,615</u>	<u>10,276</u>	<u>12,313</u>	<u>6,175</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	-	9,583	12,304	-
Support services				
Students	-	-	-	-
Instruction	-	-	-	6,175
General administration	-	693	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food services operations	2,558	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>2,558</u>	<u>10,276</u>	<u>12,304</u>	<u>6,175</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>57</u>	<u>-</u>	<u>9</u>	<u>-</u>
<i>Net changes in fund balances</i>	57	-	9	-
<i>Fund balances - beginning of year</i>	<u>(1,791)</u>	<u>(132)</u>	<u>303</u>	<u>-</u>
<i>Fund balances - end of year</i>	<u>\$ (1,734)</u>	<u>\$ (132)</u>	<u>\$ 312</u>	<u>\$ -</u>

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

STATE OF NEW MEXICO
WAGON MOUND 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

	NM Reads to Lead K-3 Reading Initiative 27114	Recruitment Support 27128	Pre-K Initiative 27149	Kindergarten - Three Plus 27166
<i>Revenues:</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	63,394	-	24,482	9,581
Federal grants	-	-	-	-
Miscellaneous	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
<i>Total revenues</i>	<u>63,394</u>	<u>-</u>	<u>24,482</u>	<u>9,581</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	61,536	-	24,241	9,581
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	242	-
School administration	-	-	-	-
Central services	-	569	-	-
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>61,536</u>	<u>569</u>	<u>24,483</u>	<u>9,581</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>1,858</u>	<u>(569)</u>	<u>(1)</u>	<u>-</u>
<i>Net changes in fund balances</i>	1,858	(569)	(1)	-
<i>Fund balances - beginning of year</i>	<u>330</u>	<u>-</u>	<u>(321)</u>	<u>108</u>
<i>Fund balances - end of year</i>	<u>\$ 2,188</u>	<u>\$ (569)</u>	<u>\$ (322)</u>	<u>\$ 108</u>

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

STATE OF NEW MEXICO
WAGON MOUND 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

	Teachers "hard to staff" Stipend 27195	K-3 Plus 4 & 5 Pilot 27198	Sun Safety 28146	CYFD Child & Adult Care Food Program 28201
<i>Revenues:</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	9,113	3,185	1,000	1,454
Federal grants	-	-	-	-
Miscellaneous	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
<i>Total revenues</i>	<u>9,113</u>	<u>3,185</u>	<u>1,000</u>	<u>1,454</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	9,113	3,185	88	-
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	250	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food services operations	-	-	-	1,818
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>9,113</u>	<u>3,185</u>	<u>338</u>	<u>1,818</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>662</u>	<u>(364)</u>
<i>Net changes in fund balances</i>	-	-	662	(364)
<i>Fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>1,196</u>	<u>1,440</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,858</u>	<u>\$ 1,076</u>

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

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

	Private Direct Grants 29102	Total
	<u> </u>	<u> </u>
<i>Revenues:</i>		
Property taxes	\$ -	\$ -
State grants	-	167,120
Federal grants	-	68,924
Miscellaneous	1,635	2,635
Charges for services	-	12,399
Investment income	-	-
<i>Total revenues</i>	<u>1,635</u>	<u>251,078</u>
 <i>Expenditures:</i>		
Current:		
Instruction	-	172,406
Support services		
Students	-	2,271
Instruction	-	6,175
General administration	-	9,635
School administration	-	250
Central services	-	569
Operation & maintenance of plant	-	-
Student transportation	-	-
Other support services	-	-
Food services operations	1,635	60,967
Community services	-	-
Capital outlay	-	-
Debt service		
Principal	-	-
Interest	-	-
<i>Total expenditures</i>	<u>1,635</u>	<u>252,273</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>(1,195)</u>
 <i>Net changes in fund balances</i>	 -	 (1,195)
 <i>Fund balances - beginning of year</i>	 <u>-</u>	 <u>32,978</u>
 <i>Fund balances - end of year</i>	 <u>\$ -</u>	 <u>\$ 31,783</u>

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

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CAPITAL PROJECTS FUNDS

STATE OF NEW MEXICO
WAGON MOUND PUBLIC SCHOOLS
CAPITAL PROJECTS 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.

Public School Capital Outlay Capital Projects Fund (31200) – To account for funding provided to the District by the State of New Mexico for capital improvement projects approved by the Public School Capital Outlay Council. Funding is authorized by NMAC 6.20.2 through the New Mexico Public Education Department.

Special Capital Outlay – Local (31300) – The fund provides financing from local revenues for the construction and improvements to District buildings and facilities. No minimum balance required according to legislation.

Special Capital Outlay – State (31400) – To account for special appropriations monies received from the State of New Mexico under Chapter 4, Laws of 1996. 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).

STATE OF NEW MEXICO
WAGON MOUND PUBLIC SCHOOLS
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2018

Statement C-1

	Bond Building 31100	Public School Capital Outlay 31200	Special Capital Outlay - Local 31300	Special Capital Outlay - State 31400
ASSETS				
<i>Current assets:</i>				
Cash and temporary investments	\$ 4	\$ 18,339	\$ 23,628	\$ 44,858
Accounts receivable				
Taxes	-	-	-	-
Due from other governments	-	-	-	-
Interfund receivables	-	-	-	-
Other	-	-	-	-
Inventory	-	-	-	-
<i>Total assets</i>	<u>4</u>	<u>18,339</u>	<u>23,628</u>	<u>44,858</u>
LIABILITIES				
<i>Current liabilities:</i>				
Accounts payable	-	-	-	-
Accrued payroll liabilities	-	-	-	-
Interfund payables	-	-	-	-
Unearned revenue	-	-	-	-
<i>Total liabilities</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues - property taxes	-	-	-	-
Unavailable revenues - other	-	-	-	-
<i>Total deferred inflows of resources</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted for:				
Grant mandates	-	-	-	-
Capital projects	4	18,339	23,628	44,858
Debt service	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
<i>Total fund balances</i>	<u>4</u>	<u>18,339</u>	<u>23,628</u>	<u>44,858</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 4</u>	<u>\$ 18,339</u>	<u>\$ 23,628</u>	<u>\$ 44,858</u>

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

STATE OF NEW MEXICO
MAXWELL MUNICIPAL 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	Public School Capital Outlay 31200	Special Capital Outlay - Local 31300	Special Capital Outlay - State 31400
<i>Revenues:</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	-	-	-	-
Federal grants	-	-	-	-
Miscellaneous	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Expenditures:</i>				
Current:				
Instruction	-	-	-	-
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>-</u>	<u>-</u>	<u>-</u>	<u>-</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>	-	-	-	-
<i>Fund balances - beginning of year</i>	<u>4</u>	<u>18,339</u>	<u>23,628</u>	<u>44,858</u>
<i>Fund balances - end of year</i>	<u>\$ 4</u>	<u>\$ 18,339</u>	<u>\$ 23,628</u>	<u>\$ 44,858</u>

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

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

	Capital Improvements SB-9 (State Match)	
	31700	Total
	<u> </u>	<u> </u>
<i>Revenues:</i>		
Property taxes	\$ -	\$ -
State grants	-	-
Federal grants	-	-
Miscellaneous	-	-
Charges for services	-	-
Investment income	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>
 <i>Expenditures:</i>		
Current:		
Instruction	-	-
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	4,434	4,434
Debt service		
Principal	-	-
Interest	-	-
<i>Total expenditures</i>	<u>4,434</u>	<u>4,434</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(4,434)</u>	<u>(4,434)</u>
 <i>Net changes in fund balances</i>	(4,434)	(4,434)
 <i>Fund balances - beginning of year</i>	<u>-</u>	<u>86,829</u>
 <i>Fund balances - end of year</i>	<u>\$ (4,434)</u>	<u>\$ 82,395</u>

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

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DEBT SERVICE FUNDS

STATE OF NEW MEXICO
WAGON MOUND PUBLIC SCHOOLS
DEBT SERVICE FUNDS DESCRIPTIONS
JUNE 30, 2018

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

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

STATE OF NEW MEXICO
WAGON MOUND PUBLIC SCHOOLS
COMBINING BALANCE SHEET
NONMAJOR DEBT SERVICE FUNDS
JUNE 30, 2018

Statement D-1

		Debt Service 41000
ASSETS		
<i>Current assets:</i>		
Cash and temporary investments	\$	17,867
Accounts receivable		
Taxes		8,796
Due from other governments		-
Interfund receivables		-
Other		-
Inventory		-
		-
<i>Total assets</i>		26,663
LIABILITIES		
<i>Current Liabilities:</i>		
Accounts payable		-
Accrued payroll liabilities		-
Interfund payables		-
Unearned revenue		-
		-
<i>Total liabilities</i>		-
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenues - property taxes		8,359
Unavailable revenues - other		-
		-
<i>Total deferred inflows of resources</i>		8,359
FUND BALANCES		
Nonspendable		-
Restricted for:		
Grant mandates		-
Capital projects		-
Debt service		8,266
Assigned		10,038
Unassigned		-
		-
<i>Total fund balances</i>		18,304
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	\$	26,663

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

STATE OF NEW MEXICO
WAGON MOUND PUBLIC SCHOOLS
COMBINING STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR DEBT SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	Debt Service 41000
<i>Revenues:</i>	
Property taxes	\$ 110,076
State grants	-
Federal grants	-
Miscellaneous	-
Charges for services	-
Investment income	-
<i>Total revenues</i>	110,076
<i>Expenditures:</i>	
Current:	
Instruction	-
Support services	
Students	-
Instruction	-
General administration	1,112
School administration	-
Central services	-
Operation & maintenance of plant	-
Student transportation	-
Other support services	-
Food services operations	-
Community services	-
Capital outlay	-
Debt service	
Principal	70,000
Interest	32,513
<i>Total expenditures</i>	103,625
<i>Excess (deficiency) of revenues over (under) expenditures</i>	6,451
<i>Net changes in fund balances</i>	6,451
<i>Fund balances - beginning of year</i>	11,853
<i>Fund balances - end of year</i>	\$ 18,304

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

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OTHER SUPPLEMENTAL INFORMATION

STATE OF NEW MEXICO
WAGON MOUND PUBLIC SCHOOLS
SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDING JUNE 30, 2018

Schedule V

Description	Balance June 30, 2017	Additions	Deletions	Adjustments	Balance June 30, 2018
Admin Fund	\$ 247	\$ 4,190	\$ 3,028	\$ -	\$ 1,409
Elementary Library	1,831	-	503	-	1,328
High School Library	2,087	-	-	-	2,087
Drug Free Schools	6	-	-	-	6
Bilingual	38	-	-	-	38
Scholarship	500	-	-	-	500
High School - C	3,385	-	-	-	3,385
High School Art Fund	3,803	-	73	-	3,730
Elementary Art Fund	16	-	-	-	16
High School Library GE Dividend	10,444	1,130	10,774	-	800
Elementary Drama	3,370	-	22	-	3,348
High School Science Fund	198	-	-	-	198
Afterschool Activities	79	-	-	-	79
Greenhouse Fund	102	-	-	-	102
High School Incentive	717	1,983	1,222	-	1,478
Read to Ride	17	-	-	-	17
Prek Kindergarten Graduation	341	390	506	-	225
Sunshine Parent Organization	408	539	187	-	760
Health Fair	63	198	68	-	193
Girls Sports	2,819	2,250	2,124	-	2,945
Elementary Snack Shack	353	-	-	-	353
Wagon Mound Pee Wees	4,776	6,925	4,465	-	7,236
Elementary Classroom Social	5	-	-	-	5
Admin Fund	281	-	29	-	252
Annual Fund	1,439	4,571	5,751	-	259
Art Fund	208	-	80	-	128
Book Club	36	-	-	-	36
Cheerleaders	99	-	-	-	99
Booster Club	1	-	-	-	1
Drama Club	125	-	-	-	125
Mecha Club	8	-	-	-	8
National Honors Society	170	-	-	-	170
Elementary Field Trip	184	-	-	-	184
Pre-voc	1,198	-	-	-	1,198
Ski Club	393	-	-	-	393
Student Council	173	-	35	-	138
Summer Athletic Program	424	-	-	-	424
Business Professionals of America	(646)	14,803	12,818	-	1,339
Class of 2013	14	-	-	-	14
Class of 2015	(179)	-	-	-	(179)
Class of 2016	291	-	-	-	291
Class of 2018	747	2,987	2,953	-	781
Class of 2019	378	-	-	-	378
Class of 2020	364	1,570	1,114	-	820
Class of 2021	1,284	628	150	-	1,762
Class of 2022	320	258	-	-	578
	<u>\$ 42,917</u>	<u>\$ 42,422</u>	<u>\$ 45,902</u>	<u>\$ -</u>	<u>\$ 39,437</u>

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

STATE OF NEW MEXICO
WAGON MOUND 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>
Wells Fargo Bank	FNMA	6/1/2046	3138WHER9	\$ 227,460
Total Wells Fargo Bank				<u>\$ 227,460</u>

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

BYN Mellon
101 Barclay Street
4th Floor East
New York, NY 10286

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

STATE OF NEW MEXICO
WAGON MOUND 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
Wells Fargo Bank						
Operational	Checking	\$ 533,041	\$ -	\$ (138,821)	\$ 13,860	\$ 408,080
Hot Lunch	Checking	40,831	-	(1,441)	-	39,390
Athletics	Checking	5,164	-	(780)	-	4,384
Activity I	Checking	39,042	-	(12,187)	-	26,855
Activity II	Checking	11,994	-	(2,795)	-	9,199
High School CD	CD	3,385	-	-	-	3,385
Total Wells Fargo Bank		<u>\$ 633,457</u>	<u>\$ -</u>	<u>\$ (156,024)</u>	<u>\$ 13,860</u>	<u>\$ 491,293</u>
General Electric Common Stock	Stock	<u>\$ 16,019</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ 16,019</u>
Total		<u><u>\$ 649,476</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (156,024)</u></u>	<u><u>\$ 13,860</u></u>	<u><u>\$ 507,312</u></u>
Cash per financial statements						
Cash and cash equivalents - Government Activities Exhibit A-1						\$ 451,856
Fiduciary funds - Exhibit D-1						16,019
Fiduciary funds - Exhibits D-2						39,437
						<u><u>\$ 507,312</u></u>

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

STATE OF NEW MEXICO
WAGON MOUND 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	\$ 254,552	\$ 10,869	\$ 2,736	\$ 39,796
Add:				
Current year revenues	2,056,065	116,191	2,121	52,630
Permanent cash transfers	-	-	-	-
Prior period adjustment	-	-	-	-
Loans from other funds	-	-	-	-
Total cash available	2,310,617	127,060	4,857	92,426
Less:				
Current year expenditures	(1,969,682)	(110,339)	(3,717)	(53,036)
Permanent cash transfers	-	-	-	-
Prior period adjustment	-	-	-	-
Loans to other funds	(195,012)	-	-	-
Cash, June 30, 2018	<u>\$ 145,923</u>	<u>\$ 16,721</u>	<u>\$ 1,140</u>	<u>\$ 39,390</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
WAGON MOUND PUBLIC SCHOOLS
SCHEDULE OF CASH RECONCILIATIONS
JUNE 30, 2018

Schedule VIII

Primary Government

	Athletics 22000	Federal Flowthrough 24000	Federal Direct 25000	State Flowthrough 27000
Cash, June 30, 2017	\$ 4,523	\$ (30,847)	\$ 303	\$ (5,088)
Add:				
Current year revenues	9,505	129,679	12,313	85,771
Permanent cash transfers	-	-	-	-
Prior period adjustment	-	-	-	-
Loans from other funds	-	55,232	-	25,784
Total cash available	14,028	154,064	12,616	106,467
Less:				
Current year expenditures	(9,645)	(154,012)	(9,723)	(106,467)
Permanent cash transfers	-	-	-	-
Prior period adjustment	-	-	-	-
Loans to other funds	-	-	-	-
Cash, June 30, 2018	<u>\$ 4,383</u>	<u>\$ 52</u>	<u>\$ 2,893</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
WAGON MOUND PUBLIC SCHOOLS
SCHEDULE OF CASH RECONCILIATIONS
JUNE 30, 2018

Schedule VIII

Primary Government

	State Direct 28000	Local / State 29000	Bond Building 31100	Public School Capital Outlay 31200
Cash, June 30, 2017	\$ 2,745	\$ -	\$ 4	\$ 18,339
Add:				
Current year revenues	1,165	1,635	-	-
Permanent cash transfers	-	-	-	-
Prior period adjustment	-	-	-	-
Loans from other funds	130	-	-	-
Total cash available	4,040	1,635	4	18,339
Less:				
Current year expenditures	(2,095)	(1,635)	-	-
Permanent cash transfers	-	-	-	-
Prior period adjustment	-	-	-	-
Loans to other funds	-	-	-	-
Cash, June 30, 2018	<u>\$ 1,945</u>	<u>\$ -</u>	<u>\$ 4</u>	<u>\$ 18,339</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
WAGON MOUND PUBLIC SCHOOLS
SCHEDULE OF CASH RECONCILIATIONS
JUNE 30, 2018

Schedule VIII

Primary Government	Special Capital Outlay - Local 31300	Special Capital Outlay - State 31400	Capital Improvements SB-9 (State Match) 31700	Capital Improvements SB-9 (Local) 31701
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Cash, June 30, 2017	\$ 23,628	\$ 44,858	\$ -	\$ 103,232
Add:				
Current year revenues	-	-	97,953	63,983
Permanent cash transfers	-	-	-	-
Prior period adjustment	-	-	-	-
Loans from other funds	-	-	4,434	-
	<u>23,628</u>	<u>44,858</u>	<u>102,387</u>	<u>167,215</u>
Total cash available				
Less:				
Current year expenditures	-	-	(102,387)	(32,502)
Permanent cash transfers	-	-	-	-
Prior period adjustment	-	-	-	-
Loans to other funds	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash, June 30, 2018	<u>\$ 23,628</u>	<u>\$ 44,858</u>	<u>\$ -</u>	<u>\$ 134,713</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
WAGON MOUND PUBLIC SCHOOLS
SCHEDULE OF CASH RECONCILIATIONS
JUNE 30, 2018

Schedule VIII

Primary Government

	Educational Tech Equip 31900	Debt Service 41000	Total
Cash, June 30, 2017	\$ (109,432)	\$ 9,622	\$ 369,840
Add:			
Current year revenues	-	111,870	2,740,881
Permanent cash transfers	-	-	-
Prior period adjustment	-	-	-
Loans from other funds	109,432	-	195,012
Total cash available	-	121,492	3,305,733
Less:			
Current year expenditures	-	(103,625)	(2,658,865)
Permanent cash transfers	-	-	-
Prior period adjustment	-	-	-
Loans to other funds	-	-	(195,012)
Cash, June 30, 2018	<u>\$ -</u>	<u>\$ 17,867</u>	<u>\$ 451,856</u>

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
Wagon Mound Public Schools
Wagon Mound, 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 Wagon Mound 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 16, 2018.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and responses to be a material weakness. (FS 2018-001)

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and responses to be a significant deficiency. (FS 2018-002)

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 responses as items NM 2016-001, NM 2017-001, NM 2018-001, NM 2018-002, NM 2018-003, NM 2018-004, and NM 2018-005.

Response to Findings

The District's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. 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 them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the 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 16, 2018

STATE OF NEW MEXICO
WAGON MOUND PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2018

Schedule IX

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 identified? | Yes |
| b. Significant deficiencies identified not considered to be material weaknesses? | Yes |
| c. Control deficiencies identified not considered to be significant deficiencies? | Yes |

Section II – Financial Statement Findings

FS 2018–001 – Failure to Follow Proper Internal Controls Related to Payroll (Material Weakness)

Criteria: 6.20.2.11 NMAC 1978: INTERNAL CONTROL STRUCTURE STANDARDS:

A. Every school district shall establish and maintain an internal control structure to provide management with reasonable assurance that assets are safe-guarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with GAAP, and that state and federal programs are managed in compliance with applicable laws and regulations. The internal control structure shall include written administrative controls (rules, procedures and practices, and policies that affect the organization) and accounting controls (activity cycles, financial statement captions, accounting applications including computer systems) that are in accordance with GAAP.

B. Each school district shall develop, establish and maintain a structure of internal accounting controls and written procedures to provide for segregation of duties, a system of authorization and recording procedures, and sound accounting practices in performance of duties and functions. The duties to be segregated are the authorization to execute a transaction, recording the transaction, and custody of assets involved in the transaction.

(1) School district management must ensure that protection of the public trust is a major focus when granting the authorization to execute business of the school district.

(2) Employees handling significant amounts of cash must be adequately bonded. Access to assets is permitted only in accordance with school district authorization.

(3) Receipts, checks or warrants, purchase orders, and vouchers shall be sequentially pre-numbered.

(4) School districts shall have proper safeguards to protect unused checks and other pre-numbered forms, undeposited cash and other receipts, and facsimile signature plates.

(5) Transactions are to be recorded as necessary to permit preparation of financial statements in conformity with GAAP. In addition, school districts shall establish any other criteria applicable to such statements to maintain accountability for assets.

(6) School districts shall conduct independent checks on performance and proper valuation of recorded amounts, such as clerical checks, reconciliations, comparison of assets with recorded accountability, computer-programmed controls, management review of reports that summarize the detail of account balances, and user review of computer generated reports.

Condition: During our review of payroll we identified the following instances in which proper procedures were not followed:

- The payroll department has the authority to set up a new employee in the system, generate a contract, and process a payroll for them without any oversight.

Cause: There is not a proper segregation of duties or another control procedure in place which allows for proper review when payroll personnel have the ability to do all payroll functions.

Effect: The payroll department has the ability to input new employee information and create payroll checks and contracts without oversight or involvement of other individuals. This could lead to an incidence of fraud as there is no internal control to prevent the creation of a non-existent employee or the modification of payroll for an individual

Auditor's Recommendation: We recommend that the District print a report on which the Superintendent is signing-off. The Superintendent should review the individual employee report with actual pay amounts to ensure there are no instances of fraudulent employees or improper amounts included on the payroll.

STATE OF NEW MEXICO
WAGON MOUND PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2018

Schedule IX

Section II – Financial Statement Findings (Continued)

FS 2018–001 – Failure to Follow Proper Internal Controls Related to Payroll (Material Weakness)
(Continued)

Responsible Official's View:

- Specific corrective action plan for finding:
 - The Superintendent will be given the payroll documentation for review and signature. The documentation will include payroll journals, employee timesheets when applicable plus other system generated reports that confirm employees and pay amounts.

- Timeline for completion of corrective action plan:
 - The process will begin immediately. (July 2018)

- Employee position(s) responsible for meeting the timeline:
 - Business Manager, Superintendent, and Business Manager's Assistant

Section II – Financial Statement Findings (Continued)

FS 2018-002 – Purchase Orders and Payment Authorization (Significant Deficiency)

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.

13-1-158 NMSA 1978 PAYMENTS FOR PURCHASES:

“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].”

Additionally, the District has instituted more stringent purchasing guidelines for purchases greater than \$500. The District requires three written quotes for purchases greater than \$2,500 and sealed bids for purchases greater than \$5,000.

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

- In 3 of 25 items tested there was no receiving documentation to verify the goods and services were received as stated in the purchase order. Payment for these goods and services were:
 - \$1,176.36
 - \$780.57
 - \$568.00
- In 5 of 25 items tested goods and or services were purchased prior to the authorization of a purchase order.
 - A purchase of \$203.51 was made on 9/29/17 the purchase order was authorized on 10/12/17
 - A purchase of \$81.25 was made on 10/17/17 the purchase order was authorized on 10/22/17
 - A purchase of \$94.25 was made on 10/18/17 the purchase order was authorized 10/27/17

STATE OF NEW MEXICO
WAGON MOUND PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2018

Schedule IX

Section II – Financial Statement Findings (Continued)

FS 2018-002 – Purchase Orders and Payment Authorization (Significant Deficiency) (Continued)

- A purchase of \$234.00 was made on 12/14/17 the purchase order was authorized on 12/19/17
- A purchase of \$505.44 was made on 4/13/18 the purchase order was authorized on 6/14/18
- In 1 of 25 items tested there was no invoice in the file for the hotel stay to verify the accuracy of the payment. The purchase amount was \$340.50
- In 1 of 25 items tested the purchase order is only authorized for \$28.24 but purchase amount was \$46.89

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

- In 2 of 32 items tested the invoice amount and the check amount are not in agreement.
 - Check number 13669 was issued for \$14,522.64 invoice amount is \$16,377.84
 - Check number 9649 was issued for \$6,844.80 invoice amount is \$7,358.16
- In 2 of 32 items tested there was no receiving documentation to verify goods and or services were received. These purchases were for \$19,915.35 and \$5,376.41.

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

- In 3 of 25 items tested the purchase of goods and or services took place prior to the authorization of a valid purchase order.
 - An invoice for \$124.80 is dated 12/29/17 the purchase order is authorized 1/11/18
 - An invoice for \$555.42 is dated 3/15/18 the purchase order is authorized 3/20/18
 - An invoice for \$110.00 is dated 3/1/18 the purchase order is authorized 3/20/18

During our review of credit card disbursements we noted the following instances in which proper procedures were not followed.

- In 9 of 25 items tested the purchase of goods and or services took place prior to the authorization of a valid purchase order. The value of these purchases ranged from \$9.47 to \$512.00
- In 1 of 25 items tested the invoice amount and the check amount do not agree. The invoice is for \$5.48 but check is written for \$9.47.
- In 3 of 25 items tested there was no receipt to verify the purchase was proper. The value of these purchases were;
 - \$23.16
 - \$46.53
 - \$317.21

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

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 that a purchase order must be approved prior to the receipt of goods, and that all goods and services

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Section II – Financial Statement Findings (Continued)

FS 2018-002 – Purchase Orders and Payment Authorization (Significant Deficiency) (Continued)

should be signed for indicating when items were received by whom and that the goods and services match the information in the purchase order.

Responsible official's view:

- Specific corrective action plan for finding:
 - Lack of Receiving Documentation: The district recognizes that there are instances where vendors are not including packing slips with the shipment of goods or services. Management will print out the Receiving Copy of the purchase order and give a copy to the person receiving the items for verification and signature certifying receipt of goods or services. For all other instances, district personnel will ensure that a packing slip certified by a district employee is provided to the Business Office prior to the payment of the invoice.
 - Payments for Purchases: The district will notify all staff members of the importance of having a purchase order in place prior to the purchase of any goods or services. All purchase requisitions will be received stamped in the business office on the day they are received in the office. The Business Manager will work with the Superintendent to put into place a process that will prevent future unauthorized purchases.
 - Payment of items did not match invoice: In this instance, there were invoices that were paid in full from two different check stocks. Clear notification was not included in the payables documentation. Management will ensure that any deviation from an invoice is clearly documented on the invoice should this occur in the future.
- Timeline for completion of corrective action plan:
 - Immediately and prior to October 31, 2018
- Employee position(s) responsible for meeting the timeline:
 - Business Manager and Assistant Business Manager with oversight from the Superintendent

Section III – Section 12-6-5 NMSA 1978 Findings

NM 2016-001 [2016-001] – Improper Management of Student Activity Funds (Compliance) Repeated and Revised

Criteria: According to PSAB Supplement 18 – Student Activity and Athletic Funds:

Student activity accounts represent the monies raised or collected by and/or for school sponsored student activities. The activity accounts are typically used to account for monies raised **by the students for the students** (PED emphasis).

Policies and controls relating to student and district activity/athletic funds should be in writing and distributed to all activity fund supervisors, sponsors, and athletic personnel as applicable and accounting personnel. It is strongly recommended that all personnel involved with activity fund transactions or supervision of the same, read, understand and sign a sheet that sets forth all procedural requirements. A useful set of general controls, policies, and procedures includes at least the following:

- **All activity funds shall operate on a cash basis, meaning that no commitments or indebtedness may be incurred unless the fund contains sufficient cash.**
- Using activity fund receipts to cash checks to accommodate individuals, to make any kind of loan, to pay any form of compensation directly to employees, or to extend credit is *strictly prohibited* (PED emphasis)

EXPENDITURE OF STUDENT ACTIVITY FUNDS

The activity fund administrator (principal) will be handling two types of funds at the building level: 1) funds which contain monies belonging to the students (student activity funds or “club accounts”), and 2) funds which contain monies belonging to the district. Monies which belong to the students will normally be approved for disbursement at the building level, whereas monies which belong to the district (such as lab fees or textbook monies) will be managed, approved, and accounted for by the central office.

Disbursement of student activity funds requires approval of the student organization’s sponsor and activity fund supervisor (principal). The following procedures are recommended for student activity fund disbursements:

- Student activity fund cash disbursements should be first approved by the student organization and then by the organization’s sponsor and the principal. The district or charter school may wish to establish a dollar limit for student activity fund disbursements, any disbursement in excess of the limit requiring approval at the district level by either the superintendent or the governing board.

Condition: During our review of activity accounts we identified one activity accounts which had a negative balance at the end of the year. That negative balances was \$179.

In the prior year the District had two funds which had a negative balance at the end of the year totaling \$824.99.

Cause: The District did not perform adequate oversight to ensure these activity accounts maintained a positive cash balance.

Effect: The District is not in compliance with good accounting practices or New Mexico Public Education Department requirements.

Auditor’s Recommendation: We recommend that the District ensure that student activity accounts are not allowed to overdraw their cash balance.

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Section III – Section 12-6-5 NMSA 1978 Findings

NM 2016-001 [2016-001] – Improper Management of Student Activity Funds (Compliance) Repeated and Revised (Continued)

Responsible Official's View:

- Specific corrective action plan for finding:
 - The Board of Education approved an Activity and Athletics Handbook in the Fall of 2017 that specifically addresses Activity and Athletic fundraisers and account management. The handbook will become a part of district procedures and will be a living document in that it will be reviewed on an annual basis to ensure that staff is aware of proper account management. The Business Manager will review all account balances to ensure that no account is negative at the time that a request is being made for further purchases. An account found to be negative at this time will be brought to the attention of the Board of Education so that a transfer can be made into the account to bring the account balance to zero.

- Timeline for completion of corrective action plan:
 - November 2018

- Employee position(s) responsible for meeting the timeline:
 - Business Manager with oversight and support from the Superintendent

Section III – Section 12-6-5 NMSA 1978 Findings

NM 2017-001 [2017-001] – Background Checks and Licensure (Compliance) Repeated and Revised

Criteria: 22-10A-5 NMSA 1978: Background checks; known convictions; alleged ethical misconduct; reporting required; limited immunity; penalty for failure to report.

A. As used in this section, "ethical misconduct" means unacceptable behavior or conduct engaged in by a licensed school employee and includes inappropriate touching, sexual harassment, discrimination and behavior intended to induce a child into engaging in illegal, immoral or other prohibited behavior.

B. An applicant for initial licensure shall be fingerprinted and shall provide two fingerprint cards or the equivalent electronic fingerprints to the department **to obtain the applicant's federal bureau of investigation record**. Convictions of felonies or misdemeanors contained in the federal bureau of investigation record shall be used in accordance with the Criminal Offender Employment Act [28-2-1 through 28-2-6 NMSA 1978]. Other information contained in the federal bureau of investigation record, if supported by independent evidence, may form the basis for the denial, suspension or revocation of a license for good and just cause. Records and related information shall be privileged and shall not be disclosed to a person not directly involved in the licensure or employment decisions affecting the specific applicant. The applicant for initial licensure shall pay for the cost of obtaining the federal bureau of investigation record.

C. **Local school boards and regional education cooperatives shall develop policies and procedures to require background checks on an applicant who has been offered employment, a contractor or a contractor's employee with unsupervised access to students at a public school.**

D. **An applicant for employment who has been initially licensed within twenty-four months of applying for employment with a local school board, regional education cooperative or a charter school shall not be required to submit to another background check if the department has copies of the applicant's federal bureau of investigation records on file. An applicant who has been offered employment, a contractor or a contractor's employee with unsupervised access to students at a public school shall provide two fingerprint cards or the equivalent electronic fingerprints to the local school board, regional education cooperative or charter school to obtain the applicant's federal bureau of investigation record.** The applicant, contractor or contractor's employee who has been offered employment by a regional education cooperative or at a public school may be required to pay for the cost of obtaining a background check. At the request of a local school board, regional education cooperative or charter school, the department is authorized to release copies of federal bureau of investigation records that are on file with the department and that are not more than twenty-four months old. Convictions of felonies or misdemeanors contained in the federal bureau of investigation record shall be used in accordance with the Criminal Offender Employment Act; provided that other information contained in the federal bureau of investigation record, if supported by independent evidence, may form the basis for the employment decisions for good and just cause. Records and related information shall be privileged and shall not be disclosed to a person not directly involved in the employment decision affecting the specific applicant who has been offered employment, contractor or contractor's employee with unsupervised access to students at a public school.

Condition: During our review of personnel files we noted the following instances in which there was insufficient documentation:

- 1 of 10 personnel files reviewed the District had not obtained a background check in the file

During the previous audit, there was one instance in which an employee did not have a valid teaching license and one employee who did not have a proper signed contract prior to payroll distribution.

Cause: The District has not followed State guidelines in regards to documentation of background checks.

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

NM 2017-001 [2017-001] – Background Checks and Licensure (Compliance) Repeated and Revised (Continued)

Effect: The District's failure to maintain a background check report in the employee file is a violation of state statute and puts the District and school at additional risk of liability for any actions that may arise regarding employee conduct and does not comply with state regulations.

Auditor's Recommendation: We recommend that the District establish a policy regarding background checks and ensuring they are properly maintained within the employee personnel file. If a valid background check does not exist in the file then a new background check should be completed.

Responsible Official's View:

- Specific corrective action plan for finding:
 - Wagon Mound Schools has policy GCFC in place that states that employees will submit to a fingerprint scan upon acceptance of an employment offer. The Business Manager will notify new employees of the requirement and will ensure that all new hires will have a background check upon employment. An internal audit of the employee files will be conducted to ensure that all employees currently employed have a fingerprint report in their personnel files. Any employee found to be missing a background check will be required to submit to a fingerprint scan, a copy of which will be placed in their personnel file.
- Timeline for completion of corrective action plan:
 - Immediately, but prior to October 31, 2018
- Employee position(s) responsible for meeting the timeline:
 - Business Manager, Administrative Secretary and Superintendent

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

NM 2018-001 – I-9 Documentation (Compliance)

Criteria: 6.20.2.18 NMAC 1978 PAYROLL:

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

IMMIGRATION REFORM AND CONTROL ACT OF 1986:

Form I-9 is used for verifying the identity and employment authorization of individuals hired for employment in the United States. **All U.S. employers must ensure proper completion of Form I-9 for each individual they hire for employment in the United States.** This includes citizens and noncitizens. Both employees and employers (or authorized representatives of the employer) must complete the form. On the form, an employee must attest to his or her employment authorization. **The employee must also present his or her employer with acceptable documents evidencing identity and employment authorization. The employer must examine the employment eligibility and identity document(s) an employee presents to determine whether the document(s) reasonably appear to be genuine and to relate to the employee and record the document information on the Form I-9. Employers must retain Form I-9 for a designated period and make it available for inspection by authorized government officers.** NOTE: State agencies may use Form I-9.

Condition: During our review of payroll we noted the following instances in which proper procedures were not followed:

- In 1 of 10 personnel files reviewed the District did not record both forms of ID as required.
- In 2 of 10 personnel files reviewed the employee did not date the I-9 form and it was not dated by District personnel.

Cause: District, State, and Federal policies are not being followed or reviewed to ensure proper execution.

Effect: The District is in a violation of NMAC 6.20.2.18 and the Immigration Reform and Control Act of 1986.

Auditor's Recommendation: We recommend that the District follow the corrective action plan set forth in the Immigration Reform and control Act of 1986 and request that the employee complete section 1 of the Form I-9 immediately and submit documentation as required in Section 2. The new form should be dated when completed- never postdated. When an employee does not provide acceptable documentation, the employer must terminate employment or risk being subject to penalties for “knowingly” continuing to employ an unauthorized worker if the individual is not in fact authorized to work.

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Schedule IX

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

NM 2018-001 – I-9 Documentation (Compliance) (Continued)

Responsible Official's Plan:

- Specific corrective action plan for finding:
 - District employees will conduct an internal audit of the I-9 documentation for staff currently in the employment of the District. All I-9 Forms will be reviewed for compliance. Any discrepancies will be corrected immediately.

- Timeline for completion of corrective action plan:
 - Immediately and before December 31, 2018

- Employee position(s) responsible for meeting the timeline:
 - Business Manager with oversight from the Superintendent

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Schedule IX

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

NM 2018-002 – Improper Reimbursement of Travel Expense (Compliance)

Criteria: 2.42.2.8 NMAC 1978 PER DIEM RATES PRORATION:

A. **Applicability:** Per diem rates shall be paid to public officers and employees only in accordance with the provisions of this section. Per diem rates shall be paid without regard to whether expenses are actually incurred. Where lodging and/or meals are provided or paid for by the agency, the governing body, or another entity, the public officer or employee is entitled to reimbursement only for actual expenses under 2.42.2.9 NMAC.

B. **Per diem rate computation:** Except as provided in Subsections C through I of this Section, per diem rates for travel by public officers and employees shall be computed as follows:

(1) **Partial day per diem rate:** Public officers or employees who occasionally and irregularly travel shall be reimbursed for travel which does not require overnight lodging, but extends beyond a normal work day as follows:

- (a) for less than 2 hours of travel beyond normal work day, none;
- (b) for 2 hours, but less than 6 hours beyond the normal work day, \$12.00;
- (c) for 6 six hours, but less than 12 hours beyond the normal work day, \$20.00;
- (d) for 12 hours or more beyond the normal work day, \$30.00;
- (e) “Occasionally and irregularly” means not on a regular basis and infrequently as

determined by the agency. For example, an employee is not entitled to per diem rates under this subparagraph if the employee either travels once a week or travels every fourth Thursday of the month. However, the employee is entitled to per diem rates under this subparagraph if the employee either travels once a month with irregular destinations and at irregular times or travels four times in one month and then does not travel again in the next two months, so long as this is not a regular pattern.

(f) **“Normal work day” means 8 hours within a nine-hour period for all public officers and employees both salaried and nonsalaried, regardless of the officers’ or employees’ regular work schedule.**

(2) **Overnight travel:** Regardless of the number of hours traveled, travel for public officers and employees where overnight lodging is required shall be reimbursed as follows:

- (a) in state areas **\$85.00**
- (b) in state special areas **\$135.00**
- (c) out of state areas **\$115.00;**
- (d) or actual lodging and meal expenses under 2.42.2.9 NMAC.

(3) **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. Divide the number of hours traveled by 24. The hours remaining constitute the partial day which shall be reimbursed as follows:

- (a) for less than 2 hours, none;
- (b) for 2 hours, but less than 6 hours, \$12.00;
- (c) **for 6 hours or more, but less than 12 hours, \$20.00;**
- (d) for 12 hours or more, \$30.00.

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

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

NM 2018-002 – Improper Reimbursement of Travel Expense (Compliance) (Continued)

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 cash disbursements we noted the following instances in which proper procedures were not followed:

- In 2 of 19 items tested the District did not reimburse the employee the proper amount. Two employees went to the same conference but were not paid properly. The employees were paid \$324.28 for two full day per diem but should have been paid \$379.28 for three days per diems.
- In the same reimbursement mentioned above the district did not accurately track the time the employees left for travel and when they returned.

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

- An employee returning from travel which required an overnight stay was not paid the proper amount. The employee was paid actuals of \$11.21 instead of the per diem rate of \$20.00
- In all items tested the employee is not recording the actual time the leave and return from their travel. The employee is filling out their travel form prior to leaving and this is an estimated leave and return time. This estimated travel time is how the employee is paid.
- An employee was reimbursed \$31.03 for meals in a 24 hours period. The max reimbursement is \$30.00 in a day.

Cause: The District did not properly calculate the per diem rate for overnight travel and is not requiring the employee to sign the travel form after the travel has been completed and have it verified by a supervisor.

Effect: The District did not properly pay three employees the per diem rate and does not have sufficient internal controls to verify the time employees leave and return from travel.

Auditor's Recommendation: We recommend that management ensure that they are reimbursing employees properly for qualified expenses and have employees sign the travel forms after they have returned from their travel to verify actual travel time is recorded as opposed to the estimated time.

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

NM 2018-002 – Improper Reimbursement of Travel Expense (Compliance) (Continued)

Responsible Official's View:

- Specific corrective action plan for finding:
 - District personnel will modify its per diem request to include a certification of actual departure and arrival times from travel. Business Office personnel will attend professional development training that specifically addresses the Per Diem and Mileage Act.

- Timeline for completion of corrective action plan:
 - June 30, 2019

- Employee position(s) responsible for meeting the timeline:
 - Business Manager, Assistant Business Manager with oversight from the Superintendent

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Schedule IX

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

NM 2018-003 – Improper Cash Receipting Procedures (Compliance)

Criteria: 6.20.2.14 NMAC 1978 CASH CONTROL STANDARDS:

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

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.

K. All bank accounts shall be reconciled on a monthly basis. Reconciled bank statements are to be reviewed by the business manager and/or assistant superintendent for business administration. The bank statement, deposit slips, and canceled checks shall be made available to the district's auditor during the annual audit.

Condition: During our review of activity receipts we identified the following instances in which proper procedures were not followed:

- In 6 of 25 items tested there was no receipt issued for money received. The amount of the deposit were as follows;
 - A deposit on 9/7/17 for \$1,558.00 had no receipt
 - A deposit on 2/1/18 for \$105.00 had no receipt
 - A deposit on 2/6/18 for \$79.00 had no receipt
 - A deposit on 3/29/18 for \$50.00 had no receipt
 - A deposit on 4/10/18 for \$100.00 had no receipt
 - A deposit on 4/23/18 for \$40.00 had no receipt

Cause: The District did not issue receipts for money received from their activity accounts as required by statute.

Effect: Non-adherence to state statutes places the District in noncompliance and could subject the District to a possible occurrence of fraud and misappropriation of funds.

Auditors' Recommendations: We recommend that the District emphasize the importance of issuing receipts for all money received.

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Schedule IX

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

NM 2018-003 – Improper Cash Receipting Procedures (Compliance)

Responsible Official's Plan:

- Specific corrective action plan for finding:
 - The district is using pre-numbered receipt books for all money received, however, the receipt books are in duplicate, not in triplicate. The district will purchase and put into place receipt books that are in triplicate so that one copy is issued to the person turning in the money to the sponsor, the second copy if issued to the business office and a third copy stays in the sponsors receipt book.

- Timeline for completion of corrective action plan:
 - Immediately and prior to October 2018

- Employee position(s) responsible for meeting the timeline:
 - Staff in charge of fundraising activity, and Business Manager with oversight from the Superintendent

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

NM 2018-004 – Failure to Assign Statutory Preferences (Compliance)

***Criteria:* 1.4.1.15 NMAC 1978: COMPETITIVE SEALED BIDS REQUIRED:**

All procurement shall be achieved by competitive sealed bids except procurement achieved pursuant to the following methods:

- A. competitive sealed proposals;
- B. small purchases;
- C. sole source procurement;
- D. emergency procurement;
- E. procurement under existing contracts; and
- F. purchases from anti-poverty program businesses.

1.4.1.17 NMAC 1978: PUBLIC NOTICE INVITATION FOR BID:

Publication. The IFB or notice thereof shall be published not less than ten calendar days prior to the date set for the opening of bids. The IFB or notice must be published once in at least three newspapers of general circulation in this state.

A. These requirements of publication are in addition to any other procedures that may be adopted by the state purchasing agent to notify prospective bidders that bids will be received, including but not limited to publication in trade journals, if available.

B. Bidder lists. The state purchasing agent shall send copies of the notice or IFB involving the expenditure of more than sixty thousand dollars (\$60,000) to those businesses which have signified in writing an interest in submitting bids for particular categories of items of tangible personal property, construction and services and which have paid any required fees. (13-1-104 NMSA 1978). Reference is also given to 1.4.1.48 NMAC of this rule.

C. Public availability. A copy of the IFB shall be made available for public inspection at the office of the state purchasing agent.

1.4.1.23 NMAC 1978: MISTAKES IN BIDS:

A. Receipt. Upon its receipt, each bid and modification shall be time-stamped but not opened and shall be stored in a secure place until the time and date set for bid opening.

B. No bids received. Except as provided in 1.4.1.68 through 1.4.1.72 NMAC of this rule, if no bids are received or if all bids received are rejected in accordance with the provisions of 1.4.1.68 through 1.4.1.72 NMAC of this rule, a new IFB shall be issued. If upon re-bidding with no change in specifications from the first IFB, the bids received are unacceptable, or if no bids are secured, the state purchasing agent may purchase (i.e., as opposed to procure) the items of tangible personal property, construction or services in the open market at the best obtainable price.

C. Opening and recording. Bids and modifications shall be opened publicly in the presence of one or more witnesses at the time and place designated in the IFB. The name of each bidder, the amount of each bid and each bid item, if appropriate, the names and addresses of the required witnesses, and such other relevant information as may be specified by the state purchasing agent shall be recorded. The record shall be open for public inspection. Each bid, except those portions for which a bidder has made a written request for confidentiality, shall also be open to public inspection. Any data, which a bidder believes should be kept confidential shall accompany the bid and shall be readily separable from the bid in order to facilitate public inspection of the non-confidential portion of the bid. Prices and makes and models or catalogue numbers of the items offered, deliveries, and terms of payment shall be publicly available at the time of bid opening regardless of any designation to the contrary.

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

NM 2018-004 – Failure to Assign Statutory Preferences (Compliance) (Continued)

1.4.1.25 NMAC 1978: STATUTORY PREFERENCES:

Statutory preferences to be applied in determining low bidder or low offeror. **New Mexico law provides certain statutory preferences to resident businesses, resident veteran businesses, resident contractors and resident veteran contractors as well as for recycled content goods** (13-1-21 and 13-1-22 NMSA 1978). These preferences must be applied in regard to invitations for bids and requests for proposals in accordance with statute in determining the lowest bidder or offeror.

Finally, **1.4.1.67 NMAC 1978: COPIES OF CONTRACTS AND PRICE AGREEMENTS:**

A central purchasing office shall retain for public inspection and for the use of auditors a copy of each state purchasing agent contract or current price agreement relied upon to make purchases without seeking competitive bids.

Condition: During our testing of bids and requests for proposals we identified the following instances in which proper procedures were not followed:

- In the bid for legal services the bid document did not contain statutory preferences as part of the scoring.

In the previous year's audit there was 1 instance in which there was no statutory preference given to the vendors.

Cause: The District has not followed proper state statutes in publishing notices of bids and including statutory preferences for resident businesses.

Effect: The District is not in compliance with State Purchasing Guidelines. This opens the District up to possible incidences of fraud and possible occurrences of disputed awards which could cause additional legal and monetary consequences.

Auditor's Recommendation: We recommend that the District that all personnel responsible in the RFP/bid process are trained in the proper procedures and requirements.

Responsible official's view:

- Specific corrective action plan for finding:
 - Business Office personnel will identify and attend professional development specific to Competitive Sealed Bid requirements
- Timeline for completion of corrective action plan:
 - June 30, 2019
- Employee position(s) responsible for meeting the timeline:
 - Business Manager, Assistant Business Manager with oversight from the Superintendent

STATE OF NEW MEXICO
WAGON MOUND PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2018

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

NM 2018-005 – Budgetary Controls and Cash Appropriations (Compliance)

Criteria: 2.2.2.10 NMAC 1978 GENERAL CRITERIA:

Q. Budgetary presentation:

(2) The differences between the budgetary basis and GAAP basis revenues and expenditures shall be reconciled. If the required budgetary comparison information is included in the basic financial statements, the reconciliation shall be included on the statement itself or in the notes to the financial statements. If the required budgetary comparison is presented as RSI, the reconciliation to GAAP basis shall appear in either a separate schedule or in the notes to the RSI (AAG-SLV 11.14). **The notes to the financial statements shall disclose the legal level of budgetary control for the entity and any excess of expenditures over appropriations at the legal level of budgetary control. The legal level of budgetary control for local governments is at the fund level. The legal level of budgetary control for school districts is at the function level.**

R. Appropriations:

(1) Budget related findings:

(a) If actual expenditures exceed budgeted expenditures at the legal level of budgetary control, that fact shall be reported in a finding and disclosed in the notes to the financial statements.

(b) If budgeted expenditures exceed budgeted revenues (after prior-year cash balance and any applicable federal receivables used to balance the budget), that fact shall be reported in a finding. This type of finding shall be confirmed with the agency’s budget oversight entity (if applicable).

All District funds, with the exception of agency funds, are to be budgeted by the local governing body and submitted to the Public Education Department for approval. Cash balances re-budgeted to make up for deficit budgeted revenues that do not cover the budgeted expenditures cannot exceed the actual cash balance available at the end of the prior year.

Additionally 22-8-11 NMSA 1978 BUDGETS; APPROVAL OF OPERATING BUDGET:

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 re-budgeted “cash balance” in excess of available cash balances in the following fund:

		Original Cash Budget	Actual Cash	Difference
21000	Food Services	\$ 45,459	\$ 39,796	\$ (5,663)

The District had expenditures in excess of budget in the following funds:

Fund #	Fund and Function	Amount
22000	Athletics - Instruction	\$ 2,122
41000	Debt Service - General Administration	86
	Total	\$ 2,208

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

NM 2018-005 – Budgetary Controls and Cash Appropriations (Compliance)

Effect: The District has budgeted a cash balance that does not exist. If the District expends all budgeted expenditures it will overdraw its existing funds. The District has also expended funds in excess of its budget authority

Cause: Modifying the cash balance of the funds and improper internal controls regarding expenditures was missed by District personnel.

Auditor's Recommendation: Budget for future years should be reviewed to ensure all funds have adequate budget authority for budgeted expenditures. Greater attention should be given to the budget monitoring process end-of-the-year cash balance estimates. Adjustments should be made to cash balances after actual amounts are determined.

Responsible Official's Plan:

- Specific corrective action plan for finding:
 - Management will process budget adjustments for increases and decreases to cash upon approval of the Annual audit report. Management will review district budgets and ensure that expenditures are not in excess of their budgeted amounts. Budgeted amounts will be adjusted after board approval to ensure that expenditures do not exceed budgeted authority.
- Timeline for completion of corrective action plan:
 - Immediately
- Employee position(s) responsible for meeting the timeline:
 - Business Manager, with oversight from the Superintendent and support from the Board of Education.

STATE OF NEW MEXICO
WAGON MOUND PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2018

Schedule IX

Section IV – Prior Year Audit Findings

Financial Section Findings

2014-001 Capital Asset Inventory – Resolved

2014-002 Internal Controls over Purchase Cards – Resolved

2016-001 Activities Funds – Repeated and Revised (Renamed NM 2016-001)

2017-001 Internal Control over Payroll Compliance and Disbursements – Repeated and Revised (Renamed NM 2017-001)

2017-002 Internal Control over Tracking Leave – Resolved

2017-003 Inadequate Pledged Collateral – Resolved

Section 12-6-5 NMSA 1978 Findings

None

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

Section V – Other Disclosures

Auditor Prepared Financials

Manning Accounting and Consulting Services, LLC assisted in the preparation of the financial statements presented in this report. 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.

Exit Conference

The contents of this report were discussed on October 16, 2018. The following individuals were in attendance.

Maxwell Municipal Schools

Anita Romero, Superintendent
Sonia Cruz-Olguin, Board Secretary
Tom Herrera, Board Member
Teresa Casias, Business Manager
Claudia Martinez, Assistant Business Manager

Manning Accounting and Consulting Services, LLC

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