

**State of New Mexico**  
**Rio Rancho Public School**  
**District No. 94**

**FINANCIAL STATEMENTS**

**For the Year Ended June 30, 2018**



**CRI** CARR  
RIGGS &  
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CPAs and Advisors

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## **Introductory Section**

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**June 30, 2018**

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**Rio Rancho Public School District No. 94**  
**Official Roster**  
**June 30, 2018**

Name	Title
<b><u>Board of Education</u></b>	
Ramon Montano	President
Catherine Cullen	Vice President
Ryan Parra	Secretary
Wynne D. Coleman	Member
Martha Jansen	Member
<b><u>Administrative Officials</u></b>	
V. Sue Cleveland, Ed. D.	Superintendent
Carl C. Leppelman, Ed. S.	Associate Superintendent for Curriculum & Instruction
Michael Baker	Chief Operating Officer
Melanie Archibeque	Executive Director of Facilities
Randy C. Evans, BS	Executive Director of Finance
Susan Passell, Ed. D.	Executive Director of Human Resources
Jerry Reeder, MA	Executive Director of Special Services
Maurice Ross	Executive Director of Student Transportation

## **Financial Section**

## **INDEPENDENT AUDITORS' REPORT**

Wayne A. Johnson  
New Mexico State Auditor  
The Office of Management and Budget  
The Board of Education  
Rio Rancho Public School District No. 94  
Rio Rancho, New Mexico

### **Report on Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, the aggregate remaining fund information, and the budgetary comparison for the general fund of Rio Rancho Public School District No. 94 (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.

### **Auditors' Responsibility**

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our 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 Rio Rancho Public School District No. 94, as of June 30, 2018, and the respective changes in financial position thereof, and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

### *Adoption of New Accounting Pronouncement*

As described in Note 17 to the financial statements, the District adopted Government Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, which resulted in a cumulative effect of change in accounting principle of (\$108,395,047) to the June 30, 2017 net position for governmental activities. Our opinions are not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis* on pages 11 through 17, the GASB supplementary pension schedules, and the GASB supplementary other post-employment benefits schedules on pages 80-86 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 inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, the combining fund financial statements, the Schedule of Expenditures of Federal Awards as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the supporting schedules on pages 126-139 required by 2.2.2 NMAC are presented for the purposes of additional analysis and are not a required part of the basic financial statements.

The combining fund financial statements, the Schedule of Expenditures of Federal Awards, and the supporting schedules on pages 126-139 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 financial statements. Such information has been subjected to the auditing procedures applied in the audit of the 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 themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining fund financial statements, Schedule of Expenditures of Federal Awards, and the supporting schedules on pages 126-139 required by 2.2.2 NMAC are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2018, on our consideration of the entity's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control over financial reporting and compliance.

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

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

# Rio Rancho Public School District No. 94 Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2018 Unaudited

This Management's Discussion and Analysis of the fiscal performance of the Rio Rancho Public School District No. 94 (the "District") for the period ending June 30, 2018 represents the District's twelfth year of implementation of the Government Accounting Standards Board Statement No. 34 (GASB 34).

## Introduction

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

## Financial Highlights

Key financial highlights for fiscal year 2018 are as follows:

- + The District has successfully maintained the financial reporting processes as required by the Governmental Accounting Standards Board Statement No. 34.
- + Total assets of governmental activities increased \$13,941,886 or 3.41%.
- + Total liabilities of governmental activities increased \$209,650,554 or 57.24%.
- + The District had \$206,630,790 in expenses related to governmental activities; \$24,641,763 of these expenses were offset by program specific charges for services and sales, grants, and contributions. General revenues, primarily State Equalization Guarantee, property taxes, and grants and entitlements of \$151,469,274 were adequate to provide for these programs.
- + The District's net position decreased by \$138,914,800, which includes a restatement of \$108,395,047.

## Using the Basic Financial Statements

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

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

**Rio Rancho Public School District No. 94  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2018  
Unaudited**

**Statement of Net Position and Statement of Activities**

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

These two statements report the District's net position and changes in net position. This change in net position is important because it identifies whether the financial position of the District has improved or diminished for the District as a whole. The cause of this change may be the result of many factors, some financial, some not. Nonfinancial factors include the District's property tax base, facility conditions, required educational programs, and other factors.

In the statement of net position and the statement of activities, all of the District's activities are reported in one column. The column is labeled:

**Governmental Activities** - All of the District's programs and services are reported here including instruction, support services, operation and maintenance of plant, pupil transportation, and extracurricular activities.

The Statement of Activities reflects the cost of program services and the charges for services and sales, grants, and contributions offsetting those services. The Statement of Activities (pages 22-23), for governmental activities, indicates the total cost of services and the net cost of services. It identifies the cost of these services supported by revenues from state entitlements.

The dependence upon revenues from the State of New Mexico for governmental activities is apparent. Over 57.25% of district revenues are being spent on Direct Instruction.

**Rio Rancho Public School District No. 94**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2018**  
**Unaudited**

	2018	2017	Variance
<b>Assets</b>			
Current and other assets	\$ 100,651,864	\$ 91,285,434	\$ 9,366,430
Capital assets, net of accumulated depreciation	322,664,300	318,088,844	4,575,456
<b>Total assets</b>	<b>423,316,164</b>	<b>409,374,278</b>	<b>13,941,886</b>
<b>Deferred outflows of resources</b>			
Deferred loss on extinguishment of debt	1,328,743	1,370,230	(41,487)
Deferred outflows related to pension plan and OPEB	114,633,328	34,340,015	80,293,313
<b>Total deferred outflows of resources</b>	<b>115,962,071</b>	<b>35,710,245</b>	<b>80,251,826</b>
<b>Total assets and deferred outflows of resources</b>	<b>\$ 539,278,235</b>	<b>\$ 445,084,523</b>	<b>\$ 94,193,712</b>
<b>Liabilities</b>			
Current liabilities	\$ 34,465,723	\$ 34,069,592	\$ 396,131
Net pension and OPEB liability	427,183,984	218,115,985	209,067,999
Other long-term liabilities	114,247,523	114,061,099	186,424
<b>Total liabilities</b>	<b>575,897,230</b>	<b>366,246,676</b>	<b>209,650,554</b>
<b>Deferred inflows of resources</b>			
Deferred inflows related to pension plan and OPEB	26,384,980	2,927,022	23,457,958
<b>Net position</b>			
Net investment in capital assets	238,959,766	235,445,495	3,514,271
Restricted	24,126,386	23,506,506	619,880
Unrestricted (deficit)	(326,090,127)	(183,041,176)	(143,048,951)
<b>Total net position</b>	<b>(63,003,975)</b>	<b>75,910,825</b>	<b>(138,914,800)</b>
<b>Total liabilities, net position and deferred inflows of resources</b>	<b>\$ 539,278,235</b>	<b>\$ 445,084,523</b>	<b>\$ 94,193,712</b>

**Rio Rancho Public School District No. 94**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2018**  
**Unaudited**

	2018	2017	Variance
<b>Program revenues:</b>			
Charges for services	\$ 5,262,884	\$ 5,222,331	\$ 40,553
Operating grants and contributions	18,457,502	18,394,279	63,223
Capital grants and contributions	921,377	633,621	287,756
<b>General revenues:</b>			
Property taxes	23,993,507	23,380,562	612,945
State equalization guarantee	126,939,621	116,952,809	9,986,812
Interest and investment earnings	380,614	160,064	220,550
Miscellaneous revenue	155,532	8,881	146,651
<b>Total revenues</b>	<b>176,111,037</b>	<b>164,752,547</b>	<b>11,358,490</b>
<b>Program expenses:</b>			
Instruction	118,303,215	96,755,721	21,547,494
Support services	41,959,584	32,651,215	9,308,369
Central services	6,322,261	5,069,881	1,252,380
Operation and maintenance of plant	24,286,100	19,631,888	4,654,212
Student transportation	5,554,332	4,980,264	574,068
Food services	6,733,075	6,957,474	(224,399)
Community service operations	9,030	29,064	(20,034)
Interest on long-term debt	3,246,443	3,299,285	(52,842)
Debt Issuance Cost	216,750	-	216,750
<b>Total expenses</b>	<b>206,630,790</b>	<b>169,374,792</b>	<b>37,255,998</b>
<b>Increase (decrease) in net position</b>	<b>\$ (30,519,753)</b>	<b>\$ (4,622,245)</b>	<b>\$ (25,897,508)</b>

**Government-wide Financial Analysis**

Net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows were exceeded by liabilities and deferred inflows by \$63,003,975 at the close of the most recent fiscal year. By far the largest portion of the District's net position reflects its investment in capital assets, less any debt used to acquire those assets that is still outstanding. The District uses these assets to provide services to its students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**Rio Rancho Public School District No. 94  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2018  
Unaudited**

The District's net position decreased by \$30,519,753 during the current fiscal year. Additionally, net position decrease due primarily to the other post-employment benefit liability that was placed in the books due to the current implementation of GASB 75. This resulted in a restatement of (\$108,395,047). At the end of the current fiscal year, the District is able to report positive balances in two of three categories of net position for the government as a whole. The same situation held true for the prior fiscal year.

**The District's Funds**

The District's governmental funds are accounted for using the modified accrual basis of accounting. Total governmental funds had revenues and other financing sources of \$203,416,339 and expenditures and other financing uses of \$195,216,636. The net change in fund balance for the year was an increase of \$8,199,703. Approximately 99.03% of the total fund balances of the governmental funds constitute spendable fund balance, which is available for spending at the government's discretion. The remainder of fund balance is not spendable to indicate that it is not available for new spending because it has already been committed to the purchase of inventories, per Balance Sheet – Governmental Funds.

**Reporting the School District's Most Significant Funds**

Fund Financial Statements

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

**Governmental Funds**

Most of the District's activities are reported in governmental funds, which focus on how monies flow into and out of those funds and the balances left at fiscal yearend for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent in the near future to finance educational programs. The relationship, or differences, between governmental activities reported in the statement of net position and the statement of activities and the governmental funds is reconciled in the financial statements. The general fund is the chief operating fund of the District. As of June 30, 2018, spendable fund balance of the general fund was \$13,655,450. Nonspendable fund balance of the general fund was \$363,132. As a measure of the general fund's liquidity, it may be useful to compare the spendable fund balance to total fund expenditures. Spendable fund balance of the general fund represents 11.08% of total general fund expenditures.

**Rio Rancho Public School District No. 94  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2018  
Unaudited**

The fund balance of the District's general fund increased by \$9,770,154 during the current fiscal year due to the District spending less for Instruction and Support Services while receiving more State Equalization Guarantee income.

The bond building fund has total spendable fund balance of \$42,071,944, all of which is restricted for capital acquisitions and improvements. The total fund balance of the bond building fund decreased by \$3,094,045 in the current fiscal year due an increase in the operation and maintenance expense and capital expenditures from the prior year.

The debt service fund has a total spendable fund balance of \$19,193,571, all of which is restricted for the payment of debt service. The net decrease of \$152,396 in fund balance during the current year resulted from debt proceeds offset by a slight increase in debt service expenditures.

### **General Fund Budgeting Highlights**

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

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

For the General Fund, final budgeted revenues and other financing sources are less than budgeted expenditures by \$4,547,196.

Expenditures and other financing uses were budgeted at \$136,015,192, while actual expenditures were \$123,579,873. The difference between budget and actual expenditures was due to less spending in salaries, substitutes, and other expenses and other budgetary items throughout the year.

Actual revenues for the general fund were \$133,068,137 and revenues from state sources constitute 96.18% of the total. Actual revenues exceeded actual expenditures by \$9,488,264.

### **Capital Assets**

At the end of fiscal 2018, the District had \$238,959,766 invested in capitalized assets with associated accumulated depreciation of \$134,980,871. Activity in the capital asset accounts is reported in Note 6 to the financial statements. As part of the District's adoption of the GASB Statement 34 reporting model, the value of District owned land and buildings were adjusted to correspond to historical cost or to appraised value (if historical cost was not available).

### **Debt**

At June 30, 2018, the District had outstanding bonds payable of \$120,040,000. The District issued \$23,305,000 of new bonds in October 2017. These bonds were issued to fund various capital projects and the refunding of older bonds. Details of the activity in the long-term debt accounts of the District can be found in Note 7 to the financial statements.



**Rio Rancho Public School District No. 94  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2018  
Unaudited**

**Future Trends**

Rio Rancho Public Schools is truly a successful experiment in grassroots development. In 1994, residents of Rio Rancho petitioned the state to create a fledging school district comprised of students from Albuquerque Public Schools (APS) and Jemez Valley Public Schools (JVPS). Our original 5,900 students were educated in five schools "inherited" from APS and two schools "inherited" from Jemez Valley. As the community grew, we continued to expand adding more and more facilities to accommodate our growing population. Today, those seven original buildings number 19 and the 5,900 student population is approaching 17,500! We are no longer a fledging district and are the third largest school district in the state of New Mexico. (Albuquerque Public Schools and Las Cruces Public Schools are first and second).

To serve our community, RRPS has one preschool (3 and 4-year-olds), ten elementary schools (K-5), four middle schools (6-8) and four high schools (9-12). An additional elementary school and a replacement for our aging preschool are scheduled to open in the next three years.

Our over 2200 staff members, five-member school board, committed parents, and involved community members collaborate and cooperate to ensure student success. The district offers a menu of options to differentiate instruction, including traditional school, cyberschool, Montessori, dual credit, an alternative high school and many specialized programs. In 2016, we developed an intensive "Portrait of a Graduate" to identify the skills our students need to pursue the college or career of their choice. Combined with the Strategic Plan, also developed in 2016, we developed a detailed "road map" for every graduate's success. We currently boast an 84% graduation rate which is on par with national statistics and exceeds those for the state.

Specific future trends include implementation of "Future Ready" (using technology to support student goals); the continued integration of Common Core State Standards; personalized learning through a viable curriculum; expansion of our Advanced Placement courses and a continued emphasis on dual-credit opportunities for our students.

While state test reports are important, RRPS focuses on a holistic educational strategy that addresses the whole student and not just results on an annual assessment. We strive to develop students who will one day take their place in the community, helping Rio Rancho continue to grow and to be a great place to live, work, and raise families.

**Contacting the District's Financial Management**

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

Randy Evans  
Executive Director of Finance  
500 Laser Rd. NE, Rio Rancho, NM 87124  
revans@rrps.net  
(505) 896-0667

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## **Financial Statements**

**Rio Rancho Public School District No. 94**  
**Statement of Net Position**  
**June 30, 2018**

	<b>Governmental Activities</b>
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Assets	
Current assets:	
Cash and cash equivalents	\$ 32,930,084
Investments	49,283,538
Receivables:	
Property taxes	1,621,770
Due from other governments	4,099,298
Other	139,040
Inventory	786,775
<hr/>	
Total current assets	88,860,505
<hr/>	
Noncurrent assets:	
Restricted cash and cash equivalents	11,440,709
Bond discounts, net of accumulated amortization of \$135,190	350,650
Capital assets	457,645,171
Less: accumulated depreciation	(134,980,871)
<hr/>	
Total noncurrent assets	334,455,659
<hr/>	
Total assets	423,316,164
<hr/>	
Deferred outflows of resources	
Deferred loss on extinguishment of debt, net of accumulated amortization of \$486,645	1,328,743
Deferred outflow - pension	112,948,966
Deferred outflow - OPEB	1,684,362
<hr/>	
Total deferred outflows of resources	115,962,071
<hr/>	
Total assets and deferred outflows of resources	\$ 539,278,235
<hr/> <hr/>	

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

	<b>Governmental Activities</b>
<b>Liabilities</b>	
Current liabilities:	
Accounts payable	\$ 3,448,488
Accrued payroll	14,656,057
Due to other governments	660
Accrued interest	1,793,348
Current portion of accrued compensated absences	662,170
Current portion of bonds payable	13,905,000
<b>Total current liabilities</b>	<b>34,465,723</b>
Noncurrent liabilities:	
Accrued compensated absences	36,845
Bond premiums, net of accumulated amortization of \$2,859,803	8,075,678
Bonds payable	106,135,000
Net pension liability	335,930,138
Net OPEB liability	91,253,846
<b>Total noncurrent liabilities</b>	<b>541,431,507</b>
<b>Total liabilities</b>	<b>575,897,230</b>
Deferred inflows of resources	
Deferred Inflows - Pension	5,615,819
Deferred Inflows - OPEB	20,769,161
<b>Total deferred inflows of resources</b>	<b>26,384,980</b>
Net position	
Net investment in capital assets	238,959,766
Restricted for:	
Special revenue	3,134,330
Debt service	15,636,286
Capital projects	5,355,770
Unrestricted (deficit)	(326,090,127)
<b>Total net position</b>	<b>(63,003,975)</b>
<b>Total liabilities, deferred inflows of resources, and net position</b>	<b>\$ 539,278,235</b>

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

**Rio Rancho Public School District No. 94**  
**Statement of Activities**  
**For the Year Ended June 30, 2018**

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Program Revenues</b>	
		<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>
<b>Primary government</b>			
<b>Governmental activities:</b>			
Instruction	\$ 118,303,215	\$ 1,487,483	\$ 7,075,015
Support services	41,959,584	527,578	2,509,354
Central services	6,322,261	79,493	378,097
Operation and maintenance of plant	24,286,100	305,361	1,452,408
Student transportation	5,554,332	-	3,204,464
Food services operations	6,733,075	2,862,855	3,837,624
Community services operations	9,030	114	540
Interest on long-term debt	3,246,443	-	-
Debt issuance cost	216,750	-	-
<b>Total governmental activities</b>	<b>\$ 206,630,790</b>	<b>\$ 5,262,884</b>	<b>\$ 18,457,502</b>

**General Revenues:**

Taxes:

Property taxes, levied for operating programs

Property taxes, levied for debt services

Property taxes, levied for capital projects

State equalization guarantee

Interest and investment earnings

Miscellaneous

---

Total general revenues

Changes in net position

Net position - beginning, as originally stated

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Net position - restatement (note 17)

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Net position - beginning, as restated

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Net position (deficit) - ending

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

<u>Program Revenues</u>	<u>Net (Expense) Revenue and Changes in Net Position</u>
<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>
\$ 571,048	\$ (109,169,669)
202,539	(38,720,113)
30,517	(5,834,154)
117,229	(22,411,102)
-	(2,349,868)
-	(32,596)
44	(8,332)
-	(3,246,443)
-	(216,750)
<u>\$ 921,377</u>	(181,989,027)
	702,492
	18,964,383
	4,326,632
	126,939,621
	380,614
	155,532
	<u>151,469,274</u>
	(30,519,753)
	75,910,825
	<u>(108,395,047)</u>
	<u>(32,484,222)</u>
	<u>\$ (63,003,975)</u>

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

**Rio Rancho Public School District No. 94**  
**Balance Sheet - Governmental Funds**  
**June 30, 2018**

	General Fund 11000, 13000, 14000	Bond Building Fund 31100
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 11,811,923	\$ 15,988,524
Investments	13,000,267	28,071,970
Receivables:		
Property taxes	50,568	-
Due from other governments	257	173,786
Other	133,748	-
Inventory	363,132	-
Due from other funds	2,709,322	-
<b>Total assets</b>	<b>\$ 28,069,217</b>	<b>\$ 44,234,280</b>
<b>Liabilities, deferred inflows of resources, and fund balances</b>		
Liabilities		
Accounts payable	\$ 520,265	\$ 2,162,336
Accrued payroll	13,484,728	-
Due to other governments	-	-
Due to other funds	3,457	-
<b>Total liabilities</b>	<b>14,008,450</b>	<b>2,162,336</b>
Deferred inflows of resources		
Unavailable revenue - property taxes	42,185	-
<b>Total deferred inflows of resources</b>	<b>42,185</b>	<b>-</b>
Fund balances		
Nonspendable		
Inventory	363,132	-
Spendable		
Restricted for:		
Instructional materials	178,970	-
Food services	-	-
Extracurricular activities	-	-
Education	-	-
Capital acquisitions and improvements	-	42,071,944
Debt service	-	-
Committed for:		
Emergency reserves	3,640,037	-
Subsequent year's expenditures	9,852,863	-
Unassigned (deficit)	(16,420)	-
<b>Total fund balances</b>	<b>14,018,582</b>	<b>42,071,944</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 28,069,217</b>	<b>\$ 44,234,280</b>

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



	Debt Service 41000	Other Governmental Funds	Total
\$	11,440,709	\$ 5,129,637	\$ 44,370,793
	7,527,026	684,275	49,283,538
	1,290,553	280,649	1,621,770
	-	3,925,255	4,099,298
	-	5,292	139,040
	-	423,643	786,775
	-	3,457	2,712,779
<b>\$</b>	<b>20,258,288</b>	<b>\$ 10,452,208</b>	<b>\$ 103,013,993</b>
\$	-	\$ 765,887	\$ 3,448,488
	-	1,171,329	14,656,057
	-	660	660
	-	2,709,322	2,712,779
	-	4,647,198	20,817,984
	1,064,717	229,026	1,335,928
	1,064,717	229,026	1,335,928
	-	423,643	786,775
	-	-	178,970
	-	283,827	283,827
	-	74,497	74,497
	-	2,681,948	2,681,948
	-	2,112,444	44,184,388
	19,193,571	-	19,193,571
	-	-	3,640,037
	-	-	9,852,863
	-	(375)	(16,795)
	19,193,571	5,575,984	80,860,081
<b>\$</b>	<b>20,258,288</b>	<b>\$ 10,452,208</b>	<b>\$ 103,013,993</b>

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

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**Rio Rancho Public School District No. 94**  
**Reconciliation of the Governmental Funds Balance Sheet to**  
**the Statement of Net Position**  
**June 30, 2018**

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

Fund balances - total governmental funds	\$ 80,860,081
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Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the funds	322,664,300
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Other noncurrent assets are not available to pay for current period expenditures and therefore, are not reported in the funds:

Bond discounts	350,650
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Delinquent property taxes not collected within sixty days after year end are not considered "available" revenues and are considered to be unavailable revenue in the fund financial statements, but are considered revenue in the Statement of Activities	1,335,928
---	-----------

Deferred outflows and inflows of resources are applicable to future periods and therefore, are not reported in funds:

Deferred loss on extinguishment of debt	1,328,743
Deferred outflows - pension (Note 9)	112,948,966
Deferred inflows - pension (Note 9)	(5,615,819)
Deferred outflows - OPEB (Note 10)	1,684,362
Deferred inflows - OPEB (Note 10)	(20,769,161)

Certain liabilities, including bonds payable, current and long-term portions of accrued compensated absences, net pension and opeb liability, are not due and payable in the current period and, therefore, are not reported in the funds:

Bond premiums	(8,075,678)
Accrued interest	(1,793,348)
Current and noncurrent portion of accrued compensated absences	(699,015)
Bonds payable	(120,040,000)
Net pension liability	(335,930,138)
OPEB liability	(91,253,846)

Total net position (deficit) - governmental funds	\$ (63,003,975)
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*The accompanying notes are an integral part of these financial statements.*

**Rio Rancho Public School District No. 94**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2018**

	General Fund 11000, 13000, 14000	Bond Building Fund 31100
<b>Revenues</b>		
Property taxes	\$ 697,572	\$ -
Intergovernmental revenue:		
Federal flowthrough	423,984	-
Federal direct	-	-
Local grants	-	-
State flowthrough	127,909,804	173,786
Transportation distribution	3,204,464	-
Charges for services	565,694	-
Investment income	62,995	314,438
Miscellaneous	123,639	-
<b>Total revenues</b>	<b>132,988,152</b>	<b>488,224</b>
<b>Expenditures</b>		
Current:		
Instruction	72,653,218	-
Support services	27,836,921	-
Central services	4,507,193	-
Operation and maintenance of plant	14,123,726	2,349,006
Student transportation	4,040,657	-
Food services operations	-	-
Community services operations	8,481	-
Capital outlay	55,014	16,235,890
Debt service:		
Principal	-	-
Interest	-	-
Bond issuance costs	-	108,025
<b>Total expenditures</b>	<b>123,225,210</b>	<b>18,692,921</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>9,762,942</b>	<b>(18,204,697)</b>
<b>Other financing sources (uses)</b>		
Bond proceeds	-	14,010,000
Proceeds of refunding bonds	-	-
Payment to refunded bond escrow agent	-	-
Bond premium	-	1,188,953
Bond discount	-	(88,301)
Transfers in	7,212	-
Transfers (out)	-	-
<b>Total other financing sources (uses)</b>	<b>7,212</b>	<b>15,110,652</b>
<b>Net change in fund balances</b>	<b>9,770,154</b>	<b>(3,094,045)</b>
<b>Fund balances - beginning</b>	<b>4,248,428</b>	<b>45,165,989</b>
<b>Fund balances - ending</b>	<b>\$ 14,018,582</b>	<b>\$ 42,071,944</b>

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

	Debt Service 41000	Other Governmental Funds	Total
\$	18,919,821	\$	4,313,339
		\$	23,930,732
	-	9,421,830	9,845,814
	-	2,289,709	2,289,709
	-	14,080	14,080
	-	2,880,843	130,964,433
	-	-	3,204,464
	-	4,697,190	5,262,884
	2,710	471	380,614
	-	31,893	155,532
	18,922,531	23,649,355	176,048,262
	-	9,136,781	81,789,999
	193,144	1,937,355	29,967,420
	-	35,078	4,542,271
	-	3,896,068	20,368,800
	-	172,622	4,213,279
	-	6,338,865	6,338,865
	-	-	8,481
	-	449,384	16,740,288
	14,665,000	-	14,665,000
	4,220,377	-	4,220,377
	108,725	-	216,750
	19,187,246	21,966,153	183,071,530
	(264,715)	1,683,202	(7,023,268)
	-	-	14,010,000
	11,295,000	-	11,295,000
	(12,026,993)	-	(12,026,993)
	866,912	-	2,055,865
	(22,600)	-	(110,901)
	-	-	7,212
	-	(7,212)	(7,212)
	112,319	(7,212)	15,222,971
	(152,396)	1,675,990	8,199,703
	19,345,967	3,899,994	72,660,378
\$	19,193,571	\$	5,575,984
		\$	80,860,081

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

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**Rio Rancho Public School District No. 94**  
**Reconciliation of the Statement of Revenues, Expenditures, and Changes**  
**in Fund Balances of Governmental Funds to the Statement of Activities**  
**For the Year Ended June 30, 2018**

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

Net change in fund balances - total governmental funds	\$	8,199,703
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Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:

Capital expenditures recorded in capital outlay		16,740,288
Depreciation expense		(12,111,105)
Loss on disposal of capital asset		(53,727)

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

Change in unavailable revenue related to property taxes receivable		62,775
--	--	--------

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

District pension contribution		11,740,813
Pension expense		(53,634,812)
District OPEB contribution		1,684,362
OPEB expense		(3,627,960)

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

Decrease in the reserve for compensated absences		63,947
Decrease in accrued interest		77,001

The issuance of long-term debt (e.g. bonds, notes, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities:

Amortization of bond discounts		(44,111)
Amortization of bond premiums		1,199,317
Amortization of deferred loss on extinguishment of debt		(258,273)
Bond premium capitalized		(2,055,865)
Bond discount capitalized		110,901
Proceeds of refunding bonds		(11,295,000)
Payment to refunded bond escrow agent		12,026,993
Bond proceeds		(14,010,000)
Principal payments on bonds		14,665,000

Change in net position of governmental activities	\$	(30,519,753)
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*The accompanying notes are an integral part of these financial statements.*

**Rio Rancho Public School District No. 94**  
**General Fund**  
**Statement of Revenue, Expenditures, and Changes in Fund Balance**  
**Budget (Non-GAAP Budgetary Basis) and Actual**  
**For the Year Ended June 30, 2018**

	<u>Budgeted Amounts</u>		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<b>Revenues</b>				
Property taxes	\$ 663,617	\$ 663,617	\$ 698,792	\$ 35,175
Intergovernmental revenue:				
Federal flowthrough	130,000	148,528	423,984	275,456
Federal direct	-	-	-	-
Local grants	-	-	-	-
State flowthrough	125,185,968	127,010,866	127,988,898	978,032
State direct	-	-	-	-
Combined state/local	-	-	-	-
Transportation distribution	3,115,654	3,204,235	3,204,235	-
Charges for services	(358,750)	358,750	565,594	206,844
Investment income	82,000	82,000	62,995	(19,005)
Miscellaneous	-	-	123,639	123,639
<b>Total revenues</b>	<b>128,818,489</b>	<b>131,467,996</b>	<b>133,068,137</b>	<b>1,600,141</b>
<b>Expenditures</b>				
Current:				
Instruction	78,100,389	80,592,043	72,964,119	7,627,924
Support services	26,753,207	29,445,826	27,756,259	1,689,567
Central services	4,612,684	4,612,684	4,511,709	100,975
Operation and maintenance of plant	15,053,968	15,210,317	14,124,629	1,085,688
Student transportation	4,815,273	4,815,273	4,040,337	774,936
Food services operations	-	-	-	-
Other Support Services	1,152,739	1,202,739	119,325	1,083,414
Community services operations	20,013	20,013	8,481	11,532
Capital outlay	27,716	116,297	55,014	61,283
<b>Total expenditures</b>	<b>130,535,989</b>	<b>136,015,192</b>	<b>123,579,873</b>	<b>12,435,319</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(1,717,500)</b>	<b>(4,547,196)</b>	<b>9,488,264</b>	<b>14,035,460</b>
<b>Other financing sources (uses)</b>				
Designated cash (budgeted increase in cash)	1,717,500	4,547,196	-	(4,547,196)
Transfers in	-	-	7,212	7,212
Transfers (out)	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>1,717,500</b>	<b>4,547,196</b>	<b>7,212</b>	<b>(4,539,984)</b>
<b>Net change in fund balances</b>	<b>-</b>	<b>-</b>	<b>9,495,476</b>	<b>9,495,476</b>
<b>Fund balances - beginning of year</b>	<b>-</b>	<b>-</b>	<b>4,540,036</b>	<b>4,540,036</b>
<b>Fund balances - end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 14,035,512</b>	<b>\$ 14,035,512</b>
<b>Net change in fund balances (Budget Basis)</b>				<b>\$ 9,495,476</b>
<b>Adjustments to revenues for changes in state revenues and property taxes</b>				<b>(79,985)</b>
<b>Adjustments to expenditures for materials, other, transportation expenditures and accrued payroll</b>				<b>354,663</b>
<b>Net change in fund balances (GAAP Basis)</b>				<b>\$ 9,770,154</b>

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



**Rio Rancho Public School District No. 94**  
**Statement of Fiduciary Assets and Liabilities**  
**Agency Funds**  
**June 30, 2018**

Assets	
Cash and cash equivalents	\$ 1,443,437
<hr/>	
Total assets	\$ 1,443,437
<hr/> <hr/>	
Liabilities	
Due to student organizations	\$ 1,443,437
<hr/>	
Total liabilities	\$ 1,443,437
<hr/> <hr/>	

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

**Rio Rancho Public School District No. 94**  
**Notes to Financial Statements**  
**June 30, 2018**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Rio Rancho Public School District No. 94 (“the District”) is a special purpose government corporation governed by an elected five-member Board of Education. The Board of Education is the basic level of government, which has oversight responsibility and control over all activities related to the public school education of the City of Rio Rancho. The District is responsible for all activities related to public elementary and secondary school education within its jurisdiction. The District receives funding from local, state, and federal government sources and must comply with the requirements of these funding source entities.

The School Board is authorized to establish policies and regulations for its own government consistent with the laws of the State of New Mexico and the regulations of the Legislative Finance Committee. The School Board is comprised of five members who are elected for terms of four years. The District operates nineteen schools within the District with a total enrollment of approximately 17,500 pupils. In conjunction with the regular educational programs, some of these schools offer special education. In addition, the District provides transportation and school food services for the students.

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 government units.

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

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

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

**Rio Rancho Public School District No. 94**  
**Notes to Financial Statements**  
**June 30, 2018**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*A. Financial Reporting Entity*

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

The basic-but not the only-criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units 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 has no component units, and is not a component unit of another governmental agency.

*B. Government-wide and fund financial statements*

The government-wide financial statements (the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The District has no business-type activities.

**Rio Rancho Public School District No. 94**  
**Notes to Financial Statements**  
**June 30, 2018**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

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

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

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

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

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

**Rio Rancho Public School District No. 94**  
**Notes to Financial Statements**  
**June 30, 2018**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

The District reports the following major governmental funds:

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

The *Bond Building Capital Projects Fund* is used to account for bond proceeds plus any income earned thereon. The proceeds are restricted for the purpose of making additions to any furnishing of school buildings, or purchasing or improving school grounds or any combination thereof, as approved by the voters of the District. Authority for the creation of this fund is the New Mexico Public Education Department.

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

Additionally, the District reports the following agency fund:

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

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

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

**Rio Rancho Public School District No. 94**  
**Notes to Financial Statements**  
**June 30, 2018**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

State statutes authorize the District to invest in Certificates of Deposit, obligations of the U.S. Government, and the State Treasurer's Local Government Investment Pool (LGIP). The LGIP operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

**Restricted Assets:** The Debt Service Fund is used to report resources set aside for the payment of long-term debt principal and interest.

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

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

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

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

**Inventory:** The District's method of accounting for inventory is the consumption method. Under the consumption approach, governments report inventories they purchase as an asset and defer the recognition of the expenditures until the period in which the inventories actually are consumed. Inventory is valued at cost and 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.

**Rio Rancho Public School District No. 94**  
**Notes to Financial Statements**  
**June 30, 2018**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

**Inventory (Continued):** Inventory in the Special Revenue Funds consists of U.S.D.A. commodities and other purchased food and non-food supplies. Commodities consumed during the year are reported as revenues and expenditures; unused commodities are reported as inventories.

**Capital Assets:** Capital assets, which include property, plant, and equipment, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Information Technology Equipment including software is being capitalized and included in furniture, fixtures and equipment in accordance with NMAC 2.20.1.9 C (5). The District was a phase I government for purposes of implementing GASB 34 however, the District does not have any infrastructure assets to report.

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

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

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

<u>Assets</u>	<u>Years</u>
Land improvements	10-50
Buildings and improvements	10-50
Vehicles	5
Furniture, fixtures and equipment	5-15

**Rio Rancho Public School District No. 94**  
**Notes to Financial Statements**  
**June 30, 2018**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

**Deferred Inflow of Resources:** In addition to liabilities, the balance sheet reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Revenue must be susceptible to accrual (measurable and available to finance expenditures of the current fiscal period) to be recognized. If assets are recognized in connection with a transaction, but those assets are not yet available to finance expenditures of the current fiscal period, then the assets must be offset by a corresponding liability for deferred inflows of resources. The District has one type of item, which arises under the modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue - property taxes, is reported only in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The District has recorded \$1,335,928 related to property taxes considered "unavailable." In addition, the District has three types of items present on the Statement of Net Position which arise due to the reporting requirements of GASB 68 related net pension totaling \$5,615,819. These items are detailed in Note 9. Lastly, the District has three types of items present on the Statement of Net Position which arise due to the implementation of GASB 75 related to OPEB liability totaling \$20,769,161. These items are detailed in Note 10. The GASB 68 and GASB 75 related items are deferred and recognized as an inflow of resources in the period that the amounts become available.

**Deferred Outflows of Resources:** In addition to assets, the balance sheet reports a separate section for deferred outflows of resources. This separate financial statement element represents a use of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenditure) until that time. The District has four types of items that qualify for reporting in this category that arise due to the reporting requirements of GASB 68, one that arises due to the implementation of GASB 75, and one related to the advanced refunding of bonds. They total \$112,948,966, \$1,684,362, and \$1,328,743, respectively. The items related to reporting under GASB 68 are detailed in Note 9 and those related to GASB 75 in Note 10. These amounts are reported in the Statement of Net Position, and are recognized over time.

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



**Rio Rancho Public School District No. 94**  
**Notes to Financial Statements**  
**June 30, 2018**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

**Compensated Absences:** All District employees on a 12 month contract earn annual leave at a rate of 1 day per month. Employees shall not accumulate more than 30 days of annual leave. Upon termination, employees are paid for their accrued annual leave, up to a maximum of 30 days.

Qualified employees are entitled to accumulate sick leave. There is no limit to the amount of sick leave which an employee may accumulate; however, upon termination, sick leave is not paid out to the employee.

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. In prior years, substantially all of the related expenditures have been liquidated by the general fund. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported in the government-wide statement of net position.

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

**Long-term Obligations:** In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method or the straight-line method if the difference from the effective interest method is minimal.

**Rio Rancho Public School District No. 94**  
**Notes to Financial Statements**  
**June 30, 2018**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

**Long-term Obligations (continued):** In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

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

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

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

**Nonspendable Fund Balance:** At June 30, 2018, the nonspendable fund balance in the food service fund is made up of inventory in the amount of \$114,513 that is not in spendable form. In addition, the general fund reports \$363,132 and the SB-9 capital improvements fund reports \$309,130 of nonspendable fund balance for supplies inventory.

**Restricted and Committed Fund Balance:** At June 30, 2018, the restricted fund balance on the governmental funds balance sheet is made up of \$3,219,242 for providing instructional materials, food services, extracurricular activities, and education to the students of the District, \$44,184,388 for the purpose of erecting, remodeling, making additions to and furnishing school buildings and purchasing or improving school grounds and purchasing computer software and hardware for student use in public schools, providing matching funds for capital outlay projects funded pursuant to the Public School Capital Outlay Act [22-24-1 NMSA 1978], or any combination of these purposes, and \$19,193,571 for the payment of principal and interest of the future debt service requirements as implemented by legislation.

**Rio Rancho Public School District No. 94**  
**Notes to Financial Statements**  
**June 30, 2018**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

The District has also committed fund balance in the amount of \$3,640,037 for emergency reserves and \$9,852,863 for expenditures in the subsequent year.

**Minimum Fund Balance Policy:** The District's policy for maintaining a minimum amount of fund balance for operations is to minimize any sudden and unplanned discontinuity to programs and operations and for unforeseen contingencies. At a minimum, the budget shall ensure that the District holds **restricted** cash reserves of \$1,000,000 and unrestricted cash reserves of at least two percent (2%) of the total operational budget.

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

- a. Net investment in capital assets: Consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. The District includes unspent bond proceeds in the amount of \$ 44,060,494 in the calculation of net investment in capital assets.
- b. Restricted Net Position: Net position is reported as restricted when constraints are placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulation of other governments; or (2) law through constitutional provisions or enabling legislation. Descriptions for the related restrictions for net position restricted for "special revenue, debt service, and capital projects" are described on pages 37 and 90-95.
- c. Unrestricted Net Position: Net positions that do not meet the definition of "Restricted" or "Net Investment in Capital Assets."

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

**Rio Rancho Public School District No. 94**  
**Notes to Financial Statements**  
**June 30, 2018**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*E. Revenues*

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

A school district’s program costs are determined through the use of various formulas using ‘program units’ which take into consideration 1) early childhood education; 2) basic education; 3) special education; 4) bilingual-multicultural education; 5) size, etc. Payment is made from the public school fund under the authority of the Director of Public School Finance. The District received \$ 126,939,621 in state equalization guarantee distributions during the year ended June 30, 2018.

**Tax Revenues:** The District receives mill levy and ad-valorem tax revenues primarily for debt service and capital outlay purposes. Property taxes are assessed on January 1st of each year and are payable in two equal installments, on November 10th of the year in which the tax bill is prepared and April 10th of the following year with the levies becoming delinquent 30 days (one month) thereafter. The District recognizes tax revenues in the period for which they are levied in the government-wide financial statements.

The District records only the portion of the taxes considered ‘measurable’ and ‘available’ in the governmental fund financial statements. The District recognized \$23,930,732 in tax revenues in the governmental fund financial statements during the year ended June 30, 2018. Descriptions of the individual debt service and capital outlay funds contained in these financial statements include information regarding the authority for the collection and use of these taxes.

**Transportation Distribution:** School districts in the State of New Mexico receive student transportation distributions. The transportation distribution is allocated to each school district in accordance with formulas developed by the State Transportation Director and the Director of Public School Finance. The funds shall be used only for the purpose of making payments to each school district for the to-and-from school transportation costs of students in grades K through 12 attending public school within the school district. The District received \$3,204,464 in transportation distributions during the year ended June 30, 2018.

**Instructional Materials:** The Public Education Department (Department) receives federal mineral leasing funds from which it makes annual allocations to the various school districts for the purchase of educational materials. Of each allocation, seventy percent is restricted to the requisition of materials listed in the Public Education Department “State Adopted Instructional Material” list, while thirty percent of each allocation is available for purchases directly from vendors. Allocations received from the State for the year ended June 30, 2018 totaled \$546,151.

**Rio Rancho Public School District No. 94**  
**Notes to Financial Statements**  
**June 30, 2018**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*E. Revenues (Continued)*

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

The District received \$737,469 in state SB-9 matching during the year ended June 30, 2018.

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

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

During the year ended June 30, 2018, the District did not receive state flow-through 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 operates under its own budget, which has been approved by the Federal Department or the flow-through agency (usually the New Mexico Public Education Department). The various budgets are approved by the local School Board and the New Mexico Public Education Department.

**Rio Rancho Public School District No. 94**  
**Notes to Financial Statements**  
**June 30, 2018**

**NOTE 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

*Budgetary Information*

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

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

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

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

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

1. In April or May, the local school board submits to the District Budget Planning Unit (DBPU) of the New Mexico Public Education Department (PED) a proposed operating budget for the ensuing fiscal year commencing July 1. The operating budget includes proposed expenditures and the means of financing them. All budgets are submitted to the State of New Mexico Public Education Department.
2. In May or June of each year, the proposed "operating" budget will be reviewed and approved by the DBPU and certified and approved by the local school board at a public hearing of which notice has been published by the local school board which fixes the estimated budget for the school district for the ensuing fiscal year.
3. The school board meeting is open for the general public unless a closed meeting has been called.
4. The "operating" budget will be used by the District until they have been notified that the budget has been approved by the DBPU and the local school board. The budget shall be integrated formally into the accounting system. Encumbrances shall be used as an element of control and shall be integrated into the budget system.

**Rio Rancho Public School District No. 94**  
**Notes to Financial Statements**  
**June 30, 2018**

**NOTE 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued)**

*Budgetary Information (Continued)*

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 yearend. Funds unused during the fiscal year may be carried over into the next fiscal year by budgeting those in the subsequent fiscal year's budget. The budget schedules included in the accompanying financial statements reflect the original budget and the final budget.
10. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Funds.

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

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

	<b>Excess (deficiency) of revenues over expenditures</b>	
	<b>Original Budget</b>	<b>Final Budget</b>
Budgeted Funds:		
General Fund	\$ (1,717,500)	\$ (4,547,196)
Bond Building Capital Projects Fund	\$ (57,557,000)	\$ (60,715,098)
Debt Service Fund	\$ (19,814,245)	\$ (19,085,030)
Other Governmental Funds	\$ (1,985,403)	\$ (4,120,354)

**Rio Rancho Public School District No. 94**  
**Notes to Financial Statements**  
**June 30, 2018**

**NOTE 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued)**

*Budgetary Information (Continued)*

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

**NOTE 3: DEPOSITS AND INVESTMENTS**

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 collateralized as required by statute. The financial institution must provide pledged collateral for 50% of the deposit amount in excess of the deposit insurance.

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

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

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

*Custodial Credit Risk – Deposits.* Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk, other than following state statutes as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978). At June 30, 2018, \$63,724,524 of the District's bank balance of \$93,922,435 was subject to custodial credit risk. \$57,595,177 was uninsured and collateralized by collateral held by the pledging bank's trust department, not in the District's name and \$6,129,347 were uninsured and uncollateralized.



**Rio Rancho Public School District No. 94**  
**Notes to Financial Statements**  
**June 30, 2018**

**NOTE 3: DEPOSITS AND INVESTMENTS (Continued)**

	Bank of Albuquerque	Bank of America	New Mexico Bank and Trust	Nusenda Credit Union
Amount of deposits	\$ 8,284,026	\$ 20,409	\$ 18,122,461	\$ 96,747
FDIC Coverage	(250,000)	(20,409)	(9,357,467)	(96,747)
<b>Total uninsured public funds</b>	<b>8,034,026</b>	<b>-</b>	<b>8,764,994</b>	<b>-</b>
Collateralized by securities held by pledging institutions or by its trust department or agent in other than the District's name	8,023,474	-	5,571,703	-
<b>Uninsured and uncollateralized</b>	<b>\$ 10,552</b>	<b>\$ -</b>	<b>\$ 3,193,291</b>	<b>\$ -</b>
Collateral requirement (50%)	\$ 4,017,013	\$ -	\$ 4,382,497	\$ -
Pledged securities	8,023,474	-	5,571,703	-
<b>Over (under) collateralized</b>	<b>\$ 4,006,461</b>	<b>\$ -</b>	<b>\$ 1,189,206</b>	<b>\$ -</b>

	US Bank	Washington Federal	Wells Fargo Bank	Total
Amount of deposits	\$ 67,269,209	\$ 27,187	\$ 102,396	\$ 93,922,435
FDIC Coverage	(20,343,705)	(27,187)	(102,396)	(30,197,911)
<b>Total uninsured public funds</b>	<b>46,925,504</b>	<b>-</b>	<b>-</b>	<b>63,724,524</b>
Collateralized by securities held by pledging institutions or by its trust department or agent in other than the District's name	44,000,000	-	-	57,595,177
<b>Uninsured and uncollateralized</b>	<b>\$ 2,925,504</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 6,129,347</b>
Collateral requirement (50%)	\$ 23,462,752	\$ -	\$ -	\$ 31,862,262
Pledged securities	44,000,000	-	-	57,595,177
<b>Over (under) collateralized</b>	<b>\$ 20,537,248</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 25,732,915</b>

**Rio Rancho Public School District No. 94**  
**Notes to Financial Statements**  
**June 30, 2018**

**NOTE 3: DEPOSITS AND INVESTMENTS (Continued)**

The collateral pledged is listed in the Schedule of Collateral Pledged by Depository for Public Funds on pages 128-129 of in this report. The types of collateral allowed are limited to direct obligations of the United States Government, all bonds issued by any agency, District or political subdivision of the State of New Mexico, or revenue bonds that are underwritten by a member of the financial industry regulatory authority, known as FINRA, and are rated BAA or above by a nationally recognized bond rating service.

The District utilizes internal pooled accounts for some of their programs and funds. Negative cash balances in individual funds that were part of the pooled accounts were reclassified as due to/from accounts in the combining balance sheet as of June 30, 2018. Funds 24101 through 25184 are federal funds and 27103 through 28190 and 31700 are nonfederal funds.

The following individual funds had negative cash balances as of June 30, 2018:

Fund	Fund Name	Amount
24101	Title I IASA	\$ 385,902
24106	Entitlement IDEA-B	904,812
24109	Preschool IDEA-B	9,874
24113	Education of Homeless	14,973
24139	Leadership-Voc.Ed.	922
24153	Title III-A	13,061
24154	Teacher/Principal Training & Recruiting	247,798
24171	Carl Perkins Special Projects	719
24174	Carl Perkins Secondary	21,663
24176	Carl Perkins Secondary-Redistribution	1,859
24189	Federal Flow Through Grant	14,886
25184	Indian Education Formula Grant	20,642
27103	Dual Credit Instructional Materials HB2	4,628
27107	2012 G.O. Bond Student Library	10,441
27114	New Mexico Reads to Lead K-3 Reading Initiative	9,355
27128	Teacher Recruitment Support Initiative	12,781
27149	Pre-K Initiative	293,211
27150	Indian Education Act	250
28190	GRADS- Instruction	2,805
31700	Capital Improvements SB-9 (State)	737,468
		\$ 2,708,050

**Rio Rancho Public School District No. 94**  
**Notes to Financial Statements**  
**June 30, 2018**

**NOTE 3: DEPOSITS AND INVESTMENTS (Continued)**

**Investments**

Credit Risk

As of June 30, 2018, the District's investment in the State Treasurer Local Government Investment Pool was rated as AAAm by Standard & Poor's.

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

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

Investment Type	Weighted Average Maturities	Fair Value	Rating
New MexiGROW LGIP	100 days (WAM(F))	\$ 12,582	AAAm *
GNMA Security	<1 year	2,069,517	AA+ *
		\$ 2,082,099	

\* Based on Standard and Poor's rating

The investments are listed in the Schedule of Deposit and Investment Accounts on page 132-135 of this report. The types of investment, interest rate, maturity date and fair value per security are included in the schedule.

The District has presented certificates of deposit of \$47,201,439 as investments in the Statement of Net Position; however, these are classified as deposits for disclosure purposes.

*Concentration of Credit Risk – Investments.* For an investment, concentration of credit risk is when any one issuer is 5% or more of the investment portfolio of the District. The investments in the GNMA Security represents 99% of the investment portfolio. Since the District only purchases investments with the highest credit rating, the additional concentration is not viewed to be an additional risk by the District. The District's policy related to concentration of credit risk is to comply with the state statute as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978).

**Rio Rancho Public School District No. 94**  
**Notes to Financial Statements**  
**June 30, 2018**

**NOTE 3: DEPOSITS AND INVESTMENTS (Continued)**

Reconciliation to the Statement of Net Position

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

Cash and cash equivalents - Governmental Activities	\$	32,930,084
Restricted cash and cash equivalents - Governmental Activities		11,440,709
Investments - Governmental Activities		49,283,538
Fiduciary funds - Statement of Fiduciary Assets and Liabilities		1,443,437
<hr/>		
Total cash and cash equivalents and investments		95,097,768
<hr/>		
Add: outstanding checks		15,567,430
Less: deposits in transit		(14,660,664)
Less: investment with Raymond James & Associates		(2,069,517)
Less: investments held in New Mexico State Treasurer's LGIP		(12,582)
<hr/>		
Bank balance of deposits	\$	93,922,435
<hr/>		

**Fair Value Measurement**

The fair value framework uses a hierarchy that prioritizes the inputs to the valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the District has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets.
- Quoted prices for identical or similar assets or liabilities in inactive markets.
- Inputs other than quoted prices that are observable for the asset or liability.
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

**Rio Rancho Public School District No. 94**  
**Notes to Financial Statements**  
**June 30, 2018**

**NOTE 3: DEPOSITS AND INVESTMENTS (Continued)**

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. See above for discussion of valuation methodologies used to measure fair value of investments.

The valuation methodologies described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the District believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The District maintained a balance of \$12,582 in New MexiGROW LGIP and \$2,069,517 in Government National Mortgage Association, at year end which required fair value disclosure.

The following table sets forth by level within the fair value hierarchy, the District's assets at fair value as of June 30, 2018:

Level 1	Level 2	Level 3	Total
\$ 12,582	\$ 2,069,517	\$ -	\$ 2,082,099

**NOTE 4: ACCOUNTS RECEIVABLE**

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

	General Fund	Bond Building Fund	Debt Service Fund	Other Governmental Funds	Total
Property taxes receivable	\$ 50,568	\$ -	\$ 1,290,553	280,649	\$ 1,621,770
Due from other governments:					
Federal sources	-	-	-	2,644,720	2,644,720
State sources	257	173,786	-	1,280,535	1,454,578
Other receivables:					
Miscellaneous charges	133,748	-	-	5,292	139,040
	\$ 184,573	\$ 173,786	\$ 1,290,553	\$ 4,211,196	\$ 5,860,108

In accordance with GASB No. 33, property tax revenues in the amount of \$1,335,928 that were not collected within the period of availability have been reclassified as deferred inflows of resources-property taxes in the governmental fund financial statements. All of the above receivables are deemed to be fully collectible.

**Rio Rancho Public School District No. 94**  
**Notes to Financial Statements**  
**June 30, 2018**

**NOTE 5: INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

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

<b>Governmental Activities</b>	<b>Due from other funds</b>	<b>Due to other funds</b>
Operational Fund	\$ 2,708,050	\$ -
Title I IASA	-	385,902
Entitlement IDEA-B	-	904,812
Preschool IDEA-B	-	9,874
Education of Homeless	-	14,973
Leadership-Voc.Ed.	-	922
Title III-A	-	13,061
Teacher/Principal Training & Recruiting	-	247,798
Carl Perkins Special Projects	-	719
Carl Perkins Secondary	-	21,663
Carl Perkins Secondary-Redistribution	-	1,859
Title IV - Student Support and Academic Enrichment	-	14,886
Indian Education Formula Grant	-	20,642
Dual Credit Instructional Materials HB2	-	4,628
2012 G.O. Bond Student Library	-	10,441
New Mexico Reads to Lead K-3 Reading Initiative	-	9,355
Teacher Recruitment Support Initiative	-	12,781
Pre-K Initiative	-	293,211
Indian Education Act	-	250
GRADS- Instruction	-	2,805
Capital Improvements SB-9 (State)	-	737,468
<b>Total</b>	<b>\$ 2,708,050</b>	<b>\$ 2,708,050</b>

**Rio Rancho Public School District No. 94**  
**Notes to Financial Statements**  
**June 30, 2018**

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

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

The District also recorded non-cash basis “due to/due from’s” in order to move the revenues and/or expenditures that were posted in one fund to another fund during the year. The District intends to record permanent cash transfers in the coming year in order to properly allocate the cash balances. The non-cash basis “due to/due from” balances at June 30, 2018 are as follows:

<b>Governmental Activities</b>	<b>Due from other funds</b>	<b>Due to other funds</b>
Operational Fund	\$ 4,729	\$ -
Indian Education Act	-	250
GRAD-Instruction	-	3,207
Title III-A	-	1,272
<b>Total</b>	<b>\$ 4,729</b>	<b>\$ 4,729</b>

Net operating transfers are made to close out funds and to supplement other funding sources in the normal course of operations. These transfers as of the year ended June 30, 2018 are as follows:

<b>Transfers Out</b>	<b>Transfers In</b>	<b>Amount</b>
Substance Abuse Prevention	General Fund - Operational Fund	\$ 7,121
Elementary School Counseling	General Fund - Operational Fund	91
	<b>Total</b>	<b>\$ 7,212</b>

**Rio Rancho Public School District No. 94**  
**Notes to Financial Statements**  
**June 30, 2018**

**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 are not subject to depreciation.

	Balance June 30, 2017	Additions	Deletions	Balance June 30, 2018
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 12,975,117	\$ 2,395,630	\$ -	\$ 15,370,747
Construction in progress	2,603,518	5,354,872	928,426	7,029,964
<b>Total capital assets not being depreciated</b>	<b>15,578,635</b>	<b>7,750,502</b>	<b>928,426</b>	<b>22,400,711</b>
Capital assets being depreciated:				
Land improvements	24,737,878	367,441	-	25,105,319
Buildings and improvements	380,018,139	8,468,325	67,445	388,419,019
Vehicles	7,480,535	117,079	120,085	7,477,529
Furniture, fixtures, and equipment	13,289,835	965,367	12,609	14,242,593
<b>Total capital assets being depreciated</b>	<b>425,526,387</b>	<b>9,918,212</b>	<b>200,139</b>	<b>435,244,460</b>
<b>Total capital assets</b>	<b>441,105,022</b>	<b>17,668,714</b>	<b>1,128,565</b>	<b>457,645,171</b>
Less accumulated depreciation:				
Land improvements	11,954,540	1,214,359	-	13,168,899
Buildings and improvements	95,470,816	9,086,858	62,949	104,494,725
Vehicles	4,512,720	740,029	70,854	5,181,895
Furniture, fixtures, and equipment	11,078,102	1,069,859	12,609	12,135,352
<b>Total accumulated depreciation</b>	<b>123,016,178</b>	<b>12,111,105</b>	<b>146,412</b>	<b>134,980,871</b>
<b>Total capital assets, net of depreciation</b>	<b>\$ 318,088,844</b>	<b>\$ 5,557,609</b>	<b>\$ 982,153</b>	<b>\$ 322,664,300</b>

For the year ended June 30, 2018, depreciation expense was charged to the following functions:

Instruction	\$ 7,051,997
Support services	2,503,387
Central services	377,328
Operations and maintenance of plant	1,472,152
Student transportation	327,163
Food services	378,529
Community services operations	549
<b>Total Depreciation</b>	<b>\$ 12,111,105</b>



**Rio Rancho Public School District No. 94**  
**Notes to Financial Statements**  
**June 30, 2018**

**NOTE 7: LONG-TERM DEBT**

The District issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. The original amount of general obligation bonds issued in prior years was \$221,175,000. During the year, general obligation bonds for the same purpose totaling \$14,010,000 were issued for erecting, remodeling, making additions to and furnishing schools buildings and purchasing and improving school grounds. Additionally, general obligation bonds for the purpose of refunding Bond Series 2009B were issued totaling \$11,295,000. General obligation bonds are direct obligations and pledge the full faith and credit of the District. These bonds are issued with varying terms and varying amounts of principal maturing each year. All general obligation bonds as of June 30, 2018 are for governmental activities.

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

	<b>Series 2008</b>	<b>Series 2009</b>	<b>Series 2009B</b>	<b>Series 2011A</b>	<b>Series 2011B</b>
Original Issue:	\$ 38,500,000	\$ 25,000,000	\$ 24,975,000	\$ 13,200,000	\$ 9,300,000
Maturity Date	8/1/2022	8/1/2023	8/1/2022	8/1/2018	8/1/2020
Principal	August 1	August 1	August 1	August 1	August 1
Interest Rate	3.00-4.00%	3.00-4.50%	2.00-4.00%	2.00-3.00%	2.00-4.00%
Interest	February 1 August 1	February 1 August 1	February 1 August 1	February 1 August 1	February 1 August 1
	<b>Series 2012</b>	<b>Series 2013</b>	<b>Series 2014</b>	<b>Series 2015</b>	<b>Series 2016</b>
Original Issue:	\$ 13,355,000	\$ 16,535,000	\$ 21,255,000	\$ 19,960,000	\$ 24,935,000
Maturity Date	8/1/2024	8/1/2026	8/1/2026	8/1/2027	8/1/2023
Principal	August 1	August 1	August 1	August 1	August 1
Interest Rate	2.00-3.00%	3.00-4.00%	1.00-3.00%	2.00-4.00%	3.00-5.00%
Interest	February 1 August 1	February 1 August 1	February 1 August 1	February 1 August 1	February 1 August 1
	<b>Series 2016A</b>	<b>Series 2017A</b>	<b>Series 2017B</b>		
Original Issue:	\$ 14,160,000	\$ 14,010,000	\$ 11,295,000		
Maturity Date	8/1/2028	8/1/2029	8/1/2022		
Principal	August 1	August 1	August 1		
Interest Rate	3.00-5.00%	2.00%-4.00%	2.00%-5.00%		
Interest	February 1 August 1	February 1 August 1	February 1 August 1		

**Rio Rancho Public School District No. 94**  
**Notes to Financial Statements**  
**June 30, 2018**

**NOTE 7: LONG-TERM DEBT (Continued)**

The following is a summary of the long-term debt and the activity for the year ended June 30, 2018:

	Balance June 30, 2017	Additions	Retirements	Balance June 30, 2018	Due Within One Year
<b>Governmental Activities</b>					
General Obligation Bonds	\$ 121,100,000	\$ 25,305,000	\$ 26,365,000	\$ 120,040,000	\$ 13,905,000
Compensated Absences	762,962	598,223	662,170	699,015	662,170
<b>Total Long-Term Debt</b>	<b>\$ 121,862,962</b>	<b>\$ 25,903,223</b>	<b>\$ 27,027,170</b>	<b>\$ 120,739,015</b>	<b>\$ 14,567,170</b>

On October 17, 2017, the District entered into a General Obligation School Building bond series 2017A in the amounts of \$14,010,000, due in annual installments on August 1<sup>st</sup>, with interest rates from 2.00%-4.00% paid semiannually through August of 2030. The balance at June 30, 2018 was \$14,010,000.

On October 17, 2017, the District issued a \$11,295,000 Go Bond (Series 2017B) with an interest rate of 2.00-5.00% to advance refund \$11,700,000 of outstanding 2009B Series GO Bonds with an interest rate of 2.00-4.00%. The net refunding proceeds of \$12,026,993 (after paying \$108,725 of underwriting fees, insurance, and other issuance costs) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with Bank of Oklahoma (the escrow agent) to provide for all future debt service payments on the 2009B Series bonds. As a result, the 2009B Series bonds are considered to be defeased and the liability for those bonds has been removed from the government-wide financial statement of net position.

The advanced refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$216,785, which is reported as a deferred outflow on the government-wide statement of net position, net of amortization of \$29,901. The difference is being charged to operations through fiscal year 2023 using the straight line method. The District completed the advanced refunding to reduce its total debt service payments over the next four years and to obtain an economic gain of \$512,200.

In prior years, the District defeased certain general obligation and other bonds by placing the proceeds of new bonds in an escrow account to provide for all future debt service payments on the old bonds. Accordingly, the escrow account assets and the liability for the defeased bonds are not included in the District's financial statements. On June 30, 2018, \$11,500,000 of bonds outstanding are considered defeased.

**Rio Rancho Public School District No. 94**  
**Notes to Financial Statements**  
**June 30, 2018**

**NOTE 7: LONG-TERM DEBT (Continued)**

The annual requirements to amortize all general obligation bonds outstanding as of June 30, 2018, including interest payments are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2019	\$ 13,905,000	\$ 4,063,625	\$ 17,968,625
2020	13,475,000	3,568,888	17,043,888
2021	13,315,000	3,064,775	16,379,775
2022	12,460,000	2,558,013	15,018,013
2023	12,345,000	2,066,463	14,411,463
2024-2028	49,375,000	4,480,013	53,855,013
2029-2030	5,165,000	127,467	5,292,467
	<u>\$ 120,040,000</u>	<u>\$ 19,929,244</u>	<u>\$ 139,969,244</u>

Compensated Absences – Administrative employees of the District are able to accrue a limited amount of vacation and other compensatory time during the year. During fiscal year June 30, 2018, compensated absences decreased \$63,947 from the prior year accrual. In prior years, the general fund was typically used to liquidate such long-term liabilities. See Note 1 for more details.

**NOTE 8: RISK MANAGEMENT**

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

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

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

**Rio Rancho Public School District No. 94**  
**Notes to Financial Statements**  
**June 30, 2018**

**NOTE 9: PENSION PLAN – EDUCATIONAL RETIREMENT BOARD**

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

ERB issues a publicly available financial report and a comprehensive annual financial report that can be obtained at [www.nmerb.org](http://www.nmerb.org).

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

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

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

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

Retired members and surviving beneficiaries receiving benefits receive an automatic cost of living adjustment (COLA) to their benefit each July 1, beginning in the year the member attains or would have attained age 65 or on July 1 of the year following the member’s retirement date, whichever is later. Prior to June 30, 2013 the COLA adjustment was equal to one-half the change in the Consumer Price Index (CPI), except that the COLA shall not exceed 4% nor be less than 2%, unless the change in CPI is less than 2%, in which case, the Cola would equal the change in the CPI, but never less than zero. As of July 1, 2013, for current and future retirees the COLA was immediately reduced until the plan is 100% funded.

**Rio Rancho Public School District No. 94**  
**Notes to Financial Statements**  
**June 30, 2018**

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

The COLA reduction was based on the median retirement benefit of all retirees excluding disability retirements. Retirees with benefits at or below the median and with 25 or more years of service credit will have a 10% COLA reduction; their average COLA will be 1.8%. All other retirees will have a 20% COLA reduction; their average COLA will be 1.6%. Once the funding is greater than 90%, the COLA reductions will decrease. The retirees with benefits at or below the median and with 25 or more years of service credit will have a 5% COLA reduction; their average COLA will be 1.9%. All other retirees will have a 10% COLA reduction; their average will be 1.8%. Members on disability retirement are entitled to a COLA commencing on July 1 of the third full year following disability retirement. A member on regular retirement who can prove retirement because of a disability may qualify for a COLA beginning July 1 in the third full year of retirement.

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

**Contributions.** The contribution requirements of plan members and the District are established in state statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. For the fiscal year ended June 30, 2016 employers contributed 13.90% of employees' gross annual salary to the Plan. Employees earning \$20,000 or less contributed 7.90% and employees earning more than \$20,000 contributed 10.70% of their gross annual salary. For fiscal year ended June 30, 2017 employers contributed 13.90%, and employees earning \$20,000 or less continued to contribute 7.90% and employees earning more than \$20,000 contributed an increased amount of 10.70% of their gross annual salary. For fiscal year ended June 30, 2018 employers contributed 13.90%, and employees earning \$20,000 or less continued to contribute 7.90% and employees earning more than \$20,000 contributed an increased amount of 10.70% of their gross annual salary. Contributions to the pension plan from the District were \$11,740,813 for the year ended June 30, 2018.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:** The total ERB pension liability, net pension liability, and sensitivity information were based on an annual actuarial valuation performed as of June 30, 2016. The total ERB pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2017, using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date June 30, 2017. At June 30, 2018, the District reported a liability of \$335,930,138 for its proportionate share of the net pension liability. The District's proportion of the net pension liability is based on the employer contributing entity's percentage of total employer contributions for the fiscal year ended June 30, 2017.

**Rio Rancho Public School District No. 94**  
**Notes to Financial Statements**  
**June 30, 2018**

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

The contribution amounts were defined by Section 22-11-21, NMSA 1978. At June 30, 2017, the District's proportion was 3.0227 percent, which was an decrease of 0.0082 from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the District recognized pension expense of \$53,634,812. At the June 30, 2018, the District reported deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	\$ 98,064,609	\$ -
Changes in proportion	2,540,517	394,416
Net difference between projected and actual investment earnings	-	46,083
District's contributions subsequent to the measurement date	11,740,813	-
Difference between expected and actual experience	603,027	5,175,320
<b>Total</b>	<b>\$ 112,948,966</b>	<b>\$ 5,615,819</b>

\$11,740,813 reported as deferred outflow of resources related to pensions resulting from District 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, 2019.

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

Year ended June 30:	
2018	\$ (36,825,845)
2019	(38,814,415)
2020	(22,718,203)
2021	2,766,129
2022	-
Thereafter	-

**Rio Rancho Public School District No. 94**  
**Notes to Financial Statements**  
**June 30, 2018**

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

**Actuarial assumptions.** The total pension liability, net pension liability, and certain sensitivity information shown in this report are based on actuarial valuation and performed as of June 30, 2016. The liabilities reflect the impact of Senate Bill 115, signed into law March 29, 2013 and new assumptions adopted by the Board of Trustees on June 12, 2015. Specifically, the liabilities measured as of June 30, 2017 incorporate the following assumptions:

1. All members with an annual salary of more than \$20,000 will contribute 10.70% during the fiscal year ending June 30, 2015 and thereafter.
2. Members hired after June 30, 2013 will have an actuarially reduced retirement benefit if they retire before age 55 and their COLA will be deferred until age 67.
3. COLAs for most retirees are reduced until ERB attains a 100% funded status.
4. These assumptions were adopted by the Board on June 12, 2015 in conjunction with the six year experience study period ending June 30, 2014.
5. For purposes of projecting future benefits, it is assumed that the full COLA is paid in all future years.

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

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll
Remaining Period	Amortized – closed 30 years from June 30, 2012 to June 30, 2042
Asset Valuation Method	5 year smoothed market for funding valuation (fair value for financial valuation)
Inflation	2.50%
Salary Increases	Composition: 3% inflation, plus 0.75% productivity increase rate, plus step rate promotional increases for members with less than 10 years of service
Investment Rate of Return	7.25%
Retirement Age	Experience based table of age and service rates
Mortality	Healthy Males – RP-2000 Combined Mortality Table with white collar adjustments, with no set back. Generational mortality improvements with scale BB from the table’s base year of 2000.  Healthy Females – GRS Southwest Region Teacher Mortality Table, set back on year. Generational mortality improvements in accordance with scale BB from the Table’s base year of 2012.



**Rio Rancho Public School District No. 94**  
**Notes to Financial Statements**  
**June 30, 2018**

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

The long-term expected rate of return on pension plan investments is determined annually using a building-block approach that includes the following: 1) rate of return projections are the sum of current yield plus projected changes in price (valuation, defaults, etc.), 2) application of key economic projections (inflation, real growth, dividends, etc.), and 3) structural themes (supply and demand imbalances, capital flows, etc.). These items are developed for each major asset class. ERB's investment allocation policy was reviewed and amended by the Board of Trustees on August 26, 2016. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the pension plan. The following schedule shows the current asset allocation policy adopted August 26, 2016 as well as the prior allocation policy targets.



**Rio Rancho Public School District No. 94**  
**Notes to Financial Statements**  
**June 30, 2018**

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

**Comparative Schedule of Target Investment Allocation**

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

**Rio Rancho Public School District No. 94**  
**Notes to Financial Statements**  
**June 30, 2018**

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

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

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

**Sensitivity of the District’s proportionate share of the net pension liability to changes in the discount rate.** The following table shows the sensitivity of the net pension liability to changes in the discount rate as of the fiscal year end 2017. In particular, the table presents the (employer’s) net pension liability under the current single rate assumption, as if it were calculated using a discount rate one percentage point lower (4.90%) or one percentage point higher (6.90%) than the single discount rate.

	<b>1% Decrease (4.90%)</b>	<b>Current Discount Rate (5.90%)</b>	<b>1% Increase (6.90%)</b>
District’s proportionate share of the net pension liability	\$ 437,297,499	\$ 335,930,138	\$ 253,070,568

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

**Payables to the pension plan.** Rio Rancho Public School District No. 94 remits the legally required employer and employee contributions on a monthly basis to ERB. The ERB requires that the contributions be remitted by the 15<sup>th</sup> day of the month following the month for which contributions are withheld. At June 30, 2018 the District owed the ERB \$1,570,525 for the contributions withheld in the month of June 2018.

**Rio Rancho Public School District No. 94**  
**Notes to Financial Statements**  
**June 30, 2018**

**NOTE 10: OTHER POST EMPLOYMENT BENEFITS – RETIREE HEALTH CARE**

**General Information about the OPEB**

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

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

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

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

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

**Rio Rancho Public School District No. 94**  
**Notes to Financial Statements**  
**June 30, 2018**

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

**Contributions** – Employer and employee contributions to the Fund total 3% for non-enhanced retirement plans and 3.75% of enhanced retirement plans of each participating employee’s salary as required by Section 10-7C-15 NMSA 1978. The contributions are established by statute and are not based on an actuarial calculation. All employer and employee contributions are non-refundable under any circumstance, including termination of the employer’s participation in the Fund. Contributions to the Fund from the District were \$1,684,362 for the year ended June 30, 2018.

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

At June 30, 2018, the District reported a liability of \$91,253,846 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The District’s proportion of the net OPEB liability was based on actual contributions provided to the Fund for the year ending June 30, 2017. At June 30, 2017, the District’s proportion was 2.01369 percent.

For the year ended June 30, 2018, the recognized OPEB expense of \$3,627,960. At June 30, 2018 the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Changes of assumptions	\$ -	\$ 15,954,573
Net difference between projected and actual earnings on OPEB plan investments	-	1,312,749
Changes in proportion and differences between contributions and proportionate share of contributions	-	-
District's contributions subsequent to the measurement date	1,684,362	-
Differences between expected and actual experience	-	3,501,839
<b>Total</b>	<b>\$ 1,684,362</b>	<b>\$ 20,769,161</b>

**Rio Rancho Public School District No. 94**  
**Notes to Financial Statements**  
**June 30, 2018**

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

Deferred outflows of resources totaling \$1,684,362 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	\$ (4,415,669)
2020	(4,415,669)
2021	(4,415,669)
2022	(4,415,669)
2023	(3,106,485)
<b>Total</b>	<b>\$ (20,769,161)</b>

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

Actuarial valuation date	June 30, 2017
Actuarial cost method	Entry age normal, level percent of pay, calculated on individual employee basis
Asset valuation method	Market value of assets
Actuarial assumptions:	
Inflation	2.50% for ERB; 2.25% for PERA
Projected payroll increases	3.50%
Investment rate of return	7.25%, net of OPEB plan investment expense and margin for adverse deviation including inflation
Health care cost trend rate	8% graded down to 4.5% over 14 years for Non-Medicare medical plan costs and 7.5% graded down to 4.5% over 12 for Medicare medical plan costs

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

**Rio Rancho Public School District No. 94**  
**Notes to Financial Statements**  
**June 30, 2018**

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

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

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

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

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

<b>1% Decrease (2.81%)</b>	<b>Current Discount Rate (3.81%)</b>	<b>1% Increase (4.81%)</b>
\$ 110,689,494	\$ 91,253,846	\$ 76,004,834

**Rio Rancho Public School District No. 94**  
**Notes to Financial Statements**  
**June 30, 2018**

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

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

**Payable to the OPEB plan.** Rio Rancho Public School District No. 94 remits the legally required employer and employee contribution on a monthly basis to RHC. The RHC requires that the contributions be remitted by the 15<sup>th</sup> day of the month following the month for which contributions are withheld. At June 30, 2018, the District reported a payable of \$194,224 for outstanding contributions due to NMRHCA for the year ended June 30, 2018.

**NOTE 11: CONTINGENT LIABILITIES**

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

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

**Rio Rancho Public School District No. 94**  
**Notes to Financial Statements**  
**June 30, 2018**

**NOTE 12: TAX ABATEMENTS**

The District was impacted by the following tax abatements:

<b>Agency number for Agency making the disclosure (Abating Agency)</b>	5025
<b>Abating Agency Name</b>	Sandoval County, New Mexico
<b>Abating Agency Type</b>	County Government
<b>Tax Abatement Agreement Name</b>	\$16,000,000,000 Sandoval County, New Mexico Taxable Industrial Revenue Bonds, (Intel Corporation Project), Series 2004 C3
<b>Name of agency affected by abatement agreement (Affected Agency)</b>	Rio Rancho Public School District No. 94
<b>Agency number of Affected Agency</b>	7090
<b>Agency type of Affected Agency</b>	Public School District
<b>Recipient(s) of tax abatement</b>	Intel Corporation
<b>Tax abatement program (name and brief description)</b>	Intel Corporation Project
<b>Specific Tax(es) Being Abated</b>	Property Tax on real property and personal property used in business
<b>Authority under which abated tax would have been paid to Affected Agency</b>	Property Tax Code [Articles 35 to 38 of Chapter 7 NMSA 1978]
<b>Gross dollar amount, on an accrual basis, by which the Affected Agency's tax revenues were reduced during the reporting period as a result of the tax abatement agreement</b>	\$2,642,514.83 for Debt Service Levy, \$618,855.93 for Capital Improvement Levy, and \$154,713.98 for Operational Levy.
<b>For any Payments in Lieu of Taxes (PILOTs) or similar payments receivable by the Affected Agency in association with the foregone tax revenue, list the amount of payments received in the current fiscal year</b>	Not Applicable.
<b>If the Abating Agency is omitting any information required in this spreadsheet or by GASB 77, cite the legal basis for such omission</b>	Not Applicable.



**Rio Rancho Public School District No. 94**  
**Notes to Financial Statements**  
**June 30, 2018**

**NOTE 12: TAX ABATEMENTS (continued)**

<b>Agency number for Agency making the disclosure (Abating Agency)</b>	6147
<b>Abating Agency Name</b>	City of Rio Rancho
<b>Abating Agency Type</b>	Municipality (Home Rule)
<b>Tax Abatement Agreement Name</b>	Industrial Revenue Bond Project - Lease Agreement
<b>Name of agency affected by abatement agreement (Affected Agency)</b>	Rio Rancho Public Schools
<b>Agency number of Affected Agency</b>	7090
<b>Agency type of Affected Agency</b>	School District
<b>Recipient(s) of tax abatement</b>	Call, LLC
<b>Tax abatement program (name and brief description)</b>	Authorize an additional \$5,000,000 in Industrial Revenue Bonds in addition to \$11,000,000 in bonds that were issued in 1998 (Series A) for a total of \$16,000,000. Extend the Series A final maturity from 2023 to 2028. The bonds were issued for the purpose of making facility improvements and upgrades, as well as expanding parking capacity for the facility. The City will lease the facility to Call, LLC who will be sub-lease to Safelite Solutions LLC.
<b>Specific Tax(es) Being Abated</b>	Property Taxes
<b>Authority under which abated tax would have been paid to Affected Agency</b>	Property Tax Code NMSA Chapter 7 Articles 35-38
<b>Gross dollar amount, on an accrual basis, by which the Affected Agency's tax revenues were reduced during the reporting period as a result of the tax abatement agreement</b>	\$ 52,237.11
<b>For any Payments in Lieu of Taxes (PILOTs) or similar payments receivable by the Affected Agency in association with the foregone tax revenue, list the amount of payments received in the current fiscal year</b>	\$ 52,237.11
<b>If the Abating Agency is omitting any information required in this spreadsheet or by GASB 77, cite the legal basis for such omission</b>	N/A

**Rio Rancho Public School District No. 94**  
**Notes to Financial Statements**  
**June 30, 2018**

**NOTE 12: TAX ABATEMENTS (continued)**

<b>Agency number for Agency making the disclosure (Abating Agency)</b>	6147
<b>Abating Agency Name</b>	City of Rio Rancho
<b>Abating Agency Type</b>	Municipality (Home Rule)
<b>Tax Abatement Agreement Name</b>	Industrial Revenue Bond Project - Lease Agreement
<b>Name of agency affected by abatement agreement (Affected Agency)</b>	Rio Rancho Public Schools
<b>Agency number of Affected Agency</b>	7090
<b>Agency type of Affected Agency</b>	School District
<b>Recipient(s) of tax abatement</b>	Bank of America
<b>Tax abatement program (name and brief description)</b>	Industrial Revenue Bonds - Authorize issuance of \$9,000,000 in industrial revenue bonds, Series 1998B, the proceeds of which will be used to finance the acquisition and construction of property. The property is leased to the Bank of America.
<b>Specific Tax(es) Being Abated</b>	Property Taxes
<b>Authority under which abated tax would have been paid to Affected Agency</b>	Property Tax Code NMSA Chapter 7 Articles 35-38
<b>Gross dollar amount, on an accrual basis, by which the Affected Agency's tax revenues were reduced during the reporting period as a result of the tax abatement agreement</b>	\$ 39,722.96
<b>For any Payments in Lieu of Taxes (PILOTs) or similar payments receivable by the Affected Agency in association with the foregone tax revenue, list the amount of payments received in the current fiscal year</b>	\$ 39,722.96
<b>If the Abating Agency is omitting any information required in this spreadsheet or by GASB 77, cite the legal basis for such omission</b>	N/A

**Rio Rancho Public School District No. 94**  
**Notes to Financial Statements**  
**June 30, 2018**

**NOTE 12: TAX ABATEMENTS (continued)**

<b>Agency number for Agency making the disclosure (Abating Agency)</b>	6147
<b>Abating Agency Name</b>	City of Rio Rancho
<b>Abating Agency Type</b>	Municipality (Home Rule)
<b>Tax Abatement Agreement Name</b>	Industrial Revenue Bond Project - Lease Agreement
<b>Name of agency affected by abatement agreement (Affected Agency)</b>	Rio Rancho Public Schools
<b>Agency number of Affected Agency</b>	7090
<b>Agency type of Affected Agency</b>	School District
<b>Recipient(s) of tax abatement</b>	Titan City Center, LLC
<b>Tax abatement program (name and brief description)</b>	HP IRB -Issuance of an Industrial Revenue Bond in the maximum principal amount of \$63,500,000 to provide funds to finance the acquisition, construction and equipping of an industrial revenue project. The City will lease the property to the Titan City Center, LLC which will be sub-leased to Hewlett-Packard Company.
<b>Specific Tax(es) Being Abated</b>	Property Taxes
<b>Authority under which abated tax would have been paid to Affected Agency</b>	Property Tax Code NMSA Chapter 7 Articles 35-38
<b>Gross dollar amount, on an accrual basis, by which the Affected Agency's tax revenues were reduced during the reporting period as a result of the tax abatement agreement</b>	\$ 144,164.08
<b>For any Payments in Lieu of Taxes (PILOTs) or similar payments receivable by the Affected Agency in association with the foregone tax revenue, list the amount of payments received in the current fiscal year</b>	\$ 144,164.08
<b>If the Abating Agency is omitting any information required in this spreadsheet or by GASB 77, cite the legal basis for such omission</b>	N/A

**Rio Rancho Public School District No. 94**  
**Notes to Financial Statements**  
**June 30, 2018**

**NOTE 13: OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES**

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

- A. Deficit Fund Balances. The following funds maintained a deficit fund balance as of June 30, 2018:

<b>Major Fund</b>	
General Fund - Transportation Fund	\$ (16,420)
<b>Non-Major Fund</b>	
Special Capital Outlay State	(375)
<hr/>	
Total Governmental Funds	\$ (16,795)
<hr/> <hr/>	

The District incurred more expenditures than revenues received in these funds in the current year. The District anticipates this fund balance will not be in a deficit state in subsequent years.

- B. Excess of expenditures over appropriations. The District had no funds in which line item expenditures were in excess of the budgeted appropriations for the year ended June 30, 2018.

<b>Nonmajor Funds</b>	
Capital Improvements SB-9 (Local)	\$ 46
<hr/>	
Total Governmental Funds	\$ 46
<hr/> <hr/>	

- C. Designated cash appropriations in excess of available balance. The District had the following funds in which designated cash appropriations were in excess of available balances for the year ended June 30, 2018:

		<b>Beginning Year</b>	
	<b>Designated Cash</b>	<b>Cash &amp; AR Available</b>	<b>Cash Appropriation in excess of available</b>
	<hr/>	<hr/>	<hr/>
Private Direct Grants	211,104	211,099	\$ (5)
City/County Grants	20,681	20,645	(36)

**NOTE 14: CONCENTRATIONS**

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

**Rio Rancho Public School District No. 94**  
**Notes to Financial Statements**  
**June 30, 2018**

**NOTE 15: COMMITMENTS**

The District had significant commitments outstanding as of the year ended June 30, 2018, as follows:

<b>Contract</b>	<b>Year Ending</b>	<b>Amount</b>
Transportation Center	2018	\$ 102,216
DO Renovation	2018	9,816
ERMS HVAC	2018	22,662
RRHS Security Upgrades	2018	47,705
RRHS Door Replacement	2018	64,457
CHS Security Upgrades	2018	2,193
CHS Classroom Addition	2018	44,491
I HS Security Upgrades	2018	1,534
JHES	2018	828,169
VGES Classroom Addition	2018	8,694
RRMS HVAC	2018	15,265
SSPS	2018	929,310
SVES Parking	2018	158
CAE Sliders	2018	1,735
CDN HVAC	2018	42,327
EHES HVAC	2018	10,469
EHES Drainage	2018	40,795
MVMS HVAC	2018	26,573
RRES HVAC	2018	12,035
LMS Gym	2018	634,500
LMS Interior	2018	2,042,258
<b>Total commitments</b>		<b>\$ 4,887,362</b>

**NOTE 16: RESTRICTED NET POSITION**

The government-wide statement of net position reports \$24,126,386 of restricted net position, all of which is restricted by enabling legislation. For descriptions of the related restrictions for net position restricted for special revenue, debt service and capital projects, see pages 37 and 90-95.

**NOTE 17: NET POSITION/FUND BALANCE RESTATEMENT**

The District has a prior period adjustment of (\$108,395,047) which was required for implementation of GASB Statement No. 75. The adjustment reflects a beginning other post-employment benefit liability of (\$110,123,970) and a beginning deferred outflow of resources – employer contributions subsequent to the measurement date of \$1,728,923.

**Rio Rancho Public School District No. 94**  
**Notes to Financial Statements**  
**June 30, 2018**

**NOTE 18: SUBSEQUENT EVENTS**

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

**NOTE 19: SUBSEQUENT PRONOUNCEMENTS**

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

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

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

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

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

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

## **Required Supplementary Information**

**Rio Rancho Public School District No. 94**  
**Schedule of Proportionate Share of the Net Pension Liability**  
**Educational Retirement Board (ERB) Pension Plan**  
**Last 10 Fiscal Years\***

	<b>Measurement Date (As of and for the Year Ended June 30, 2017)</b>	<b>Measurement Date (As of and for the Year Ended June 30, 2016)</b>
Rio Rancho Public School District No. 94's proportion of the net pension liability (asset)	3.0227%	3.0309%
Rio Rancho Public School District No. 94's proportionate share of the net pension liability (asset)	\$ 335,930,138	\$ 218,115,985
Rio Rancho Public School District No. 94's covered-employee payroll	\$ 85,961,504	\$ 86,353,800
Rio Rancho Public School District No. 94's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	391%	253%
Plan fiduciary net position as a percentage of the total pension liability	52.95%	61.58%

\* The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, Rio Rancho Public School District No. 94 will present information for those years for which information is available.

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



Measurement Date (As of and for the Year Ended June 30, 2015)	Measurement Date (As of and for the Year Ended June 30, 2014)
2.9470%	2.9458%
\$ 190,885,038	\$ 168,077,189
\$ 80,461,541	\$ 81,195,899
237%	207%
63.97%	66.54%

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

**Rio Rancho Public School District No. 94**  
**Schedule of Contributions**  
**Educational Retirement Board (ERB) Pension Plan**  
**Last 10 Fiscal Years\***

	As of and for the Year Ended June 30, 2018	As of and for the Year Ended June 30, 2017
Contractually required contribution	\$ 11,740,813	\$ 11,948,649
Contributions in relation to the contractually required contribution	11,740,813	11,948,649
Contribution deficiency (excess)	\$ -	\$ -
Rio Rancho Public School District No. 94 covered-employee payroll	\$ 84,466,280	\$ 85,961,504
Contribution as a percentage of covered-employee payroll	13.90%	13.90%

\* The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, Rio Rancho Public School District No. 94 will present information for those years for which information is available.

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

<b>As of and for the Year Ended June 30, 2016</b>	<b>As of and for the Year Ended June 30, 2015</b>
\$ 12,001,503	\$ 11,601,785
<u>12,001,503</u>	<u>11,601,785</u>
<u>\$ -</u>	<u>\$ -</u>
\$ 86,353,800	\$ 83,466,079
13.90%	13.90%

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

**Rio Rancho Public School District No. 94**  
**Schedule of Employer's Proportionate Share of the Net OPEB Liability of New**  
**Mexico Retiree Health Care Act Plan**  
**New Mexico Retiree Health Care Authority (NMRHCA) Plan**  
**Last 10 Fiscal Years\***

	<b>2018</b> <b>Measurement</b> <b>Date</b> <b>(As of and for</b> <b>the Year Ended</b> <b>June 30, 2017)</b>
Rio Rancho Public School District No. 94's proportion of the net OPEB liability	2.01369%
Rio Rancho Public School District No. 94's proportionate share of the net OPEB liability	\$ 91,253,846
Rio Rancho Public School District No. 94's covered-employee payroll	\$ 85,961,504
Rio Rancho Public School District No. 94's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	106.16%
Plan fiduciary net position as a percentage of the total OPEB liability	11.34%

\* The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, Rio Rancho Public School District No. 94 will present information for those years for which information is available.

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

**Rio Rancho Public School District No. 94  
Schedule of Employer Contributions  
New Mexico Retiree Health Care Authority (NMRHCA) Plan  
Last 10 Fiscal Years\***

		<b>As of and for the Year Ended June 30, 2018</b>
Contractually required contributions	\$	1,684,362
Contributions in relation to the contractually required contribution		(1,684,362)
Contribution deficiency (excess)	\$	-
Rio Rancho Public School District No. 94's covered-employee payroll	\$	84,466,280
Contributions as a percentage of covered-employee payroll		2.00%

\* The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, Rio Rancho Public School District No. 94 will present information for those years for which information is available.

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

**Rio Rancho Public School District No. 94**  
**Notes to Required Supplementary Information**  
**June 30, 2018**

**New Mexico Educational Retirement Board**

*Changes of benefit terms.*

The COLA and retirement eligibility benefits changes in recent years are described in the Benefits Provided subsection of the financial statement note disclosure Pension Plan – Educational Retirement Board, General Information on the Pension Plan.

*Changes of assumptions.*

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

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

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

**New Mexico Retiree Health Care Authority**

Changes of benefit terms. The NMRHCA eligibility benefits changes in recent years are described in Note 1 of the NMRHC FY17 audit available at [http://nmrhc.org/uploads/FileLinks/5fccea70107e4b9fa9b1a47723691d2a/NM\\_RHCA\\_Audited\\_FS\\_6.30.17.pdf](http://nmrhc.org/uploads/FileLinks/5fccea70107e4b9fa9b1a47723691d2a/NM_RHCA_Audited_FS_6.30.17.pdf).

Changes of assumptions. The New Mexico Retiree Healthcare Authority (NMRHCA) Actuarial Valuation as of June 30, 2017 report is available at [http://nmrhc.org/uploads/FileLinks/5fccea70107e4b9fa9b1a47723691d2a/NMRHCA\\_5507316\\_Final\\_per\\_Auditor\\_update\\_Final\\_Report\\_11.21.17.pdf](http://nmrhc.org/uploads/FileLinks/5fccea70107e4b9fa9b1a47723691d2a/NMRHCA_5507316_Final_per_Auditor_update_Final_Report_11.21.17.pdf). See the notes to the financial statements beginning on page 24 which summarizes actuarial assumptions and methods effective with the June 30, 2017 valuation.

*See independent auditors' report.*

## Supplementary Information

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## **Nonmajor Governmental Funds**

**Rio Rancho Public School District No. 94**  
**Nonmajor Governmental Fund Descriptions**  
**June 30, 2018**

**SPECIAL REVENUE FUNDS**

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

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

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

**Non-Instructional Education Support (23000)** - To account for funds paid to the Schools for student activity travel. Accumulated funds are used to replace activity buses. Funding authority is the New Mexico Public Education Department.

**Title I IASA (24101)** – The major objectives of the Title I program are to provide supplemental educational opportunity for academically disadvantaged children. 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.

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

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

**Rio Rancho Public School District No. 94**  
**Nonmajor Governmental Fund Descriptions**  
**June 30, 2018**

**SPECIAL REVENUE FUNDS (Continued)**

**Education of Homeless (24113)** – To provide tutoring and remedial academic services to homeless children and youth within the District. Funding is by the McKinney-Vento Homeless Assistance Act, Title VII, Subtitle B. The McKinney-Vento Homeless Assistance Act was reauthorized by Congress as Title X, Part C of the *No Child Left Behind Act*, H.R 1 (Public Law 107-110) and became effective July 1, 2002.

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

**Leadership – Voc. Ed. (24139)** – To support areas with high percentages of Career Technical Education students, or areas with high numbers of career Technical Education students and provide career-technical education services that address identified needs within the State of New Mexico. The authority for creation of this fund is the New Mexico Public Education Department.

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

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

**Carl D Perkins Cluster (24171 – Carl Perkins Special Projects) (24174 – Carl Perkins Secondary) (24175 – Carl Perkins Secondary – PY Unique Obligations) (24176 – Carl Perkins Secondary – Redistribution)** - The objective of this grant is to provide secondary and post-secondary educational institutions the opportunity to develop, implement, and operate programs using different models of curricula that integrate vocational and academic learning. Funds are acquired from federal sources through the New Mexico Public Education Department. Authority for creation of this fund is Carl D. Perkins Vocational and Applied Technology Education Act of 1990, as amended, Public Law 105-332.

**Rio Rancho Public School District No. 94**  
**Nonmajor Governmental Fund Descriptions**  
**June 30, 2018**

**SPECIAL REVENUE FUNDS (Continued)**

**Title IV – Student Support and Academic Achievement Program (24189)** – The objective of this grant is to support well-rounded educational opportunities, safe and healthy students and effective use of technology. The Every Student Succeeds Act (ESSA) was signed into law in December 2015. It reauthorized the Elementary and Secondary Education Act in 1965 (ESSA). Newly authorized under subpart 1 of Title IV, Part A of the ESEA is the Student Support and Academic Enrichment (SSAE) program.

**Substance Abuse Prevention DOH (25138)** – To prevent, reduce, or delay the onset of substance abuse through the implementation of the Strategic Prevention Framework (SPF). Implement a comprehensive data driven strategic plan that includes environmental, host and agent prevention strategies, that will impact intervening variables associated with the selected population level indicator. Authority for creation of this fund is Public Health Service Act, Title XIX, Part B, Subpart II,; as amended, Public Law 106-310, Public Law 106-310, 42 U.S.C 300x.

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

**Indian Education Formula Grant (25184)** – To account for a program funded by a Federal grant to develop and carry out supplementary elementary and secondary school programs designed to meet the special educational and culturally related academic needs of Indian children, for example to: 1) Improve academic performance, 2) Reduce school dropout rates and improve attendance, and 3) Integrate the value of cultural education into the school curriculum for Indian children. Funding authorized by Indian Education Act of 1988, Title V, Part C, Subpart 1, as amended, Public Law 100-297 and 93-638, 25 U.S.C. 2601-2606.

**Elementary School Counseling (25215)** – To provide funding to LEAs to establish or expand elementary and secondary school counseling programs, with special consideration given to applicants that can: Demonstrate the greatest need for counseling services in the schools to be served or propose the most innovative and promising approaches, and show the greatest potential for replication and dissemination. The authority for creation of this fund is the New Mexico Public Education Department.

**Rio Rancho Public School District No. 94**  
**Nonmajor Governmental Fund Descriptions**  
**June 30, 2018**

**SPECIAL REVENUE FUNDS (Continued)**

**AmeriCorps (25232)** - The purpose of this grant is to assist schools in meeting four goals: 1) getting things done by providing services with direct and demonstrable results; 2) strengthen communities and uniting individuals of different backgrounds in a common effort to improve their communities; 3) encourage responsibility through service and civic education and 4) expand opportunities in return for devoting a year of their lives to national service. Americorps members may receive education awards for qualified postsecondary educational expenses or to pay off qualified student loans. Authority for creation of this fund is the National and Community Service Act of 1990, as amended.

**Education Jobs Fund (25255)** – Under the American Recovery and Reinvestment Act of 2009 (ARRA) these funds provide assistance to States to save or create education jobs for the 2010-2011 school year. Jobs funded under this program include those that provide educational and related services for early childhood, elementary, and secondary education.

**LANL Foundation (26113)** – Educational enrichment grant in support of The Renaissance Program. The authority for creation of this fund is the New Mexico Public Education Department.

**Intel Foundation (26116)** – To account for a grant received from Intel Corporation – New Mexico for an educational project. The authority for creation of this fund is the New Mexico Public Education Department.

**Golden Apple Foundation (26163)** – To provide opportunities for academic enrichment and to encourage positive change in New Mexico classrooms. The authority for creation of this fund is the New Mexico Public Education Department.

**Rio Rancho Education Foundation (26171)** – The objective of this program is to provide monies for various types of educational projects (sensory cameras to study local wildlife, calculators for students to conduct fine arts mathematics, etc.) that will improve an existing community need, problem, or issue. This fund is awarded directly to the school district by the Rio Rancho Education Foundation. Authority for the creation of this fund is the New Mexico Public Education Department.

**A+ for Education (26179)** – Grant from BP America that recognizes innovative energy education programs in the classroom. Awarded to Rio Rancho Middle School to purchase materials and supplies to implement the program entitled “Students-As-Teachers: An Energy Resource Project”. Authority for the creation of this fund is the New Mexico Public Education Department.

**CNM Foundation (26207)** – Making Money Work Grant from Central New Mexico Community College for classroom enhancement for the FIN1010 course. The funds are to be used for classroom supplies, curriculum materials, software, guest speakers, field trips, conferences, and starting a school snack bar or school store. Authority for the creation of this fund is the New Mexico Public Education Department.

**Rio Rancho Public School District No. 94**  
**Nonmajor Governmental Fund Descriptions**  
**June 30, 2018**

**SPECIAL REVENUE FUNDS (Continued)**

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

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

**New Mexico Reads to Lead K-3 Reading Initiative (27114)** – This fund is to account for funds received to provide children to acquire a firm foundation in literacy and are not only prepared for future academic success, but will possess a lifelong love of reading. New Mexico's early reading initiative, New Mexico Reads to Lead, provides an aligned approach for districts and schools to ensure that children can read by the end of third grade—giving them essential skills for future career and college success. The New Mexico Reads to Lead! Initiative funds a reading K–3 Formative Assessment System provided to districts at no cost. It also provides regional and district reading coaches, supports for intervention, and professional development for parents, teachers, reading coaches, and administrators. Authority for the creation of this fund is the New Mexico Public Education Department.

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

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

**Indian Education Act (27150)** – To account for funds received from Annual Legislative Appropriation from Penny Bird- Indian Ed. Laws of 2005.

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

**2013 School Bus (27178)** – To account for an award to purchase or replace school buses. The authority for creation of this fund is the New Mexico Public Education Department.

**Rio Rancho Public School District No. 94**  
**Nonmajor Governmental Fund Descriptions**  
**June 30, 2018**

**SPECIAL REVENUE FUNDS (Continued)**

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

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

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

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

**City/County Grants (29107)** – To provide support for a health education program within the school and to provide workbooks, materials for educational demonstrations and funds to support a nutrition-focused event for the school. Funding is provided by Sandoval County and the City of Rio Rancho (NM Public Education Department, PSAB, Supp 3).

**CAPITAL PROJECTS FUNDS**

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

**Special Capital Outlay (31300)** – To account for resources received by revenue generated local sources for the purpose of remodeling and improvements on existing structures. Funding authority is the New Mexico Public Education Department.

**Special Capital Outlay State (31400)** – To account for special appropriations monies received from the State of New Mexico under Chapter 4, Laws of 1996 for the purpose of specific capital outlay projects. Funding authority is the New Mexico Public Education Department.

**Capital Improvements SB-9 (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 and a special tax levy as authorized by the Public School District Capital Improvements Act (22-25-1 to 22-25-10 NMSA 1978).

**Rio Rancho Public School District No. 94**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2018**

	Special Revenue			
	Food Services 21000	Athletics 22000	Non- Instructional Education Support 23000	Title I IASA 24101
<b>Assets</b>				
Current Assets				
Cash and cash equivalents	\$ 613,429	\$ 74,497	\$ 252,524	\$ -
Investments	-	-	-	-
Receivables:				
Property taxes	-	-	-	-
Due from other governments	68,687	-	-	665,662
Other	-	-	5,292	-
Inventory	114,513	-	-	-
Due from other funds	-	-	-	-
<b>Total assets</b>	<b>\$ 796,629</b>	<b>\$ 74,497</b>	<b>\$ 257,816</b>	<b>\$ 665,662</b>
<b>Liabilities, deferred inflows of resources, and fund balances</b>				
Liabilities				
Accounts payable	\$ 393,609	\$ -	\$ 1,327	\$ 8,565
Accrued payroll	4,680	-	67,868	271,195
Due to other governments	-	-	-	-
Due to other funds	-	-	-	385,902
<b>Total liabilities</b>	<b>398,289</b>	<b>-</b>	<b>69,195</b>	<b>665,662</b>
Deferred inflows of resources				
Unavailable revenue - property taxes	-	-	-	-
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Fund balances				
Nonspendable				
Inventory	114,513	-	-	-
Spendable				
Restricted for:				
Food services	283,827	-	-	-
Extracurricular activities	-	74,497	-	-
Education	-	-	188,621	-
Capital acquisitions and improvements	-	-	-	-
Unassigned (deficit)	-	-	-	-
<b>Total fund balances</b>	<b>398,340</b>	<b>74,497</b>	<b>188,621</b>	<b>-</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 796,629</b>	<b>\$ 74,497</b>	<b>\$ 257,816</b>	<b>\$ 665,662</b>

*See independent auditors' report.*



Special Revenue

Entitlement IDEA-B 24106	Preschool IDEA-B 24109	Education of Homeless 24113	Private Schools Share IDEA-B 24115	Leadership - Voc. Ed. 24139	Title III-A 24153
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
1,392,690	11,049	14,973	-	922	14,333
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 1,392,690</u>	<u>\$ 11,049</u>	<u>\$ 14,973</u>	<u>\$ -</u>	<u>\$ 922</u>	<u>\$ 14,333</u>
\$ 22,199	\$ -	\$ -	\$ -	\$ -	\$ -
465,679	1,175	-	-	-	-
-	-	-	-	-	-
904,812	9,874	14,973	-	922	14,333
<u>1,392,690</u>	<u>11,049</u>	<u>14,973</u>	<u>-</u>	<u>922</u>	<u>14,333</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 1,392,690</u>	<u>\$ 11,049</u>	<u>\$ 14,973</u>	<u>\$ -</u>	<u>\$ 922</u>	<u>\$ 14,333</u>

See independent auditors' report.

**Rio Rancho Public School District No. 94**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2018**

	Special Revenue			
	Teacher/ Principal Training & Recruiting 24154	Carl Perkins Special Projects 24171	Carl Perkins Secondary 24174	Carl D Perkins Secondary - PY Unliq. Obligations 24175
<b>Assets</b>				
Current Assets				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-
Receivables:				
Property taxes	-	-	-	-
Due from other governments	287,066	9,521	22,307	4,197
Other	-	-	-	-
Inventory	-	-	-	-
Due from other funds	-	-	-	-
<b>Total assets</b>	<b>\$ 287,066</b>	<b>\$ 9,521</b>	<b>\$ 22,307</b>	<b>\$ 4,197</b>
<b>Liabilities, deferred inflows of resources, and fund balances</b>				
Liabilities				
Accounts payable	\$ 7,359	\$ -	\$ 644	\$ 4,197
Accrued payroll	31,909	8,802	-	-
Due to other governments	-	-	-	-
Due to other funds	247,798	719	21,663	-
<b>Total liabilities</b>	<b>287,066</b>	<b>9,521</b>	<b>22,307</b>	<b>4,197</b>
Deferred inflows of resources				
Unavailable revenue - property taxes	-	-	-	-
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Fund balances				
Nonspendable				
Inventory	-	-	-	-
Spendable				
Restricted for:				
Food services	-	-	-	-
Extracurricular activities	-	-	-	-
Education	-	-	-	-
Capital acquisitions and improvements	-	-	-	-
Unassigned (deficit)	-	-	-	-
<b>Total fund balances</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 287,066</b>	<b>\$ 9,521</b>	<b>\$ 22,307</b>	<b>\$ 4,197</b>

*See independent auditors' report.*

Special Revenue					
Carl Perkins Secondary - Redistribution 24176	Title IV - Student Support and Academic Achievement 24189	Substance Abuse Prevention DOH 25138	Title XIX Medicaid 3/21 Years 25153	Indian Education Formula Grant 25184	Elementary School Counseling 25215
\$ -	\$ -	\$ -	\$ 2,325,374	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
1,874	14,886	-	115,513	26,159	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 1,874</u>	<u>\$ 14,886</u>	<u>\$ -</u>	<u>\$ 2,440,887</u>	<u>\$ 26,159</u>	<u>\$ -</u>
\$ 15	\$ -	\$ -	\$ 4,125	\$ 158	\$ -
-	-	-	95,612	4,703	-
-	-	-	-	656	-
1,859	14,886	-	-	20,642	-
<u>1,874</u>	<u>14,886</u>	<u>-</u>	<u>99,737</u>	<u>26,159</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	2,341,150	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	2,341,150	-	-
<u>\$ 1,874</u>	<u>\$ 14,886</u>	<u>\$ -</u>	<u>\$ 2,440,887</u>	<u>\$ 26,159</u>	<u>\$ -</u>

See independent auditors' report.

**Rio Rancho Public School District No. 94**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2018**

	Special Revenue			
	AmeriCorps 25232	Education Jobs Fund 25255	LANL Foundation 26113	Intel Foundation 26116
<b>Assets</b>				
Current Assets				
Cash and cash equivalents	\$ 3	\$ 1	\$ 1,577	\$ 1,021
Investments	-	-	-	-
Receivables:				
Property taxes	-	-	-	-
Due from other governments	-	-	-	-
Other	-	-	-	-
Inventory	-	-	-	-
Due from other funds	-	-	-	-
<b>Total assets</b>	<b>\$ 3</b>	<b>\$ 1</b>	<b>\$ 1,577</b>	<b>\$ 1,021</b>
<b>Liabilities, deferred inflows of resources, and fund balances</b>				
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued payroll	-	-	-	-
Due to other governments	3	1	-	-
Due to other funds	-	-	-	-
<b>Total liabilities</b>	<b>3</b>	<b>1</b>	<b>-</b>	<b>-</b>
Deferred inflows of resources				
Unavailable revenue - property taxes	-	-	-	-
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Fund balances				
Nonspendable				
Inventory	-	-	-	-
Spendable				
Restricted for:				
Food services	-	-	-	-
Extracurricular activities	-	-	-	-
Education	-	-	1,577	1,021
Capital acquisitions and improvements	-	-	-	-
Unassigned (deficit)	-	-	-	-
<b>Total fund balances</b>	<b>-</b>	<b>-</b>	<b>1,577</b>	<b>1,021</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 3</b>	<b>\$ 1</b>	<b>\$ 1,577</b>	<b>\$ 1,021</b>

*See independent auditors' report.*

Special Revenue

Golden Apple Foundation 26163	Rio Rancho Education Foundation 26171	A+ for Education 26179	CNM Foundation 26207	Dual Credit Instructional Materials HB2 27103	2012 GO Bond Student Library 27107
\$ 335	\$ 14,081	\$ 39	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	4,628	10,441
-	-	-	-	-	-
-	-	-	-	-	-
\$ 335	\$ 14,081	\$ 39	\$ -	\$ 4,628	\$ 10,441
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	4,628	10,441
-	-	-	-	4,628	10,441
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
335	14,081	39	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
335	14,081	39	-	-	-
\$ 335	\$ 14,081	\$ 39	\$ -	\$ 4,628	\$ 10,441

See independent auditors' report.

**Rio Rancho Public School District No. 94**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2018**

	Special Revenue			
	New Mexico Reads to Lead K-3 Reading Initiative 27114	Teacher Recruitment Support Initiative 27128	Pre-K Initiative 27149	Indian Education Act 27150
<b>Assets</b>				
Current Assets				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-
Receivables:				
Property taxes	-	-	-	-
Due from other governments	31,969	12,781	478,128	-
Other	-	-	-	-
Inventory	-	-	-	-
Due from other funds	-	-	-	250
<b>Total assets</b>	<b>\$ 31,969</b>	<b>\$ 12,781</b>	<b>\$ 478,128</b>	<b>\$ 250</b>
<b>Liabilities, deferred inflows of resources, and fund balances</b>				
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued payroll	22,614	-	184,917	-
Due to other governments	-	-	-	-
Due to other funds	9,355	12,781	293,211	250
<b>Total liabilities</b>	<b>31,969</b>	<b>12,781</b>	<b>478,128</b>	<b>250</b>
Deferred inflows of resources				
Unavailable revenue - property taxes	-	-	-	-
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Fund balances				
Nonspendable				
Inventory	-	-	-	-
Spendable				
Restricted for:				
Food services	-	-	-	-
Extracurricular activities	-	-	-	-
Education	-	-	-	-
Capital acquisitions and improvements	-	-	-	-
Unassigned (deficit)	-	-	-	-
<b>Total fund balances</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 31,969</b>	<b>\$ 12,781</b>	<b>\$ 478,128</b>	<b>\$ 250</b>

*See independent auditors' report.*

Special Revenue

Kindergarten- Three Plus 27166	2013 School Bus 27178	ASSIST Tobacco DOH 28122	GRADS - Instruction 28190	Grad Plus 28203	Private Direct Grants 29102
\$ -	\$ 2	\$ 1	\$ -	\$ 2,135	\$ 134,059
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	3,207	-	-
<u>\$ -</u>	<u>\$ 2</u>	<u>\$ 1</u>	<u>\$ 3,207</u>	<u>\$ 2,135</u>	<u>\$ 134,059</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,340
-	-	-	402	-	2,379
-	-	-	-	-	-
-	-	-	2,805	-	-
-	-	-	3,207	-	8,719
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	2	1	-	2,135	125,340
-	-	-	-	-	-
-	-	-	-	-	-
-	2	1	-	2,135	125,340
<u>\$ -</u>	<u>\$ 2</u>	<u>\$ 1</u>	<u>\$ 3,207</u>	<u>\$ 2,135</u>	<u>\$ 134,059</u>

See independent auditors' report.

**Rio Rancho Public School District No. 94**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2018**

	<u>Special Revenue</u>		<u>Capital Projects</u>		
	City/County Grants 29107	Special Capital Outlay 31300	Special Capital Outlay State 31400	Capital Improvements SB-9 31700	
<b>Assets</b>					
Current Assets					
Cash and cash equivalents	\$ 22,182	\$ 7,315	\$ 40	\$ 1,681,022	
Investments	-	-	-	684,275	
Receivables:					
Property taxes	-	-	-	280,649	
Due from other governments	-	-	-	737,469	
Other	-	-	-	-	
Inventory	-	-	-	309,130	
Due from other funds	-	-	-	-	
<b>Total assets</b>	<b>\$ 22,182</b>	<b>\$ 7,315</b>	<b>\$ 40</b>	<b>\$ 3,692,545</b>	
<b>Liabilities, deferred inflows of resources, and fund balances</b>					
Liabilities					
Accounts payable	\$ 5,142	\$ -	\$ 415	\$ 311,792	
Accrued payroll	9,394	-	-	-	
Due to other governments	-	-	-	-	
Due to other funds	-	-	-	737,468	
<b>Total liabilities</b>	<b>14,536</b>	<b>-</b>	<b>415</b>	<b>1,049,260</b>	
Deferred inflows of resources					
Unavailable revenue - property taxes	-	-	-	229,026	
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>229,026</b>	
Fund balances					
Nonspendable					
Inventory	-	-	-	309,130	
Spendable					
Restricted for:					
Food services	-	-	-	-	
Extracurricular activities	-	-	-	-	
Education	7,646	-	-	-	
Capital acquisitions and improvements	-	7,315	-	2,105,129	
Unassigned (deficit)	-	-	(375)	-	
<b>Total fund balances</b>	<b>7,646</b>	<b>7,315</b>	<b>(375)</b>	<b>2,414,259</b>	
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 22,182</b>	<b>\$ 7,315</b>	<b>\$ 40</b>	<b>\$ 3,692,545</b>	

*See independent auditors' report.*



<b>Total Nonmajor Governmental Funds</b>	
<hr/>	
\$	5,129,637
	684,275
	280,649
	3,925,255
	5,292
	423,643
	3,457
	<hr/>
\$	<u>10,452,208</u>
<hr/>	
\$	765,887
	1,171,329
	660
	2,709,322
	<hr/>
	<u>4,647,198</u>
<hr/>	
	229,026
	<hr/>
	<u>229,026</u>
<hr/>	
	423,643
	283,827
	74,497
	2,681,948
	2,112,444
	(375)
	<hr/>
	<u>5,575,984</u>
<hr/>	
\$	<u>10,452,208</u>

*See independent auditors' report.*

**Rio Rancho Public School District No. 94**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2018**

	<b>Special Revenue</b>			
	<b>Food Services 21000</b>	<b>Athletics 22000</b>	<b>Non- Instructional Education Support 23000</b>	<b>Title I IASA 24101</b>
<b>Revenues</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue:				
Federal flowthrough	3,837,624	-	-	1,551,811
Federal direct	-	-	-	-
Local grants	-	-	-	-
State flowthrough	-	-	-	-
Charges for services	2,862,855	189,894	1,644,441	-
Investment income	-	-	-	-
Miscellaneous	-	31,893	-	-
<b>Total revenues</b>	<b>6,700,479</b>	<b>221,787</b>	<b>1,644,441</b>	<b>1,551,811</b>
<b>Expenditures</b>				
<b>Current:</b>				
Instruction	-	184,960	1,788,721	1,486,882
Support services	-	-	-	64,929
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	6,338,865	-	-	-
Capital outlay	-	-	-	-
<b>Total expenditures</b>	<b>6,338,865</b>	<b>184,960</b>	<b>1,788,721</b>	<b>1,551,811</b>
Excess (deficiency) of revenues over expenditures	361,614	36,827	(144,280)	-
<b>Other financing sources (uses)</b>				
Transfers (out)	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net change in fund balances	361,614	36,827	(144,280)	-
Fund balances - beginning	36,726	37,670	332,901	-
<b>Fund balances - ending</b>	<b>\$ 398,340</b>	<b>\$ 74,497</b>	<b>\$ 188,621</b>	<b>\$ -</b>

*See independent auditors' report.*

Special Revenue

Entitlement IDEA-B 24106	Preschool IDEA-B 24109	Education of Homeless 24113	Private Schools Share IDEA-B 24115	Leadership - Voc. Ed. 24139	Title III-A 24153
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3,096,492	41,972	24,367	10,840	42,013	24,233
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
3,096,492	41,972	24,367	10,840	42,013	24,233
2,751,533	40,450	-	-	40,031	23,767
344,959	1,522	19,030	10,840	1,982	466
-	-	-	-	-	-
-	-	-	-	-	-
-	-	5,337	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
3,096,492	41,972	24,367	10,840	42,013	24,233
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

See independent auditors' report.

**Rio Rancho Public School District No. 94**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2018**

	Special Revenue			
	Teacher/ Principal Training & Recruiting 24154	Carl Perkins Special Projects 24171	Carl Perkins Secondary 24174	Carl D Perkins Secondary - PY Unliq. Obligations 24175
<b>Revenues</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue:				
Federal flowthrough	604,452	47,171	90,141	20,470
Federal direct	-	-	-	-
Local grants	-	-	-	-
State flowthrough	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<b>Total revenues</b>	<b>604,452</b>	<b>47,171</b>	<b>90,141</b>	<b>20,470</b>
<b>Expenditures</b>				
Current:				
Instruction	561,685	45,400	86,261	20,470
Support services	42,767	1,771	3,880	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
<b>Total expenditures</b>	<b>604,452</b>	<b>47,171</b>	<b>90,141</b>	<b>20,470</b>
Excess (deficiency) of revenues over expenditures	-	-	-	-
Other financing sources (uses)				
Transfers (out)	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net change in fund balances	-	-	-	-
Fund balances - beginning	-	-	-	-
<b>Fund balances - ending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

*See independent auditors' report.*

Special Revenue					
Carl Perkins Secondary - Redistribution 24176	Title IV - Student Support and Academic Enrichment 24189	Substance Abuse Prevention DOH 25138	Title XIX Medicaid 3/21 Years 25153	Indian Education Formula Grant 25184	Elementary School Counseling 25215
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
14,027	16,217	-	-	-	-
-	-	-	2,146,331	143,378	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
14,027	16,217	-	2,146,331	143,378	-
11,975	15,630	-	30,975	104,819	-
2,052	587	-	1,186,829	38,559	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	69,364	-	-
-	-	-	-	-	-
-	-	-	6,950	-	-
14,027	16,217	-	1,294,118	143,378	-
-	-	-	852,213	-	-
-	-	(7,121)	-	-	(91)
-	-	(7,121)	-	-	(91)
-	-	(7,121)	852,213	-	(91)
-	-	7,121	1,488,937	-	91
\$ -	\$ -	\$ -	\$ 2,341,150	\$ -	\$ -

See independent auditors' report.

**Rio Rancho Public School District No. 94**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2018**

**Special Revenue**

	AmeriCorps 25232	Education Jobs Fund 25255	LANL Foundation 26113	Intel Foundation 26116
<b>Revenues</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue:				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local grants	-	-	-	-
State flowthrough	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<b>Total revenues</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Expenditures</b>				
Current:				
Instruction	-	-	-	14,566
Support services	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>14,566</b>
Excess (deficiency) of revenues over expenditures	-	-	-	(14,566)
Other financing sources (uses)				
Transfers (out)	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net change in fund balances	-	-	-	(14,566)
Fund balances - beginning	-	-	1,577	15,587
<b>Fund balances - ending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,577</b>	<b>\$ 1,021</b>

*See independent auditors' report.*

## Special Revenue

Golden Apple Foundation 26163	Rio Rancho Education Foundation 26171	A+ for Education 26179	CNM Foundation 26207	Dual Credit Instructional Materials HB2 27103	2012 GO Bond Student Library 27107
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	14,080	-	-	-	-
3,000	-	-	-	28,055	92,167
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
3,000	14,080	-	-	28,055	92,167
2,676	4,538	-	374	27,720	-
-	-	-	-	-	92,167
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
2,676	4,538	-	374	27,720	92,167
324	9,542	-	(374)	335	-
-	-	-	-	-	-
-	-	-	-	-	-
324	9,542	-	(374)	335	-
11	4,539	39	374	(335)	-
\$ 335	\$ 14,081	\$ 39	\$ -	\$ -	\$ -

See independent auditors' report.

**Rio Rancho Public School District No. 94**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2018**

	<b>Special Revenue</b>			
	<b>New Mexico Reads to Lead K-3 Reading Initiative 27114</b>	<b>Teacher Recruitment Support Initiative 27128</b>	<b>Pre-K Initiative 27149</b>	<b>Indian Education Act 27150</b>
<b>Revenues</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue:				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local grants	-	-	-	-
State flowthrough	252,403	12,781	1,442,921	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<b>Total revenues</b>	<b>252,403</b>	<b>12,781</b>	<b>1,442,921</b>	<b>-</b>
<b>Expenditures</b>				
<b>Current:</b>				
Instruction	256,302	-	1,380,530	-
Support services	-	-	-	-
Central services	-	12,781	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	62,391	-
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
<b>Total expenditures</b>	<b>256,302</b>	<b>12,781</b>	<b>1,442,921</b>	<b>-</b>
Excess (deficiency) of revenues over expenditures	(3,899)	-	-	-
<b>Other financing sources (uses)</b>				
Transfers (out)	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net change in fund balances	(3,899)	-	-	-
Fund balances - beginning	3,899	-	-	-
<b>Fund balances - ending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

*See independent auditors' report.*



**Special Revenue**

Kindergarten- Three Plus 27166	2013 School Bus 27178	ASSIST Tobacco DOH 28122	GRADS - Instruction 28190	Grad Plus 28203	Private Direct Grants 29102
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
155,255	-	-	2,500	-	65,315
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
155,255	-	-	2,500	-	65,315
109,055	-	-	2,500	-	53,230
10,670	-	-	-	-	71,138
-	-	-	-	-	22,297
-	-	-	-	-	-
35,530	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
155,255	-	-	2,500	-	146,665
-	-	-	-	-	(81,350)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	(81,350)
-	2	1	-	2,135	206,690
\$ -	\$ 2	\$ 1	\$ -	\$ 2,135	\$ 125,340

*See independent auditors' report.*

**Rio Rancho Public School District No. 94**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2018**

	<u>Special Revenue</u>	<u>Capital Projects</u>		
	City/County Grants 29107	Special Capital Outlay 31300	Special Capital Outlay State 31400	Capital Improvements SB-9 31700
<b>Revenues</b>				
Property taxes	\$ -	\$ -	\$ -	\$ 4,313,339
Intergovernmental revenue:				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local grants	-	-	-	-
State flowthrough	78,855	-	10,122	737,469
Charges for services	-	-	-	-
Investment income	-	-	-	471
Miscellaneous	-	-	-	-
<b>Total revenues</b>	<b>78,855</b>	<b>-</b>	<b>10,122</b>	<b>5,051,279</b>
<b>Expenditures</b>				
Current:				
Instruction	91,731	-	-	-
Support services	-	-	-	43,207
Central services	-	-	-	-
Operation and maintenance of plant	-	3,051	-	3,893,017
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Capital outlay	-	29,352	10,497	402,585
<b>Total expenditures</b>	<b>91,731</b>	<b>32,403</b>	<b>10,497</b>	<b>4,338,809</b>
Excess (deficiency) of revenues over expenditures	(12,876)	(32,403)	(375)	712,470
Other financing sources (uses)				
Transfers (out)	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net change in fund balances	(12,876)	(32,403)	(375)	712,470
Fund balances - beginning	20,522	39,718	-	1,701,789
<b>Fund balances - ending</b>	<b>\$ 7,646</b>	<b>\$ 7,315</b>	<b>\$ (375)</b>	<b>\$ 2,414,259</b>

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<b>Total Nonmajor Governmental Funds</b>	
\$	4,313,339
	9,421,830
	2,289,709
	14,080
	2,880,843
	4,697,190
	471
	31,893
	<u>23,649,355</u>
	9,136,781
	1,937,355
	35,078
	3,896,068
	172,622
	6,338,865
	449,384
	<u>21,966,153</u>
	1,683,202
	<u>(7,212)</u>
	<u>(7,212)</u>
	1,675,990
	3,899,994
	<u>5,575,984</u>
\$	<u><u>5,575,984</u></u>

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## **General Fund**

**Rio Rancho Public School District No. 94**  
**Combining Balance Sheet**  
**General Fund**  
**June 30, 2018**

	Operational Fund 11000	Transportation Fund 13000
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 11,334,758	\$ 284,801
Investments	13,000,267	-
Receivables:		
Property taxes receivable	50,568	-
Due from other governments	-	229
Other receivables	133,748	-
Inventory	363,132	-
Due from other funds	2,709,322	-
<b>Total assets</b>	<b>\$ 27,591,795</b>	<b>\$ 285,030</b>
<b>Liabilities, deferred inflows of resources, and fund balances</b>		
Liabilities		
Accounts payable	\$ 490,194	\$ 16,649
Accrued payroll	13,199,927	284,801
Due to other funds	3,457	-
<b>Total liabilities</b>	<b>13,693,578</b>	<b>301,450</b>
Deferred inflows of resources		
Unavailable revenue - property taxes	42,185	-
<b>Total deferred inflows of resources</b>	<b>42,185</b>	<b>-</b>
Fund balances		
Nonspendable		
Inventory	363,132	-
Spendable		
Restricted for:		
Instructional materials	-	-
Committed for:		
Emergency reserves	3,640,037	-
Subsequent year's expenditures	9,852,863	-
Unassigned (deficit)	-	(16,420)
<b>Total fund balances</b>	<b>13,856,032</b>	<b>(16,420)</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 27,591,795</b>	<b>\$ 285,030</b>

*See independent auditors' report.*

Instructional Materials Fund 14000		Total
\$ 192,364	\$ 11,811,923	
-	13,000,267	
-	50,568	
28	257	
-	133,748	
-	363,132	
-	2,709,322	
<u>\$ 192,392</u>	<u>\$ 28,069,217</u>	
\$ 13,422	\$ 520,265	
-	13,484,728	
-	3,457	
<u>13,422</u>	<u>14,008,450</u>	
-	42,185	
-	42,185	
-	363,132	
178,970	178,970	
-	3,640,037	
-	9,852,863	
-	(16,420)	
<u>178,970</u>	<u>14,018,582</u>	
<u>\$ 192,392</u>	<u>\$ 28,069,217</u>	

*See independent auditors' report.*

**Rio Rancho Public School District No. 94**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**General Fund**  
**For the Year Ended June 30, 2018**

	<b>Operational Fund 11000</b>	<b>Transportation Fund 13000</b>
<b>Revenues</b>		
Property taxes	\$ 697,572	\$ -
Intergovernmental revenue:		
Federal flowthrough	423,984	-
State flowthrough	127,363,653	-
Transportation distribution	-	3,204,464
Charges for services	565,694	-
Investment income	62,995	-
Miscellaneous	123,639	-
<b>Total revenues</b>	<b>129,237,537</b>	<b>3,204,464</b>
<b>Expenditures</b>		
Current:		
Instruction	72,017,598	-
Support services	27,836,921	-
Central services	4,507,193	-
Operation and maintenance of plant	14,123,726	-
Student transportation	836,102	3,204,555
Community services operations	8,481	-
Capital outlay	55,014	-
<b>Total expenditures</b>	<b>119,385,035</b>	<b>3,204,555</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>9,852,502</b>	<b>(91)</b>
<b>Other financing sources (uses)</b>		
Transfers in	7,212	-
<b>Total other financing sources (uses)</b>	<b>7,212</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>9,859,714</b>	<b>(91)</b>
<b>Fund balances - beginning</b>	<b>3,996,318</b>	<b>(16,329)</b>
<b>Fund balances - ending</b>	<b>\$ 13,856,032</b>	<b>\$ (16,420)</b>

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Instructional Materials Fund 14000	Total
\$ -	\$ 697,572
-	423,984
546,151	127,909,804
-	3,204,464
-	565,694
-	62,995
-	123,639
546,151	132,988,152
635,620	72,653,218
-	27,836,921
-	4,507,193
-	14,123,726
-	4,040,657
-	8,481
-	55,014
635,620	123,225,210
(89,469)	9,762,942
-	7,212
-	7,212
(89,469)	9,770,154
268,439	4,248,428
\$ 178,970	\$ 14,018,582

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**Rio Rancho Public School District No. 94**  
**Operational Fund**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget (Non-GAAP Budgetary Basis) and Actual**  
**For the Year Ended June 30, 2018**

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<b>Revenues</b>				
Property taxes	\$ 663,617	\$ 663,617	\$ 698,792	\$ 35,175
Intergovernmental revenue:				
Federal flowthrough	130,000	148,528	423,984	275,456
Federal direct	-	-	-	-
Local grants	-	-	-	-
State flowthrough	124,708,352	126,470,065	127,442,649	972,584
State direct	-	-	-	-
Combined state/local	-	-	-	-
Transportation distribution	-	-	-	-
Charges for services	358,750	358,750	565,594	206,844
Investment income	82,000	82,000	62,995	(19,005)
Miscellaneous	-	-	123,639	123,639
<b>Total revenues</b>	<b>125,942,719</b>	<b>127,722,960</b>	<b>129,317,653</b>	<b>1,594,693</b>
<b>Expenditures</b>				
Current:				
Instruction	77,622,773	79,782,929	72,341,921	7,441,008
Support services	27,905,946	30,648,565	27,875,584	2,772,981
Central services	4,612,684	4,612,684	4,511,709	100,975
Operation and maintenance of plant	15,053,968	15,210,317	14,151,927	1,058,390
Student transportation	1,699,619	1,699,619	836,102	863,517
Community services operations	20,013	20,013	8,481	11,532
Capital outlay	27,716	27,716	27,716	-
<b>Total expenditures</b>	<b>126,942,719</b>	<b>132,001,843</b>	<b>119,753,440</b>	<b>12,248,403</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(1,000,000)</b>	<b>(4,278,883)</b>	<b>9,564,213</b>	<b>13,843,096</b>
<b>Other financing sources (uses)</b>				
Designated cash (budgeted increase in cash)	1,000,000	4,278,883	-	(4,278,883)
Transfers in	-	-	7,212	7,212
Transfers (out)	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>1,000,000</b>	<b>4,278,883</b>	<b>7,212</b>	<b>(4,271,671)</b>
<b>Net change in fund balances</b>	<b>-</b>	<b>-</b>	<b>9,571,425</b>	<b>9,571,425</b>
<b>Fund balances - beginning of year</b>	<b>-</b>	<b>-</b>	<b>4,271,723</b>	<b>4,271,723</b>
<b>Fund balances - end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 13,843,148</b>	<b>\$ 13,843,148</b>
<b>Net change in fund balances (Budget Basis)</b>				<b>\$ 9,571,425</b>
<b>Adjustments to revenues for changes in state revenues and property taxes</b>				<b>(80,116)</b>
<b>Adjustments to expenditures for materials, other charges, and accrued payroll</b>				<b>368,405</b>
<b>Net change in fund balances (GAAP Basis)</b>				<b>\$ 9,859,714</b>

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**Rio Rancho Public School District No. 94**  
**Transportation Fund**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget (Non-GAAP Budgetary Basis) and Actual**  
**For the Year Ended June 30, 2018**

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<b>Revenues</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue:				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local grants	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Combined state/local	-	-	-	-
Transportation distribution	3,115,654	3,204,235	3,204,235	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<b>Total revenues</b>	<b>3,115,654</b>	<b>3,204,235</b>	<b>3,204,235</b>	<b>-</b>
<b>Expenditures</b>				
Current:				
Instruction	-	-	-	-
Support services	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	3,115,654	3,115,654	3,115,654	-
Community services operations	-	-	-	-
Capital outlay	-	88,581	88,581	-
<b>Total expenditures</b>	<b>3,115,654</b>	<b>3,204,235</b>	<b>3,204,235</b>	<b>-</b>
Excess (deficiency) of revenues over expenditures	-	-	-	-
Other financing sources (uses)				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net change in fund balances	-	-	-	-
Fund balances - beginning of year	-	-	-	-
<b>Fund balances - end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Net change in fund balances (Budget Basis)				\$ -
Adjustments to revenues for state grants receivable				229
Adjustments to expenditures for transportation expenditures and accrued payroll				(320)
<b>Net change in fund balances (GAAP Basis)</b>				<b>\$ (91)</b>

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**Rio Rancho Public School District No. 94**  
**Instructional Materials Fund**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget (Non-GAAP Budgetary Basis) and Actual**  
**For the Year Ended June 30, 2018**

	<u>Budgeted Amounts</u>		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<b>Revenues</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue:				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local grants	-	-	-	-
State flowthrough	477,616	540,801	546,249	5,448
State direct	-	-	-	-
Combined state/local	-	-	-	-
Transportation distribution	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<b>Total revenues</b>	<b>477,616</b>	<b>540,801</b>	<b>546,249</b>	<b>5,448</b>
<b>Expenditures</b>				
Current:				
Instruction	477,616	809,114	622,198	186,916
Support services	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
<b>Total expenditures</b>	<b>477,616</b>	<b>809,114</b>	<b>622,198</b>	<b>186,916</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>-</b>	<b>(268,313)</b>	<b>(75,949)</b>	<b>192,364</b>
<b>Other financing sources (uses)</b>				
Designated cash (budgeted increase in cash)	-	268,313	-	(268,313)
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>268,313</b>	<b>-</b>	<b>(268,313)</b>
<b>Net change in fund balances</b>	<b>-</b>	<b>-</b>	<b>(75,949)</b>	<b>(75,949)</b>
<b>Fund balances - beginning of year</b>	<b>-</b>	<b>-</b>	<b>268,313</b>	<b>268,313</b>
<b>Fund balances - end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 192,364</b>	<b>\$ 192,364</b>
<b>Net change in fund balances (Budget Basis)</b>				<b>\$ (75,949)</b>
<b>Adjustments to revenues for state grants receivable</b>				<b>(98)</b>
<b>Adjustments to expenditures for instructional materials expenditures</b>				<b>(13,422)</b>
<b>Net change in fund balances (GAAP Basis)</b>				<b>\$ (89,469)</b>

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## **Supporting Schedules**

**Rio Rancho Public School District No. 94**  
**Schedule of Changes in Fiduciary Assets and Liabilities**  
**Agency Funds**  
**For the Year Ended June 30, 2018**

	<b>Balance</b> <b>June 30, 2017</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance</b> <b>June 30, 2018</b>
Colinas Del Norte Elementary	\$ 14,613	\$ 50,095	\$ 47,875	\$ 16,833
Enchanted Hills Elementary	29,393	40,958	43,814	26,537
Ernest Stapleton Elementary	52,959	105,874	100,360	58,473
Martin Luther King, Jr. Elementary	17,460	87,058	77,331	27,187
Maggie Cordova Elementary	21,244	60,568	71,296	10,516
Puesta Del Sol Elementary	30,707	21,168	17,991	33,884
Rio Rancho Elementary	17,270	55,643	53,313	19,600
Vista Grande Elementary	7,828	51,876	49,826	9,878
Sandia Vista Elementary	31,742	92,693	86,402	38,033
Cielo Azul Elementary	50,406	85,416	77,296	58,526
Eagle Ridge Middle School	24,492	99,526	94,083	29,935
Lincoln Middle School	52,939	124,340	122,975	54,304
Mountain View Middle School	26,906	98,214	96,926	28,194
Rio Rancho Middle School	53,744	123,691	105,599	71,836
Cleveland High School	457,511	1,143,662	1,031,460	569,713
Cyber Academy	3,714	7,850	5,989	5,575
Independence High School	21,266	9,125	5,735	24,656
<b>Sub-Total</b>	<b>\$ 914,194</b>	<b>\$ 2,257,757</b>	<b>\$ 2,088,271</b>	<b>\$ 1,083,680</b>

*See independent auditors' report.*

	<b>Balance</b> <b>June 30, 2017</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance</b> <b>June 30, 2018</b>
Sub-Total	\$ 914,194	\$ 2,257,757	\$ 2,088,271	\$ 1,083,680
Rio Rancho High School	162,390	824,381	792,037	194,734
Shining Stars Preschool	16,959	51,859	51,110	17,708
Fine Arts	20,175	33,315	28,910	24,580
Sheakley Account	(9,128)	6,920	-	(2,208)
NAPAC Account	4,004	5,240	3,964	5,280
Rio Rancho CTECC Account	104,470	82,960	67,767	119,663
<b>Total</b>	<b>\$ 1,213,064</b>	<b>\$ 3,262,432</b>	<b>\$ 3,032,059</b>	<b>\$ 1,443,437</b>

*See independent auditors' report.*

**Rio Rancho Public School District No. 94**  
**Schedule of Collateral Pledged by Depository for Public Funds**  
**June 30, 2018**

Name of Depository	Description of Pledged Collateral	Maturity	CUSIP Number
<b>Bank of Albuquerque</b>			
	FN AB9823	7/1/2028	31417G4H6
	FNA 2017-M10 AV2	7/25/2024	3136AXVB8
	FHMS K023 A2	8/5/2022	3137AWQH1
	FHMS KF17 A	8/25/2022	3137BPW54
	FNR 2010-126 PC	11/25/2025	31398SAF0
<hr/>			
Total Bank of Albuquerque			
<hr/>			
Name and location of safekeeper for above pledged collateral: Federal Home Loan Bank of Oklahoma, Oklahoma City, OK			
<b>NM Bank and Trust</b>			
	Kendall Kane & Will Cntys Ill Go Ref Sch Bds	2/1/2034	488764XE6
	Lakewood Wash. Water District WTR Rev Bonds	12/1/2028	512714DP8
	Neosho Cnty Kans Uni Sch Dist Go Ref Bds	9/1/2029	640575GM2
	North Texas Water Dist Upper E Rev Bds	6/1/2029	662842JK0
	Peoria Ill Pub Bldg Commn Sch Rev Bonds	12/1/2025	71323MDN1
<hr/>			
Total NM Bank and Trust			
<hr/>			
Name and location of safekeeper for above pledged collateral: Suntrust Bank Safekeeping Department, Atlanta, GA, 30302			
<b>US Bank</b>			
	Letter of Credit	11/1/2018	LOC No: 525676
	Letter of Credit	12/26/2018	LOC No: 524639
<hr/>			
Total US Bank			
<hr/>			
Name and location of safekeeper for above pledged collateral: Federal Home Loan Bank of Cincinnati, 221 East Fourth Street, Cincinnati, OH 45202			
<hr/>			
Total Pledged Collateral			
<hr/>			

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<b>Fair Market</b>	
<b>Value</b>	
<b>June 30, 2018</b>	
\$	3,822,519
	677,792
	1,214,830
	2,182,058
	126,275
	<u>8,023,474</u>

	1,113,130
	1,014,964
	105,497
	2,055,760
	1,282,352
	<u>5,571,703</u>

	42,000,000
	2,000,000
	<u>44,000,000</u>

\$ 57,595,177

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**Rio Rancho Public School District No. 94**  
**Schedule of Deposit and Investment Accounts**  
**June 30, 2018**

Bank Name/Account Name	Account Type	Bank Balance	Deposits in Transit
<b>Bank of Albuquerque</b>			
Enchanted Hills Elementary	Checking	\$ 26,701	\$ -
Rio Rancho High School	Checking	206,973	-
Capital Account	Checking	8,050,352	-
Total Bank of Albuquerque		8,284,026	-
<b>Bank of America</b>			
Rio Rancho Elementary	Checking	20,409	-
Total Bank of America		20,409	-
<b>New Mexico Bank &amp; Trust</b>			
CDARS	Investment	4,015,726	-
CD (Original Maturity 9/28/18)	Cash Equivalent	4,014,994	-
CDARS	Investment	5,091,741	-
CD (Original Maturity 10/26/18)	Investment	5,000,000	-
Total New Mexico Bank & Trust		18,122,461	-
<b>Nusenda Credit Union</b>			
Cielo Azul Elementary	Checking	58,714	-
Sandia Vista Elementary	Checking	38,033	-
Total Nusenda Credit Union		96,747	-
<b>Raymond James &amp; Associates</b>			
Investment	Investment	2,069,517	-
Total Raymond James & Associates		2,069,517	-
<b>State Treasurer's Office</b>			
Local Government Investment Pool	Investment	12,582	-
Total State Treasurer's Office		12,582	-
<b>US Bank</b>			
General Account Interest bearing	Checking	824,852	-
Capital Account	Checking	8,654,000	-
Capital Account MMS	Money Market	15,704,099	-
CDARS	Investment	8,000,000	-
CDARS	Investment	12,093,705	-
Payroll Clearing	Checking	3,461,202	280,931
Nutritional Account	Checking	612,413	194,507
Federal Account	Checking	311,223	532,449
Operational Account	Checking	2,908,654	13,652,510

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Outstanding Checks	Book Balance
\$ 164	\$ 26,537
12,239	194,734
-	8,050,352
12,403	8,271,623
<hr/>	
809	19,600
809	19,600
<hr/>	
-	4,015,726
-	4,014,994
-	5,091,741
-	5,000,000
-	18,122,461
<hr/>	
188	58,526
-	38,033
188	96,559
<hr/>	
-	2,069,517
-	2,069,517
<hr/>	
-	12,582
-	12,582
<hr/>	
824,852	-
-	8,654,000
-	15,704,099
-	8,000,000
-	12,093,705
3,461,202	280,931
3,664	803,256
501,611	342,061
10,666,000	5,895,164

*See independent auditors' report.*

**Rio Rancho Public School District No. 94**  
**Schedule of Deposit and Investment Accounts**  
**June 30, 2018**

Bank Name/Account Name	Account Type	Bank Balance	Deposits in Transit
<b>US Bank (Continued)</b>			
Operational Account MMS	Money Market	\$ 566,359	\$ -
Insured Cash Sweep	Investment	13,000,000	267
Sheakley Account	Checking	17,792	-
Cleveland High School	Checking	645,010	-
Eagle Ridge Middle School	Checking	30,136	-
Ernest Stapleton Elementary	Checking	59,258	-
Fine Arts Academy	Checking	24,836	-
Independence High School	Checking	24,656	-
Lincoln Middle School	Checking	54,712	-
Maggie Cordova Elementary	Checking	10,703	-
Native American PAC	Checking	5,280	-
Puesta Del Sol Elementary	Checking	33,890	-
Secondary Learning Center (CTECC)	Checking	120,975	-
Rio Rancho Cyber Academy	Checking	5,575	-
Rio Rancho Middle School	Checking	72,085	-
Shining Stars Preschool	Checking	17,869	-
Vista Grande Elementary	Checking	9,925	-
<b>Total US Bank</b>		<b>67,269,209</b>	<b>14,660,664</b>
<b>Washington Federal</b>			
Martin Luther King Jr Elementary	Checking	27,187	-
<b>Total Washington Federal</b>		<b>27,187</b>	<b>-</b>
<b>Wells Fargo Bank</b>			
Operational Account	Checking	57,369	-
Colinas Del Norte Elementary	Checking	16,833	-
Mountain View Middle School	Checking	28,194	-
<b>Total Wells Fargo Bank</b>		<b>102,396</b>	<b>-</b>
<b>Total deposits and investments</b>		<b>\$ 96,004,534</b>	<b>\$ 14,660,664</b>

Deposits and investments per Statement of Net Position:  
Cash and cash equivalents  
Restricted cash and cash equivalents  
Investments  
Statement of Fiduciary Assets and Liabilities Agency Funds

**Total deposits and investments**

*See independent auditors' report.*

Outstanding Checks	Book Balance
\$ -	\$ 566,359
-	13,000,267
17,792	-
75,297	569,713
201	29,935
786	58,472
256	24,580
-	24,656
408	54,304
187	10,516
-	5,280
6	33,884
1,312	119,663
-	5,575
249	71,836
161	17,708
46	9,879
<u>15,554,030</u>	<u>66,375,843</u>
-	27,187
<u>-</u>	<u>27,187</u>
-	57,369
-	16,833
-	28,194
<u>-</u>	<u>102,396</u>
<u>\$ 15,567,430</u>	<u>\$ 95,097,768</u>
	\$ 32,930,084
	11,440,709
	49,283,538
	1,443,437
	<u>\$ 95,097,768</u>

*See independent auditors' report.*

**Rio Rancho Public School District No. 94**  
**Cash Reconciliation**  
**June 30, 2018**

	Operational Fund 11000	Transporation Fund 13000	Instructional Materials Fund 14000	Food Services Fund 21000
PED Cash, June 30, 2017	\$ 4,278,883	\$ -	\$ 268,313	\$ 880,358
Add:				
2017-18 receipts	129,317,652	3,204,235	546,250	6,534,230
Total cash available	133,596,535	3,204,235	814,563	7,414,588
Less:				
2017-18 expenditures	(119,765,377)	(3,204,235)	(622,199)	(6,805,839)
Other reconciling items	4,778	-	-	-
Cash, June 30, 2018	\$ 13,835,936	\$ -	\$ 192,364	\$ 608,749
Add / Less:				
Repayment of loans	\$ 7,212	\$ -	\$ -	\$ -
Loans from other funds	-	-	-	-
Loans to other funds	(2,708,050)	-	-	-
Held checks	13,199,927	284,801	-	4,680
Cash and investments per financial statements	\$ 24,335,025	\$ 284,801	\$ 192,364	\$ 613,429

*See independent auditors' report.*

<b>Athletics Fund 22000</b>	<b>Non- Instructional Support 23000</b>	<b>Federal Flowthrough Fund 24000</b>	<b>Federal Direct Fund 25000</b>	<b>Local Grants Fund 26000</b>	<b>State Flowthrough Fund 27000</b>
\$ 37,670	\$ 339,920	\$ (1,633,123)	\$ 1,351,867	\$ 22,127	\$ (417,940)
221,786	1,642,530	4,969,717	2,291,579	17,080	1,869,349
259,456	1,982,450	3,336,594	3,643,446	39,207	1,451,409
(184,959)	(1,797,793)	(5,731,921)	(1,439,314)	(22,152)	(1,987,146)
-	-	98	709	(40)	(2,456)
<u>\$ 74,497</u>	<u>\$ 184,657</u>	<u>\$ (2,395,229)</u>	<u>\$ 2,204,841</u>	<u>\$ 17,015</u>	<u>\$ (538,193)</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	1,616,469	20,642	-	330,666
-	-	-	-	-	-
-	67,867	778,760	99,895	38	207,529
<u>\$ 74,497</u>	<u>\$ 252,524</u>	<u>\$ -</u>	<u>\$ 2,325,378</u>	<u>\$ 17,053</u>	<u>\$ 2</u>

*See independent auditors' report.*

**Rio Rancho Public School District No. 94**  
**Cash Reconciliation**  
**June 30, 2018**

	State Direct Fund 28000	Local/State 29000	Bond Building Fund 31100	Capital Outlay Fund 31200
PED Cash, June 30, 2017	\$ 88,017	\$ 231,745	\$ 45,492,128	\$ -
Add:				
2017-18 receipts	2,500	144,170	15,537,409	-
Total cash available	90,517	375,915	61,029,537	-
Less:				
2017-18 expenditures	(88,500)	(231,444)	(16,969,043)	-
Other reconciling items	(3,089)	-	-	-
Cash, June 30, 2018	\$ (1,072)	\$ 144,471	\$ 44,060,494	\$ -
Add / Less:				
Repayment of loans	\$ -	\$ -	\$ -	\$ -
Loans from other funds	2,805	-	-	-
Loans to other funds	-	-	-	-
Held checks	403	11,770	-	-
Cash and investments per financial statements	\$ 2,136	\$ 156,241	\$ 44,060,494	\$ -

*See independent auditors' report.*



	Spec. Cap. Outlay- State Fund 31300	Spec. Cap. Outlay- State Fund 31400	Cap. Improve. SB-9 Fund 31700	Debt Service Fund 41000	Total
\$	39,718	\$ (468,141)	\$ 1,764,507	\$ 19,085,030	\$ 71,361,079
	-	478,263	4,321,181	18,957,632	190,055,563
	39,718	10,122	6,085,688	38,042,662	261,416,642
	(32,403)	(10,082)	(4,457,859)	(19,074,927)	(182,425,193)
	-	-	-	-	-
\$	7,315	\$ 40	\$ 1,627,829	\$ 18,967,735	\$ 78,991,449
\$	-	\$ -	\$ -	\$ -	\$ 7,212
	-	-	737,468	-	2,708,050
	-	-	-	-	(2,708,050)
	-	-	-	-	14,655,670
\$	7,315	\$ 40	\$ 2,365,297	\$ 18,967,735	\$ 93,654,331

See independent auditors' report.

**Rio Rancho Public School District No. 94**  
**Schedule of Special, Deficiency, Specific and Capital Outlay Appropriations**  
**June 30, 2018**

<b>Project</b>	<b>Agency</b>	<b>Grant #</b>	<b>Effective Date</b>	<b>Reversion Date</b>
Plan, Design & Construct I.H.S entry	DFA	16A2215	08/08/16	06/30/20
Plan, Design & Construct C.H.S entry	DFA	16A2216	08/08/16	06/30/20
<b>Grand Totals</b>				

*See independent auditors' report.*

	<b>Original Amount</b>	<b>Arts in Public Places</b>	<b>Net Amount</b>	<b>Expenditures to Date</b>	<b>Remaining</b>
\$	70,000	\$ -	\$ 70,000	\$ -	\$ 70,000
	100,000	-	100,000	-	100,000
\$	170,000	\$ -	\$ 170,000	\$ -	\$ 170,000

*See independent auditors' report.*

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## **Compliance Section**

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

**INDEPENDENT AUDITORS' REPORT**

Wayne Johnson  
New Mexico State Auditor  
The Office of Management and Budget  
The Board of Education  
Rio Rancho Public School District No. 94  
Rio Rancho, 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, and the budgetary comparison of the general fund of Rio Rancho Public School District No. 94 (the "District"), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 13, 2018.

**Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a deficiency in the internal control, described in the accompanying schedules of findings and questioned costs as item FS 2018-001, that we consider to be a significant deficiency.

### **Compliance and Other Matters**

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

We noted certain matters that are required to be reported per section 12-6-5 NMSA 1978 that we have described in the accompanying schedule of Section 12-6-5 NMSA 1978 Findings as items FS 2015-005, NM 2016-001, NM 2017-002, and NM 2018-001.

### **District's Responses to Findings**

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

### **Purpose of this Report**

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

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

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

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## **Federal Financial Assistance**

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

**INDEPENDENT AUDITORS' REPORT**

Wayne Johnson  
New Mexico State Auditor  
The Board of Education  
Office of Management and Budget  
Rio Rancho Public School District No. 94  
Rio Rancho, New Mexico

**Report on Compliance for the Major Federal Program**

We have audited Rio Rancho Public School District No. 94's (the "District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the District's major federal program for the year ended June 30, 2018. The District's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

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

**Auditors' Responsibility**

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

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

## Opinion on the Major Federal Program

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

## Report on Internal Control Over Compliance

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

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

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

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

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

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

**Rio Rancho Public School District No. 94**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2018**

Federal Grantor/Pass Through Grantor/Program Title	Pass through Number	Federal C.F.D.A. Number	Expenditures	Funds Provided to Subrecipients	Noncash Assistance
<u>U.S. Department of Education</u>					
Passed through New Mexico Public Education Department					
Title I Grants to Local Education Agencies	24101	84.010	\$ 1,551,811	\$ -	\$ -
Special Education Cluster (IDEA)					
Special Ed-Grants to States (IDEA, Part B)	(1) 24106	84.027	3,096,492	-	-
Special Ed-Preschool Grants (IDEA Preschool)	(1) 24109	84.173	41,972	-	-
Special Education-Grants to States (IDEA, Part B) -Private School Share	(1) 24115	84.027	10,840	-	-
Total Special Education Cluster (IDEA)			3,149,304	-	-
Education for Homeless Children and Youth	24113	84.1960	24,367	-	-
Career and Tech Ed-Basic Grants to States - Leadership - Voc Ed	24139	84.054	42,013	-	-
English Language Acquisition State Grants	24153	84.365A	24,233	-	-
Supporting Effective Instruction State Grant	24154	84.367A	604,452	-	-
Career and Technical Education-Basic Grants to States - Special Projects	24171	84.0480	47,171	-	-
Career and Tech Ed-Basic Grants to States - Secondary - Current Year	24174	84.0480	90,141	-	-
Career and Tech Ed-Basic Grants to States - Secondary - Prior Year	24175	84.048	20,470	-	-
Career and Tech Ed-Basic Grants to States - Secondary Redistribution	24176	84.0480	14,027	-	-
Title IV - Student Support and Academic Enrichment Program	24189	84.424A	16,217	-	-
Indian Education Grants to Local Educational Agencies	25184	84.060A	143,378	-	-
Total US Department of Education			5,727,584	-	-
<u>Department of Agriculture</u>					
Direct programs					
Schools and Roads - Grants to States	11000	10.665	117,327	-	-
Passed through New Mexico Public Education Department					
Child Nutrition Cluster					
School Breakfast/National School Lunch Program	(2) 21000	10.553/ 10.555	6,098,107	-	240,758
Total Child Nutrition Cluster			6,098,107	-	240,758
Total Department of Agriculture			6,215,434	-	240,758
Total Expenditures of Federal Awards			\$ 11,943,018	\$ -	\$ 240,758

\* Major program

( ) Cluster

*See independent auditors' report.*

*See accompanying notes to schedule of expenditures of federal awards.*

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

**Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards ("Schedule") includes the federal grant activity of Rio Rancho Public School District No. 94 ("District") and is presented on the modified accrual basis of accounting, which is the same basis as was used to prepare the fund financial statements except the Department of Agriculture awards that are presented on the accrual basis of accounting. The information in this Schedule is presented in accordance with the requirements of *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.

**Loans**

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

**10% de minimus Indirect Cost Rate**

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

**Federally Funded Insurance**

The District has no federally funded insurance.

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

Total federal awards expended per Schedule of Expenditures of Federal Awards	\$ 11,943,018
Total expenditures funded by other sources	171,128,512
<hr/>	<hr/>
Total expenditures	\$183,071,530

*See independent auditors' report.*

**Rio Rancho Public School District No. 94**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2018**

**SECTION I – SUMMARY OF AUDITORS’ RESULTS**

*Financial Statements:*

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

*Federal Awards:*

- | 1. Type of auditors’ report issued on compliance for major programs  | Unmodified              |                 |                 |                         |  |
|--|-------------------------|-----------------|-----------------|-------------------------|--|
| 2. Internal control over major programs:   |                         |                 |                 |                         |  |
| a. Material weaknesses identified?   | None noted              |                 |                 |                         |  |
| b. Significant deficiencies identified not considered to be material weaknesses?   | None noted              |                 |                 |                         |  |
| 3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)?  | None noted              |                 |                 |                         |  |
| 4. Identification of major programs:   |                         |                 |                 |                         |  |
| <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center; border-bottom: 1px solid black;">CFDA<br/>Number</th> <th style="text-align: center; border-bottom: 1px solid black;">Federal Program</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">10.553 &amp; 10.555</td> <td style="text-align: center;">Child Nutrition Cluster</td> </tr> </tbody> </table> | CFDA<br>Number          | Federal Program | 10.553 & 10.555 | Child Nutrition Cluster |  |
| CFDA<br>Number   | Federal Program         |                 |                 |                         |  |
| 10.553 & 10.555  | Child Nutrition Cluster |                 |                 |                         |  |
| 5. Dollar threshold used to distinguish between type A and type B programs:  | \$750,000               |                 |                 |                         |  |
| 6. Auditee qualified as low-risk auditee?  | Yes                     |                 |                 |                         |  |

**Rio Rancho Public School District No. 94  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2018**

**SECTION II – FINANCIAL STATEMENT FINDINGS**

**FS 2018-001 Internal Controls over Accounts Payable – (Significant Deficiency)**

*Condition:* The District's Accounts Payable listing and balance were overstated by \$1,401,524.

*Criteria:* Generally Accepted Accounting Principles (GAAP) state that revenue and expense recognition is recognized in the period in which the expense is incurred.

*Effect:* Accounts Payable and Expenditures were overstated. Preparing an accurate accounts payable subledger is essential to District operation and management decisions. Incorrect preparation of the accounts payable could lead to misstating the balances and the related expenditures in the proper periods.

*Cause:* This was the first year that the District's process has included credit card transactions in the accounts payable list at the transaction level. Previously, these transactions were flagged on the credit card statement and the total of items identified was included in the listing. As such, the District did not identify duplicated credit card transactions during their review of the accounts payable listing before it was approved to be posted for accrual purposes of the District's financial statements.

*Auditors' Recommendation:* We recommend that the District thoroughly review their accounts payable listings in comparison to supporting statements and documentation before they are approved for posting to their financial statements. Review procedures could include a search for duplicate values to ensure that all balances are correct.

*Views of Responsible officials and Planned Corrective Action:* The District will continue to review all account payable listings and ensure that the amounts provided for the accrual are not overstated or duplicated. The individuals responsible for this task will be the Finance Coordinator who supervises Accounts Payable and the Director of Budgeting. This will be implemented immediately for the 2018-2019 school year audit.

**Rio Rancho Public School District No. 94  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2018**

**SECTION III – SECTION 12-6-5 NMSA 1978 FINDINGS**

**FS 2015-005 Monitoring of Grant Expenses - (Repeated/Modified) (Other noncompliance)**

*Condition:* In the list of federal funds below, certain expenditures were submitted for reimbursement to Public Education Department, but were disallowed and not paid to the District. The total of disallowed costs was \$16,216.

<b>Nonmajor Funds</b>			
24106	Entitlement IDEA-B	\$	13,808
24109	Preschool IDEA-B		258
24154	Teacher/Principal Training & Recruitment		1,797
24189	Student Support Academic Achievement Title IV		353
Total disallowed federal expenditures		\$	16,216

The District has procedures in place to review the expenditures related to the grant program prior to requesting reimbursement. Due to the large volume of transactions in the grant program, the District has difficulty eliminating all costs that don't meet the program's allowability criteria.

*Criteria:* According to New Mexico Manual of Procedures for Public School Accounting and Budgeting (PSAB) Supplement 4- Federal and State Grants: those districts receiving federal and state grants that are awarded by NMPED must have a proper financial reporting system in place in order to receive and expend funds in accordance with certain mandated standards including but not limited to:

- Fiscal control and accounting procedures that are sufficient to prepare required reports pertaining to grants;
- Accurate, current and complete disclosure of the financial results of each grant program;
- Accounting records that identify source (by CFDA number and grantor agency);
- Effective control and accountability for all grants, property and other assets;
- Source documentation such as receipts, canceled checks, paid bills, payroll records, time and effort records, contract and sub grant award documents must be readily available and support accounting records;
- Cash management procedures to minimize the time elapsing between expenditure of funds and requests for reimbursements.
- Process for determining reasonableness, allowability, and allocability of grant costs in accordance with appropriate OMB Circulars, EDGAR, and New Mexico Public Education Department regulations, and the terms of the grant agreements.

*Effect:* General Fund resources were used to cover expenditures planned to be paid by the federal program.



**Rio Rancho Public School District No. 94  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2018**

**SECTION III – SECTION 12-6-5 NMSA 1978 FINDINGS (Continued)**

**FS 2015-005 Monitoring of Grant Expenses - (Repeated/Modified) (Other noncompliance) (Continued)**

*Cause:* Program managers and directors did not adequately review expenses that are being coded to certain reimbursement basis grants and therefore had allowed items to be expensed which are considered unallowable.

*Auditors' Recommendations:* We recommend the District conduct a District wide training on monitoring and oversight of reimbursable grants.

*Views of Responsible Officials and Planned Corrective Action:* The District will continue to work with programs managers to ensure that only allowable expenditures are submitted to PED for reimbursement. Grant and Program Managers are directly responsible for ensuring that allowable expenditures only are submitted for reimbursements. Correction will be implemented by December 31, 2018.

**NM 2016-001 Cash Appropriations in Excess of Available Cash Balances – (Repeated/Modified) (Other noncompliance)**

*Condition:* The below fund displayed cash appropriations in excess of available cash balances.

	<b>Designated Cash</b>	<b>Beginning Year Cash &amp; AR Available</b>	<b>Cash Appropriation in excess of available</b>
Private Direct Grants	211,104	211,099	\$ (5)
City/County Grants	20,681	20,645	(36)

The District is reviewing budgets weekly to address the above budget issues. The District improved from the prior year as the amount of cash appropriated in excess of available cash balances was only in one fund and for a smaller dollar amount.

*Criteria:* Section 2.2.2.10. (P) (1), NMAC, requires all School District funds, with the exception of agency funds, to be budgeted by the local governing body and submitted to the Public Education Department for approval. Cash balances rebudgeted 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.

*Effect:* The effect of a budget with inadequate designated cash available to cover the excess of budgeted expenditures over budgeted revenue could result in the District incurring debt to pay for current year budgeted expenditures.

**Rio Rancho Public School District No. 94**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2018**

**SECTION III – SECTION 12-6-5 NMSA 1978 FINDINGS (Continued)**

**NM 2016-001 Cash Appropriations in Excess of Available Cash Balances – (Repeated/Modified) (Other noncompliance) (Continued)**

*Cause:* The cash appropriation in excess of the beginning year cash and accounts receivable was not identified by the District.

*Auditors' Recommendation:* Greater attention should be given throughout the year to the cash balances actually available and budget adjustments in order to cover budgeted expenditures in excess of budgeted revenues, which include proper monitoring of year end cash balances and any necessary budget transfers throughout the year.

*Views of Responsible Officials and Planned Corrective Action:* The District has followed the procedure developed to monitor estimated cash appropriations compared to actual cash balances. However, these two funds had minor clerical errors. Therefore, the District will continue to monitor estimated cash appropriations compared to actual cash balances and adjust the budget accordingly. The Director of Budget and Accounting and the Grants Specialist will continue working together to ensure that appropriations do not exceed available cash balances. This will be corrected by June 30, 2019.

**NM 2017-002 Internal Controls over Suspended and Debarred Vendors – (Repeated/Modified) (Finding that does not rise to the level of significant deficiency)**

*Condition:* The District did not have procedures in place to review for suspended or debarred vendors for purchase of between \$25,000 and \$60,000 using federal funds for the first half of the 2018 fiscal year. The District implemented procedures in January of 2018 to resolve this finding.

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

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

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

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

**Rio Rancho Public School District No. 94  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2018**

**SECTION III – SECTION 12-6-5 NMSA 1978 FINDINGS (Continued)**

**NM 2017-002 Internal Controls over Suspended and Debarred Vendors – (Repeated/Modified)  
(Finding that does not rise to the level of significant deficiency) (Continued)**

*Views of Responsible Officials and Planned Corrective Action:* The District will put in place written policies and procedures to vet parties paid with federal funds at the start of each grant period. The individuals responsible for this task will be the Federal Program Coordinators and will be made aware of the compliance requirement and be trained in the District's related policy and procedures. As noted above, corrective action has already been taken.

**NM 2018-001 Internal Controls over Budgetary Expenditures – (Other noncompliance)**

*Condition:* During the FY2018, the District expended more monies than was budgeted for in the Capital Improvements SB-9 (Local) fund in the amount of \$46 for the Support Services function.

*Criteria:* NMAC 6.20.2.10 state that all District funds, with the exception of agency funds, are to be budgeted by the local governing body and submitted to the State of New Mexico Public Education Department for approval. Once adopted, any claims or warrants in excess of budget are a violation of New Mexico State Statute 6-6-6, 1978 Compilation.

*Effect:* The internal controls established by adherence to budgets has been compromised, and excess spending could result and has resulted in noncompliance with state requirements.

*Cause:* The District did not properly submit a budget adjustment for the function in which actual expenses were greater than final budget at the end of the fiscal year.

*Auditors' Recommendation:* We recommend that the District monitor its budgets closely and prepare budget adjustments as necessary throughout the year.

*Views of Responsible Officials and Planned Corrective Action:* Management has been monitoring the expenditures by function and the function in question that went over budget was due to collection fees charged by Sandoval County came after the deadline to submit BARs to PED. The Executive Director and Director of Budgeting will be responsible for monitoring these expenditures going forward. This findings will be resolved by June 30, 2019.

**Rio Rancho Public School District No. 94  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2018**

**SECTION IV – FEDERAL AWARDS FINDINGS**

None noted.

**SECTION V – PRIOR YEAR AUDIT FINDINGS**

**FS 2011-003 Activity Accounts – Internal Controls over Cash Transactions – (Resolved)**

**FS 2015-002 Stale Dated Checks - (Resolved)**

**FS 2015-005 Monitoring of Grant Expenses - (Repeated/Modified)**

**NM 2016-001 Cash Appropriations in Excess of Available Cash Balances – (Repeat/Modified)**

**NM 2017-001 Removal of Students from the Regulatory Adjusted Cohort – (Resolved)**

**NM 2017-002 Internal Controls over Suspended and Debarred Vendors – (Repeat/Modified)**

**Rio Rancho Public School District No. 94**  
**Other Disclosures**  
**June 30, 2018**

**EXIT CONFERENCE**

An exit conference was held on November 12, 2018. In attendance were the following:

**Rio Rancho Public School District No. 94**

Dr. V. Sue Cleveland, Superintendent  
Michael Baker, Chief Operating Officer  
Carl Leppelman, Chief Academic Officer  
Randy Evans, Executive Director of Finance  
Ramon Montano, Board President  
Wynne Coleman, Board Member  
Arlene Manzanares, Director of Budget and Accounting  
Heather Gabaldon, Controller  
Amy Rogers, Finance Analyst  
Connie Peterson, Audit Committee Member

**Carr, Riggs & Ingram, LLC**

Alan D. Bowers, Jr., CPA, Partner  
Eric Spurlin, CPA, Manager

**AUDITOR PREPARED FINANCIAL STATEMENTS**

Carr, Riggs & Ingram, LLC prepared the GAAP-basis financial statements and footnotes of Rio Rancho Public School District No. 94 from the original books and records provided to them by the management of the District. The responsibility for the financial statements remains with the District.