



State of New
Mexico

Rio Rancho
Public School
District No. 94

Annual Financial Report
For the Year Ended June 30, 2017



RIO RANCHO
PUBLIC SCHOOLS

Igniting Student Potential

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INTRODUCTORY SECTION

STATE OF NEW MEXICO
 Rio Rancho Public School District No. 94
 Annual Financial Report
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STATE OF NEW MEXICO
Rio Rancho Public School District No. 94
Official Roster
June 30, 2017

Name	Title
<u>Board of Education</u>	
Ramon Montano	President
Catherine Cullen	Vice President
Ryan Parra	Secretary
Wynne D. Coleman	Member
Martha Jansen	Member
<u>Administrative Officials</u>	
V. Sue Cleveland, Ed. D.	Superintendent
Carl C. Leppelman, Ed. S.	Associate Superintendent for Curriculum & Instruction
Richard Bruce, MBA	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

Timothy Keller
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, 2017, 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 District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District'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, 2017, 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.

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 and Schedules I and II and the Notes to the Required Supplementary Information on pages 70 through 72 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 and individual fund financial statements, the Schedule of Expenditures of Federal Awards as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and Supporting Schedules III through VII 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 and individual fund financial statements, the Schedule of Expenditures of Federal Awards, and Supporting Schedules III through VII 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 and individual fund financial statements, Schedule of Expenditures of Federal Awards, and Supporting Schedules III through VII 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, 2017, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

RPC CPAs + Consultants LLP

RPC CPAs + Consultant's, LLP
Albuquerque, NM
November 13, 2017

STATE OF NEW MEXICO
Rio Rancho Public School District No. 94
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
Unaudited

This Management's Discussion and Analysis of the fiscal performance of the Rio Rancho Public School District No. 94 for the period ending June 30, 2017 represents the school district's eleventh year of implementation of the Government Accounting Standards Board Statement No. 34 (GASB 34).

Introduction

The discussion and analysis of Rio Rancho Public School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2017. The intent of this discussion and analysis is to look at the School 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 School District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2017 are as follows:

- + The school 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 \$454,683 or 0.11%.
- + Total liabilities of governmental activities increased \$23,930,294 or 6.99%.
- + The District had \$169,372,447 in expenses related to governmental activities; \$24,250,231 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 \$140,498,699, were adequate to provide for these programs.
- + The District's net position decreased by \$4,622,245 or 5.74%.

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 Rio Rancho Public School District as a financial whole, or as an entire operating entity.

The statement of net position and statement of activities provide information about the activities of the whole School District, presenting both an aggregate view of the School 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 School District's most significant funds with all other non-major funds presented in total in a single column. For Rio Rancho Public School District, the General Fund is the most significant fund.

STATE OF NEW MEXICO
Rio Rancho Public School District No. 94
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
Unaudited

Statement of Net Position and Statement of Activities

While this report contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2017?" 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 School 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 School District has improved or diminished for the School District as a whole. The cause of this change may be the result of many factors, some financial, some not. Nonfinancial factors include the School 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 School District's activities are reported in one column. The column is labeled:

Governmental Activities - All of the School 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 (shown as Exhibit A-2), 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 57.12% percent of district revenues are being spent on Direct Instruction.

STATE OF NEW MEXICO
Rio Rancho Public School District No. 94
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
Unaudited

	2017	2016	Variance
Assets:			
Current and other assets	\$ 91,285,434	\$ 93,794,985	\$ (2,509,551)
Capital assets, net of accumulated depreciation	<u>318,088,844</u>	<u>315,124,610</u>	<u>2,964,234</u>
Total assets	<u>409,374,278</u>	<u>408,919,595</u>	<u>454,683</u>
Deferred outflows of resources:			
Deferred loss on extinguishment of debt	1,370,230	1,598,602	(228,372)
Deferred outflows related to pension plan	<u>34,340,015</u>	<u>18,567,056</u>	<u>15,772,959</u>
Total deferred outflows of resources	<u>35,710,245</u>	<u>20,165,658</u>	<u>15,544,587</u>
Total assets and deferred outflows of resources	<u>\$445,084,523</u>	<u>\$429,085,253</u>	<u>\$ 15,999,270</u>
Liabilities:			
Current liabilities	\$ 34,069,592	\$ 36,810,879	\$ (2,741,287)
Net pension liability	218,115,985	190,885,038	27,230,947
Other long-term liabilities	<u>114,061,099</u>	<u>114,620,465</u>	<u>(559,366)</u>
Total liabilities	<u>366,246,676</u>	<u>342,316,382</u>	<u>23,930,294</u>
Deferred inflows of resources:			
Deferred inflows related to pension plan	<u>2,927,022</u>	<u>6,235,801</u>	<u>(3,308,779)</u>
Net position:			
Net Investment in Capital Assets	235,445,495	232,399,339	3,046,156
Restricted	23,506,506	21,850,533	1,655,973
Unrestricted	<u>(183,041,176)</u>	<u>(173,716,802)</u>	<u>(9,324,374)</u>
Total net position	<u>75,910,825</u>	<u>80,533,070</u>	<u>(4,622,245)</u>
Total liabilities, net position and deferred inflows of resources	<u>\$445,084,523</u>	<u>\$429,085,253</u>	<u>\$ 15,999,270</u>

STATE OF NEW MEXICO
Rio Rancho Public School District No. 94
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
Unaudited

	2017	2016	Variance
Program revenues:			
Charges for services	\$ 5,222,331	\$ 4,933,094	\$ 289,237
Operating grants and contributions	18,394,279	18,617,379	(223,100)
Capital grants and contributions	633,621	2,057,948	(1,424,327)
General revenues:			
Property taxes	23,380,562	22,729,291	651,271
State equalization guarantee	116,952,809	118,552,059	(1,599,250)
Interest and investment earnings	160,064	177,074	(17,010)
Miscellaneous revenue	8,881	7,723	1,158
Special item - donated asset	-	10,844	(10,844)
Loss on disposal of capital asset	<u>(2,345)</u>	<u>-</u>	<u>(2,345)</u>
 Total revenues	 <u>164,750,202</u>	 <u>167,085,412</u>	 <u>(2,335,210)</u>
 Program expenses:			
Instruction	96,753,376	93,121,488	3,631,888
Support services	32,651,215	30,719,913	1,931,302
Central services	5,069,881	4,768,932	300,949
Operation and maintenance of plant	19,631,888	19,434,894	196,994
Student transportation	4,980,264	4,221,949	758,315
Food services	6,957,474	6,665,115	292,359
Community service operations	29,064	113,897	(84,833)
Interest on long-term debt	<u>3,299,285</u>	<u>3,959,898</u>	<u>(660,613)</u>
 Total expenses	 <u>169,372,447</u>	 <u>163,006,086</u>	 <u>6,366,361</u>
 Increase (decrease) in net position	 <u>\$ (4,622,245)</u>	 <u>\$ 4,079,326</u>	 <u>\$ (8,701,571)</u>

Government-wide Financial Analysis

Net position may serve over time as a useful indicator of a government's financial position. In the case of Rio Rancho Public School District No. 94, assets and deferred outflows exceeded liabilities and deferred inflows by \$75,910,825 at the close of the most recent fiscal year. By far the largest portion of the District's net position, 310% 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.

The District's net position decreased by \$4,622,245 during the current fiscal year. The decrease is due primarily to decreased SEG revenues and state capital grants and contributions. 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.

STATE OF NEW MEXICO
Rio Rancho Public School District No. 94
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
Unaudited

The School District's Funds

The School District's governmental funds are accounted for using the modified accrual basis of accounting. Total governmental funds had revenues and other financing sources of \$179,991,102 and expenditures and other financing uses of \$179,557,725. The net change in fund balance for the year was a decrease of \$433,377. Approximately 99.55% 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 Exhibit B-1.

Reporting the School District's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

Most of the School District's activities are reported in governmental funds, which focus on how monies flow into and out of those funds and the balances left at fiscal yearend for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent in the near future to finance educational programs. The relationship, or differences, between governmental activities reported in the statement of net position and the statement of activities and the governmental funds is reconciled in the financial statements. The general fund is the chief operating fund of the District. As of June 30, 2017, spendable fund balance of the general fund was \$4,040,121. Nonspendable fund balance of the general fund was \$208,307. 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 3.42% of total general fund expenditures.

The fund balance of the District's general fund decreased by \$1,233,964 during the current fiscal year due to the District expanding spending for Instruction and Support Services.

The bond building fund has total spendable fund balance of \$45,165,989, all of which is restricted for capital acquisitions and improvements. The total fund balance of the bond building fund increased by \$2,755,043 in the current fiscal year due to the receipt of bond proceeds and an increase in the capital expenditures from the prior year.

The debt service fund has a total spendable fund balance of \$19,345,967, all of which is restricted for the payment of debt service. The net decrease of \$271,666 in fund balance during the current year resulted from debt proceeds offset by a slight increase in debt service expenditures.

STATE OF NEW MEXICO
Rio Rancho Public School District No. 94
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
Unaudited

General Fund Budgeting Highlights

The School 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 2017, the School District amended its budget as needed.

For the General Fund, final budgeted revenues and other financing sources are less than budgeted expenditures by \$5,779,307.

Expenditures and other financing uses were budgeted at \$127,609,401, while actual expenditures were \$124,228,145. 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 \$122,988,406 and revenues from state sources constitute 96.51% of the total. Actual expenditures exceeded actual revenues by \$1,239,739.

Capital Assets

At the end of fiscal 2017, the District had \$441,105,022 invested in capitalized assets with associated accumulated depreciation of \$123,016,178. 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, 2017, the District had outstanding bonds payable of \$121,100,000. The District issued \$14,160,000 of new bonds in November 2016. These bonds were issued to fund various capital projects. Details of the activity in the long-term debt accounts of the District can be found in Note 7 to the financial statements.

Future Trends

Rio Rancho Public Schools serve more than 17,500 students through a public pre-school, ten elementary schools including one elementary Montessori program, four middle schools, two comprehensive high schools, an alternative school and a cyber academy.

Since the District's establishment in 1994 as a result of community action to take control of their local schools, Rio Rancho Public Schools has consistently served the community in providing a state-of-the-art education for Rio Rancho children. The district's story truly reflects the dedication of educational leaders, community members, teachers and parents and their commitment to igniting student potential.

Rio Rancho Public Schools is known for rigorous academic expectations and strong academic achievement, along with robust and award winning fine and performing arts programs at all grade levels and championship athletic teams. Rio Rancho Public Schools graduation rate of 84% is on a par with the national average and greatly exceeds the state average. In reports released in 2011 and 2014, the Center for American Progress rated RRPS highly for its educational return on investment for dollars spent.

STATE OF NEW MEXICO
Rio Rancho Public School District No. 94
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
Unaudited

The district's vision is to find and develop each student's potential, ignite a passion for learning, and help students discover their interests and achieve through rigorous academic, life skills, and career goals. Rio Rancho Public Schools believes that in order to be successful, the district must set its sights on successful outcomes, determine the best ways to reach those outcomes, and measure progress with a constant focus on continuous improvement.

The district also believes that everyone—teachers, students, parents and school and district staff – plays a role in ensuring the success of students. Together, the Rio Rancho community established a Profile of a Graduate to guide the district in preparing students for life after high school. Rio Rancho Public Schools feels this document is special in that it not only emphasizes the district's objectives and goals, but also includes commitments from parents, teachers, board members and students. The work on the Profile of a Graduate became the centerpiece of the district's 2016-2021 Strategic Plan in truly placing students at the center of everything Rio Rancho Public Schools does.

Contacting the School District's Financial Management

The financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances and to reflect the School 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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**BASIC
FINANCIAL STATEMENTS**

STATE OF NEW MEXICO
 Rio Rancho Public School District No. 94
 Statement of Net Position
 June 30, 2017

	Governmental Activities
Assets	
Current assets:	
Cash and cash equivalents	\$ 22,886,949
Investments	46,840,217
Receivables:	
Property taxes	1,602,687
Due from other governments	2,857,274
Other	183,014
Inventory	328,734
Total current assets	74,698,875
Noncurrent assets:	
Restricted cash and cash equivalents	16,302,699
Bond discounts, net of accumulated amortization of \$91,079	283,860
Capital assets	441,105,022
Less: accumulated depreciation	(123,016,178)
Total noncurrent assets	334,675,403
Total assets	409,374,278
Deferred outflows of resources	
Deferred loss on extinguishment of debt, net of accumulated amortization of \$228,372	1,370,230
Changes in assumption	4,439,967
Changes in proportion	3,985,423
Net difference between projected and actual investment earnings on pension plan investments	13,019,708
Employer contributions subsequent to the measurement date	11,948,649
Difference between expected and actual experience	946,268
Total deferred outflows of resources	35,710,245
<i>Total assets and deferred outflows of resources</i>	\$ 445,084,523

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

	Governmental Activities
Liabilities	
Current liabilities:	
Accounts payable	\$ 2,374,199
Accrued payroll	14,687,217
Due to other governments	6,627
Accrued interest	1,870,349
Current portion of accrued compensated absences	466,200
Current portion of bonds payable	14,665,000
	<hr/>
Total current liabilities	34,069,592
	<hr/>
Noncurrent liabilities:	
Accrued compensated absences	296,762
Bond premiums, net of accumulated amortization of \$1,826,701	7,329,337
Bonds payable	106,435,000
Net pension liability	218,115,985
	<hr/>
Total noncurrent liabilities	332,177,084
	<hr/>
Total liabilities	366,246,676
	<hr/>
Deferred inflows of resources	
Changes in proportion	852,464
Difference between expected and actual experience	2,074,558
	<hr/>
Total deferred inflows of resources	2,927,022
	<hr/>
Net position	
Net investment in capital assets	235,445,495
Restricted for:	
Special revenue	2,158,487
Debt service	20,647,535
Capital projects	700,484
Unrestricted	(183,041,176)
	<hr/>
Total net position	75,910,825
	<hr/>
<i>Total liabilities, deferred inflows of resources, and net position</i>	<u><u>\$ 445,084,523</u></u>

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

STATE OF NEW MEXICO
Rio Rancho Public School District No. 94
Statement of Activities
For the Year Ended June 30, 2017

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>	
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>
Primary government			
Governmental Activities:			
Instruction	\$ 96,753,376	\$ 1,604,149	\$ 7,499,955
Support services	32,651,215	541,350	2,530,998
Central services	5,069,881	84,057	392,998
Operation and maintenance of plant	19,631,888	325,492	1,521,789
Student transportation	4,980,264	-	2,559,015
Food services operations	6,957,474	2,666,801	3,887,271
Community services operations	29,064	482	2,253
Interest on long-term debt	3,299,285	-	-
<i>Total governmental activities</i>	<u>\$ 169,372,447</u>	<u>\$ 5,222,331</u>	<u>\$ 18,394,279</u>

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

Loss on disposal of capital assets

Total general revenues

Changes in net position

Net position - beginning

Net position - ending

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

<u>Program Revenues</u>	<u>Net (Expense) Revenue and Changes in Net Position</u>
<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>
\$ 397,735	\$ (87,251,537)
134,223	(29,444,644)
20,841	(4,571,985)
80,703	(17,703,904)
-	(2,421,249)
-	(403,402)
119	(26,210)
-	(3,299,285)
<u>\$ 633,621</u>	<u>(145,122,216)</u>

665,215
18,478,733
4,236,614
116,952,809
160,064
8,881
<u>(2,345)</u>
<u>140,499,971</u>
(4,622,245)
<u>80,533,070</u>
<u>\$ 75,910,825</u>

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

STATE OF NEW MEXICO
Rio Rancho Public School District No. 94
Balance Sheet
Governmental Funds
June 30, 2017

	General Fund 11000, 13000, 14000	Bond Building Fund 31100	Debt Service 41000
Assets			
<i>Current assets</i>			
Cash and cash equivalents	\$ 2,027,065	\$ 15,753,968	\$ 16,302,699
Investments	14,193,256	29,738,160	2,782,331
Receivables:			
Property taxes	46,868	-	1,281,092
Due from other governments	26,877	-	-
Other	179,633	-	-
Inventory	208,307	-	-
Due from other funds	1,740,841	-	-
Total assets	\$ 18,422,847	\$ 45,492,128	\$ 20,366,122
Liabilities, deferred inflows of resources, and fund balances			
<i>Liabilities</i>			
Accounts payable	\$ 536,281	\$ 326,139	\$ -
Accrued payroll	13,423,367	-	-
Due to other governments	-	-	-
Due to other funds	177,506	-	-
Total liabilities	14,137,154	326,139	-
<i>Deferred inflows of resources</i>			
Unavailable revenue- property taxes	37,265	-	1,020,155
Total deferred inflows of resources	37,265	-	1,020,155
<i>Fund balances</i>			
Nonspendable			
Inventory	208,307	-	-
Spendable			
Restricted for:			
Instructional materials	268,439	-	-
Extracurricular activities	-	-	-
Education	-	-	-
Capital acquisitions and improvements	-	45,165,989	-
Debt service	-	-	19,345,967
Committed for:			
Emergency reserves	3,399,628	-	-
Subsequent year's expenditures	388,383	-	-
Unassigned	(16,329)	-	-
Total fund balances	4,248,428	45,165,989	19,345,967
Total liabilities, deferred inflows of resources, and fund balances	\$ 18,422,847	\$ 45,492,128	\$ 20,366,122

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

Other Governmental Funds	Total
\$ 5,105,916	\$ 39,189,648
126,470	46,840,217
274,727	1,602,687
2,830,397	2,857,274
3,381	183,014
120,427	328,734
177,506	1,918,347
<u>\$ 8,638,824</u>	<u>\$ 92,919,921</u>
\$ 1,511,779	\$ 2,374,199
1,263,850	14,687,217
6,627	6,627
1,740,841	1,918,347
<u>4,523,097</u>	<u>18,986,390</u>
215,733	1,273,153
<u>215,733</u>	<u>1,273,153</u>
120,427	328,734
-	268,439
37,670	37,670
2,084,426	2,084,426
1,686,722	46,852,711
-	19,345,967
-	3,399,628
-	388,383
(29,251)	(45,580)
<u>3,899,994</u>	<u>72,660,378</u>
<u>\$ 8,638,824</u>	<u>\$ 92,919,921</u>

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

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STATE OF NEW MEXICO
 Rio Rancho Public School District No. 94
 Governmental Funds
 Reconciliation of the Balance Sheet to the Statement of Net Position
 June 30, 2017

Exhibit B-1
 Page 2 of 2

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

Fund balances - total governmental funds	\$ 72,660,378
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the funds	318,088,844
Other noncurrent assets are not available to pay for current period expenditures and therefore, are not reported in the funds:	
Bond discounts	283,860
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	1,273,153
Deferred outflows and inflows of resources related to pensions are applicable to future periods and therefore, are not reported in funds:	
Deferred loss on extinguishment of debt	1,370,230
Deferred outflows of resources related to changes in assumption	4,439,967
Deferred outflows of resources related to changes in proportion	3,985,423
Deferred outflows of resources related to the net difference between projected and actual investment earnings on pension plan investments	13,019,708
Deferred outflows of resources related to employer contribution subsequent to measurement date	11,948,649
Deferred outflows of resources related to the difference between expected and actual experience	946,268
Deferred inflows of resources related to changes in proportion	(852,464)
Deferred inflows of resources related to the difference between expected and actual experience	(2,074,558)
Certain liabilities, including bonds payable, current and long-term portions of accrued compensated absences, and net pension liability, are not due and payable in the current period and, therefore, are not reported in the funds:	
Bond premiums	(7,329,337)
Accrued interest	(1,870,349)
Current and noncurrent portion of accrued compensated absences	(762,962)
Bonds payable	(121,100,000)
Net pension liability	(218,115,985)
	<u>75,910,825</u>
<i>Total net position - governmental funds</i>	<u><u>\$ 75,910,825</u></u>

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

STATE OF NEW MEXICO
Rio Rancho Public School District No. 94
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2017

	General Fund 11000, 13000, 14000	Bond Building Fund 31100	Debt Service 41000
<i>Revenues</i>			
Property taxes	\$ 662,197	\$ -	\$ 18,451,670
Intergovernmental revenue:			
Federal flowthrough	254,684	-	-
Federal direct	-	-	-
Local grants	-	-	-
State flowthrough	118,468,509	134,886	-
State direct	-	-	-
Combined state/local	-	-	-
Transportation distribution	2,559,015	-	-
Charges for services	736,243	-	-
Investment income	69,883	80,749	7,369
Miscellaneous	3,881	-	-
<i>Total revenues</i>	<u>122,754,412</u>	<u>215,635</u>	<u>18,459,039</u>
<i>Expenditures</i>			
Current:			
Instruction	74,915,280	-	-
Support services	26,322,692	-	185,007
Central services	4,432,267	-	-
Operation and maintenance of plant	14,023,605	314,760	-
Student transportation	4,274,043	-	-
Food services operations	-	-	-
Community services operations	14,453	-	-
Capital outlay	6,880	12,051,469	-
Debt service:			
Principal	-	-	14,965,000
Interest	-	-	3,580,698
<i>Total expenditures</i>	<u>123,989,220</u>	<u>12,366,229</u>	<u>18,730,705</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(1,234,808)</u>	<u>(12,150,594)</u>	<u>(271,666)</u>
<i>Other financing sources (uses)</i>			
Bond proceeds	-	14,160,000	-
Bond premium	-	930,617	-
Transfers in	1,272	-	-
Transfers (out)	-	(184,980)	-
<i>Total other financing sources (uses)</i>	<u>1,272</u>	<u>14,905,637</u>	<u>-</u>
<i>Net change in fund balances</i>	(1,233,536)	2,755,043	(271,666)
<i>Fund balances - beginning</i>	<u>5,481,964</u>	<u>42,410,946</u>	<u>19,617,633</u>
<i>Fund balances - ending</i>	<u>\$ 4,248,428</u>	<u>\$ 45,165,989</u>	<u>\$ 19,345,967</u>

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

Other Governmental Funds	Total
\$ 4,228,381	\$ 23,342,248
9,392,473	9,647,157
2,248,635	2,248,635
42,927	42,927
2,013,457	120,616,852
578,141	578,141
287,982	287,982
-	2,559,015
4,486,088	5,222,331
2,063	160,064
5,000	8,881
<u>23,285,147</u>	<u>164,714,233</u>
9,312,813	84,228,093
2,027,917	28,535,616
264	4,432,531
3,388,071	17,726,436
122,221	4,396,264
6,448,485	6,448,485
12,311	26,764
2,973,237	15,031,586
-	14,965,000
-	3,580,698
<u>24,285,319</u>	<u>179,371,473</u>
<u>(1,000,172)</u>	<u>(14,657,240)</u>
-	14,160,000
-	930,617
184,980	186,252
(1,272)	(186,252)
<u>183,708</u>	<u>15,090,617</u>
(816,464)	433,377
<u>4,716,458</u>	<u>72,227,001</u>
<u>\$ 3,899,994</u>	<u>\$ 72,660,378</u>

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

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STATE OF NEW MEXICO
 Rio Rancho Public School District No. 94
 Governmental Funds

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, 2017

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

Net change in fund balances - total governmental funds	\$	433,377
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Governmental funds report capital outlay 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		15,031,586
Depreciation expense		(12,065,007)
Loss on disposal of capital asset		(2,345)

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		38,314
--------------------------------------------------------------------	--	--------

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		11,948,649
Pension expense		(20,097,858)

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

Increase in the reserve for compensated absences		(64,757)
Increase in accrued interest		(455,671)

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, whereas these amounts are deferred and amortized in the Statement of Activities:

Amortization of bond discounts		(35,983)
Amortization of bond premiums		1,001,439
Amortization of deferred loss on extinguishment of debt		(228,372)
Bond premium capitalized		(930,617)
Bond proceeds		(14,160,000)
Principal payments on bonds		14,965,000

<i>Change in net position of governmental activities</i>	\$	(4,622,245)
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The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO

Exhibit C-1

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, 2017

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ 625,117	\$ 625,117	\$ 664,069	\$ 38,952
Intergovernmental revenue:				
Federal flowthrough	130,000	130,000	254,684	124,684
State flowthrough	122,090,993	118,147,212	118,700,531	553,319
Transportation distribution	2,954,694	2,559,015	2,559,015	-
Charges for services	286,750	286,750	736,343	449,593
Investment income	82,000	82,000	69,883	(12,117)
Miscellaneous	-	-	3,881	3,881
<i>Total revenues</i>	<u>126,169,554</u>	<u>121,830,094</u>	<u>122,988,406</u>	<u>1,158,312</u>
<i>Expenditures</i>				
Current:				
Instruction	80,223,739	77,449,691	74,801,728	2,647,963
Support services	27,853,113	27,084,873	26,458,364	626,509
Central services	4,831,764	4,831,764	4,447,062	384,702
Operation and maintenance of plant	15,092,790	15,093,231	14,222,733	870,498
Student transportation	3,487,943	3,100,764	4,276,925	(1,176,161)
Community services operations	23,758	23,758	14,453	9,305
Capital outlay	25,320	25,320	6,880	18,440
<i>Total expenditures</i>	<u>131,538,427</u>	<u>127,609,401</u>	<u>124,228,145</u>	<u>3,381,256</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(5,368,873)</u>	<u>(5,779,307)</u>	<u>(1,239,739)</u>	<u>4,539,568</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	5,368,873	5,779,307	-	(5,779,307)
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>5,368,873</u>	<u>5,779,307</u>	<u>-</u>	<u>(5,779,307)</u>
<i>Net change in fund balances</i>	-	-	(1,239,739)	(1,239,739)
<i>Fund balances - beginning of year</i>	-	-	5,779,775	5,779,775
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,540,036</u>	<u>\$ 4,540,036</u>
<i>Net change in fund balances (Budget Basis)</i>				\$ (1,239,739)
Adjustments to revenues for changes in state revenues and property taxes				(232,722)
Adjustments to expenditures for materials, other, transportation expenditures and accrued payroll				238,925
<i>Net change in fund balances (GAAP Basis)</i>				<u>\$ (1,233,536)</u>

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

STATE OF NEW MEXICO
Rio Rancho Public School District No. 94
Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2017

Exhibit D-1

<i>Assets</i>	
Cash and cash equivalents	<u>\$ 1,213,063</u>
<i>Total assets</i>	<u><u>\$ 1,213,063</u></u>
 <i>Liabilities</i>	
Due to student organizations	<u>\$ 1,213,063</u>
<i>Total liabilities</i>	<u><u>\$ 1,213,063</u></u>

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

STATE OF NEW MEXICO
Rio Rancho Public School District No. 94
Notes to the Financial Statements
June 30, 2017

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 16,900 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, 2017, the District adopted GASB Statements No. 73, Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68 (partial), No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, No. 77, Tax Abatement Disclosures, No. 78 Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans, No. 80, Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14, and No. 82, Pension Issues-an amendment of GASB Statements No. 67, No. 68, and No. 73 (partial). These six Statements are required to be implemented as of June 30, 2017, if applicable.

GASB Statement No. 73 establishes accounting and financial reporting standards for defined benefit pensions and defined contribution pensions that are not provided to employees of state and local government employers and are not within the scope of Statement 68. A portion of this pronouncement was effective and was implemented for the June 30, 2016 year end, and a portion is effective for June 30, 2017 year end. Effective for June 30, 2017 are the provisions of the statement that address accounting and financial reporting by employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68. This does not have a material effect on the financial statements of the District, as its pension plan is within the scope of Statement 68.

The objective of GASB Statement No. 74 is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement does not affect the District’s financial statements directly; however, the effects on the District’s OPEB plan, administered through the New Mexico Retiree Health Care Authority, will be seen in future periods.

STATE OF NEW MEXICO
Rio Rancho Public School District No. 94
Notes to the Financial Statements
June 30, 2017

NOTE 1. Summary of Significant Accounting Policies (continued)

GASB Statement No. 77 is intended to improve the usefulness of financial statements prepared by state and local governments – which are intended, among other things, to assist users of financial statements in assessing (1) whether a government’s current-year revenues were sufficient to pay for current-year services (interperiod equity), (2) whether a government complied with finance-related legal and contractual obligations, (3) where a government’s financial resources came from and how it uses them, and (4) a government’s financial position and economic condition and how they have changed after time – by including information about certain limitations on a government’s ability to raise resources. This includes limitations on revenue-raising capacity resulting from government programs that use tax abatements to induce behavior by individuals and entities that is beneficial to the government or its citizens – such as the encouragement of economic development. For financial reporting purposes, this Statement defines a tax abatement as resulting from an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens.

These tax abatements may affect the financial position of the government and its results of operations, including its ability to raise resources in the future. Statement No. 77 requires disclosure of tax abatement information about (1) a reporting government’s own tax abatement agreements and (2) those that are entered into by other governments that reduce the reporting government’s tax revenues.

This Statement requires governments that enter into tax abatement agreements to disclose the following information about the agreements:

- Brief descriptive information, such as the tax being abated, the authority under which tax abatements are provided, eligibility criteria, the mechanism by which taxes are abated, provisions for recapturing abated taxes, and the types of commitments made by tax abatement recipients;
- The gross dollar amount of taxes abated during the period;
- Commitments made by a government, other than to abate taxes, as part of a tax abatement agreement.

For tax abatement agreements entered into by other governments, the following should be disclosed:

- The names of the governments that entered into the agreements;
- The specific taxes being abated; and
- The gross dollar amount of taxes abated during the period.

The objective of GASB Statement No. 78 is to address a practice issue regarding the scope and applicability of Statement No. 68, Accounting and Financial Reporting for Pensions. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. This Statement amends the scope and applicability of Statement 68 to exclude certain pensions provided to employees of state or local governmental employers. The District’s pension plan does not meet the criteria for exclusion.

STATE OF NEW MEXICO
Rio Rancho Public School District No. 94
Notes to the Financial Statements
June 30, 2017

NOTE 1. Summary of Significant Accounting Policies (continued)

The objective of GASB Statement No. 80 is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, The Financial Reporting Entity, as amended. This Statement amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, Determining Whether Certain Organizations Are Component Units.

GASB Statement No. 82 clarified and adjusted several items from GASB 67 and 68, including the definition of covered payroll, the presentation of payroll-related measures in required supplementary information, the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and the classification of payments made by employers to satisfy employee contribution requirements.

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.

STATE OF NEW MEXICO
Rio Rancho Public School District No. 94
Notes to the Financial Statements
June 30, 2017

NOTE 1. Summary of Significant Accounting Policies (continued)

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.

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 90 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

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

STATE OF NEW MEXICO
Rio Rancho Public School District No. 94
Notes to the Financial Statements
June 30, 2017

NOTE 1. Summary of Significant Accounting Policies (continued)

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

The District reports the following major governmental funds:

The *General Fund* 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.

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.

STATE OF NEW MEXICO
Rio Rancho Public School District No. 94
Notes to the Financial Statements
June 30, 2017

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)

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 2017 is considered 'measurable and available' and, accordingly, is recorded as revenue in the governmental fund statements during the year ended June 30, 2017. 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.

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.

STATE OF NEW MEXICO
Rio Rancho Public School District No. 94
Notes to the Financial Statements
June 30, 2017

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 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

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 \$1,273,153 related to property taxes considered "unavailable." In addition, the District has two types of items present on the Statement of Net Position which arise due to the implementation of GASB 68 and the related net pension liability. Accordingly, the items, change in proportion in the amount \$852,464 and the difference between expected an actual experience in the amount \$2,074,558 are reported on the Statement of Net Position. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

STATE OF NEW MEXICO
Rio Rancho Public School District No. 94
Notes to the Financial Statements
June 30, 2017

NOTE 1. Summary of Significant Accounting Policies (continued)

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

Deferred Outflows of Resources: In addition to assets, the balance sheet reports a separate section for deferred outflows of resources. This separate financial statement element represents a use of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenditure) until that time. The District has six types of items that qualify for reporting in this category that arise due to the implementation of GASB 68 and advanced refunding of long term debt. Accordingly, the items, change in assumption in the amount of \$4,439,967, change in proportion in the amount of \$3,985,423, net difference between projected and actual investment earnings on pension plan investments in the amount of \$13,019,708, employer contributions subsequent to measurement date in the amount of \$11,948,649, and the difference between expected and actual experience in the amount of \$946,268 are considered deferred outflows of resources. In addition, the District has recorded \$1,370,230, net of accumulated amortization of \$228,372, as a deferred outflow of resources related to loss on the extinguishment of debt. 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.

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.

STATE OF NEW MEXICO
Rio Rancho Public School District No. 94
Notes to the Financial Statements
June 30, 2017

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: 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.

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 has implemented 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, 2017, the nonspendable fund balance in the food service fund is made up of inventory in the amount of \$120,427 that is not in spendable form. In addition, the general fund reports \$208,307 of nonspendable fund balance for supplies inventory.

Restricted and Committed Fund Balance: At June 30, 2017, the restricted fund balance on the governmental funds balance sheet is made up of \$2,390,535 for providing instructional materials, extracurricular activities, and education to the students of the District, \$46,852,711 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 \$19,345,967 for the payment of principal and interest of the future debt service requirements as implemented by legislation.

STATE OF NEW MEXICO
Rio Rancho Public School District No. 94
Notes to the Financial Statements
June 30, 2017

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 \$3,399,628 for emergency reserves and \$388,383 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 \$45,492,128 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 38 and 76-81.
- 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, and net pension liability and the related deferred inflows/outflows.

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 \$116,952,809 in state equalization guarantee distributions during the year ended June 30, 2017.

STATE OF NEW MEXICO
Rio Rancho Public School District No. 94
Notes to the Financial Statements
June 30, 2017

NOTE 1. Summary of Significant Accounting Policies (continued)

E. Revenues (continued)

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 \$23,342,248 in tax revenues in the governmental fund financial statements during the year ended June 30, 2017. Descriptions of the individual debt service and capital outlay funds contained in these financial statements include information regarding the authority for the collection and use of these taxes.

Transportation Distribution: School districts in the State of New Mexico receive student transportation distributions. The transportation distribution is allocated to each school district in accordance with formulas developed by the State Transportation Director and the Director of Public School Finance. The funds shall be used only for the purpose of making payments to each school district for the to-and-from school transportation costs of students in grades K through 12 attending public school within the school district. The District received \$2,559,015 in transportation distributions during the year ended June 30, 2017.

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, 2017 totaled \$1,054,157.

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 \$30,595 in state SB-9 matching during the year ended June 30, 2017.

STATE OF NEW MEXICO
Rio Rancho Public School District No. 94
Notes to the Financial Statements
June 30, 2017

NOTE 1. Summary of Significant Accounting Policies (continued)

E. Revenues (continued)

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, 2017, 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.

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.

STATE OF NEW MEXICO
Rio Rancho Public School District No. 94
Notes to the Financial Statements
June 30, 2017

NOTE 2. Stewardship, Compliance, and Accountability (continued)

Budgetary Information (continued)

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

1. In April or May, the local school board submits to the District Budget Planning Unit (DBPU) of the New Mexico Public Education Department (PED) a proposed operating budget for the ensuing fiscal year commencing July 1. The operating budget includes proposed expenditures and the means of financing them. All budgets are submitted to the State of New Mexico Public Education Department.
2. In May or June of each year, the proposed "operating" budget will be reviewed and approved by the DBPU and certified and approved by the local school board at a public hearing of which notice has been published by the local school board which fixes the estimated budget for the school district for the ensuing fiscal year.
3. The school board meeting is open for the general public unless a closed meeting has been called.
4. The "operating" budget will be used by the District until they have been notified that the budget has been approved by the DBPU and the local school board. The budget shall be integrated formally into the accounting system. Encumbrances shall be used as an element of control and shall be integrated into the budget system.
5. The District shall make corrections, revisions and amendments to the estimated budgets fixed by the local school board to recognize actual cash balances and carryover funds, if any. These adjustments shall be reviewed and approved by the DBPU.
6. The superintendent is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the school board and the State of New Mexico Public Education Department.
7. Budget change requests are processed in accordance with Supplement 1 (Budget Preparation and Maintenance) of the Manual of Procedures Public School Accounting and Budgeting. Such changes are initiated by the school district and approved by the DBPU.
8. Legal budget control for expenditures is by function.
9. Appropriations lapse at fiscal 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.

STATE OF NEW MEXICO
 Rio Rancho Public School District No. 94
 Notes to the Financial Statements
 June 30, 2017

NOTE 2. Stewardship, Compliance, and Accountability (continued)

Budgetary Information (continued)

The appropriated budget for the year ended June 30, 2017, was amended by the District's Board of Education throughout the year. These amendments resulted in the following changes:

	Excess (deficiency) of revenues over expenditures	
	Original	Final
	Budget	Budget
Budgeted Funds:		
General Fund	\$ (5,368,873)	\$ (5,779,307)
Bond Building Capital Projects Fund	\$ (34,276,324)	\$ (44,476,462)
Debt Service Fund	\$ (20,543,435)	\$ (19,307,745)
Other Governmental Funds	\$ (3,150,883)	\$ (4,162,288)

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, 2017.

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.

STATE OF NEW MEXICO
Rio Rancho Public School District No. 94
Notes to the Financial Statements
June 30, 2017

NOTE 3. Deposits and Investments (continued)

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, 2017, \$39,803,567 of the District’s bank balance of \$84,864,158 was subject to custodial credit risk. \$39,803,567 was uninsured and collateralized by collateral held by the pledging bank’s trust department, not in the District’s name and no amounts were uninsured and uncollateralized.

	<u>Bank of Albuquerque</u>	<u>Bank of America</u>	<u>New Mexico Bank and Trust</u>	<u>Nusenda Credit Union</u>
Amount of deposits	\$ 8,235,697	\$ 186,386	\$ 18,193,239	\$ 82,148
FDIC Coverage	<u>(250,000)</u>	<u>(186,386)</u>	<u>(18,193,239)</u>	<u>(82,148)</u>
Total uninsured public funds	<u>7,985,697</u>	<u>-</u>	<u>-</u>	<u>-</u>
Collateralized by securities held by pledging institutions or by its trust department or agent in other than the District's name	<u>7,985,697</u>	<u>-</u>	<u>-</u>	<u>-</u>
Uninsured and uncollateralized	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Collateral requirement (50%)	\$ 3,992,849	\$ -	\$ -	\$ -
Pledged securities	<u>8,951,944</u>	<u>-</u>	<u>7,476,762</u>	<u>-</u>
Over (under) collateralized	<u>\$ 4,959,095</u>	<u>\$ -</u>	<u>\$ 7,476,762</u>	<u>\$ -</u>
	<u>US Bank</u>	<u>Wells Fargo Bank</u>	<u>Total</u>	
Amount of deposits	\$ 58,067,886	\$ 98,802	\$ 84,864,158	
FDIC Coverage	<u>(26,250,016)</u>	<u>(98,802)</u>	<u>(45,060,591)</u>	
Total uninsured public funds	<u>31,817,870</u>	<u>-</u>	<u>39,803,567</u>	
Collateralized by securities held by pledging institutions or by its trust department or agent in other than the District's name	<u>31,817,870</u>	<u>-</u>	<u>39,803,567</u>	
Uninsured and uncollateralized	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
Collateral requirement (50%)	\$ 15,908,935	\$ -	\$ 19,901,784	
Pledged securities	<u>52,000,000</u>	<u>-</u>	<u>68,428,706</u>	
Over (under) collateralized	<u>\$ 36,091,065</u>	<u>\$ -</u>	<u>\$ 48,526,922</u>	

STATE OF NEW MEXICO
 Rio Rancho Public School District No. 94
 Notes to the Financial Statements
 June 30, 2017

NOTE 3. Deposits and Investments (continued)

The collateral pledged is listed on Schedule IV 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, 2017. Funds 24101 through 25255 are federal funds and 27103 through 28190 and 31400 are nonfederal funds.

The following individual funds had negative cash balances as of June 30, 2017:

<u>Fund</u>	<u>Fund Name</u>	<u>Amount</u>
24101	Title I IASA	\$ 240,452
24106	Entitlement IDEA-B	487,180
24109	Preschool IDEA-B	9,130
24113	Education of Homeless	17,519
24115	Private Schools Share IDEA-B	1,030
24139	Leadership-Voc.Ed.	922
24153	Title III-A	1,057
24154	Teacher/Principal Training & Recruiting	142,833
24171	Carl Perkins Special Projects	8,644
24174	Carl Perkins Secondary	1,613
24176	Carl Perkins Secondary-Redistribution	657
24212	IDEA-B Early Intervention Services - Federal Stimulus	98
25184	Indian Education Formula Grant	16,722
25225	FTE Earmark Grant	763
27103	Dual Credit Instructional Materials HB2	335
27107	2012 G.O. Bond Student Library	3,900
27114	New Mexico Reads to Lead K-3 Reading Initiative	10,292
27149	Pre-K Initiative	126,279
27150	Indian Education Act	6,765
27166	Kindergarten Three Plus	5,330
27183	NM Grown FFV	1,720
28190	GRADS- Instruction	3,207
31400	Special Capital Outlay State	653,121
		<u>\$ 1,739,569</u>

Investments

Credit Risk

As of June 30, 2017, the District's investment in the State Treasurer Local Government Investment Pool was rated as AAAM by Standard & Poor's.

STATE OF NEW MEXICO
 Rio Rancho Public School District No. 94
 Notes to the Financial Statements
 June 30, 2017

NOTE 3. Deposits and Investments (continued)

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, 2017, the District had the following investments and maturities:

<u>Investment Type</u>	<u>Weighted Average Maturities</u>	<u>Fair Value</u>	<u>Rating</u>
New MexiGROW LGIP	106 days (WAM(F))	\$ 12,433	AAAm *
GNMA Security	<1 year	2,646,962	AA+ *
		<u>\$ 2,659,395</u>	

* Based on Standard and Poor's rating

The investments are listed on Schedule V 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 \$44,180,822 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).

STATE OF NEW MEXICO
 Rio Rancho Public School District No. 94
 Notes to the Financial Statements
 June 30, 2017

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 Exhibit A-1	\$ 22,886,949
Restricted cash and cash equivalents - Governmental Activities Exhibit A-1	16,302,699
Investments - Governmental Activities Exhibit A-1	46,840,217
Fiduciary funds - Exhibit D-1	<u>1,213,063</u>
 Total cash and cash equivalents and investments	 <u>87,242,928</u>
 Add: outstanding checks	 3,476,974
Less: deposits in transit	(3,217,695)
Less: investment with Raymond James & Associates	(2,625,616)
Less: investments held in New Mexico State Treasurer's LGIP	<u>(12,433)</u>
 Bank balance of deposits	 <u><u>\$ 84,864,158</u></u>

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.

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.

STATE OF NEW MEXICO
 Rio Rancho Public School District No. 94
 Notes to the Financial Statements
 June 30, 2017

NOTE 3. Deposits and Investments (continued)

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 \$12,433 in New MexiGROW LGIP and \$2,646,962 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, 2017:

Level 1	Level 2	Level 3	Total
\$12,433	\$2,646,962	\$ -	\$2,659,395

NOTE 4. Accounts Receivable

Accounts receivable as of June 30, 2017, are as follows:

	General Fund	Debt Service Fund	Other Governmental Funds	Total
Property taxes receivable	\$ 46,868	\$ 1,281,092	\$ 274,727	\$ 1,602,687
Due from other governments:				
Federal sources	-	-	1,938,252	1,938,252
State sources	26,877	-	892,145	919,022
Other receivables:				
E-Rate	179,633	-	-	179,633
Charges for services	-	-	3,381	3,381
	\$ 253,378	\$ 1,281,092	\$ 3,108,505	\$ 4,642,975

In accordance with GASB No. 33, property tax revenues in the amount of \$1,273,153 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.

STATE OF NEW MEXICO
 Rio Rancho Public School District No. 94
 Notes to the Financial Statements
 June 30, 2017

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, 2017 is as follows:

Governmental Activities	Due from other funds	Due to other funds
Operational Fund	\$ 1,739,569	\$ -
Title I IASA	-	240,452
Entitlement IDEA-B	-	487,180
Preschool IDEA-B	-	9,130
Education of Homeless	-	17,519
Private Schools Share IDEA-B	-	1,030
Leadership-Voc.Ed.	-	922
Title III-A	-	1,057
Teacher/Principal Training & Recruiting	-	142,833
Carl Perkins Special Projects	-	8,644
Carl Perkins Secondary	-	1,613
Carl Perkins Secondary-Redistribution	-	657
IDEA-B Early Intervention Services - Federal Stimulus	-	98
Indian Education Formula Grant	-	16,722
FTE Earmark Grant	-	763
Dual Credit Instructional Materials HB2	-	335
2012 G.O. Bond Student Library	-	3,900
New Mexico Reads to Lead K-3 Reading Initiative	-	10,292
Pre-K Initiative	-	126,279
Indian Education Act	-	6,765
Kindergarten Three Plus	-	5,330
NM Grown FFV	-	1,720
GRADS- Instruction	-	3,207
Special Capital Outlay State	-	653,121
	<hr/>	<hr/>
Total	<u>\$ 1,739,569</u>	<u>\$ 1,739,569</u>

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

STATE OF NEW MEXICO
 Rio Rancho Public School District No. 94
 Notes to the Financial Statements
 June 30, 2017

NOTE 5. Interfund Receivables, Payables, and Transfers (continued)

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, 2017 are as follows:

Governmental Activities	Due from other funds	Due to other funds
Operational Fund	\$ 1,272	\$ 177,506
Title IV IASA	62,185	-
Entitlement IDEA-B	95,286	-
Education of Homeless	4,338	-
Leadership-Voc. Ed.	11,723	-
Title III-A	-	1,272
Teacher/Principal Training & Recruiting	531	-
Carl Perkins Secondary- Redistribution	339	-
Early Intervention Services IDEA-B- Federal Stimulus	98	-
Indian Education Formula Grant	2,243	-
FTE Earmark Grant	763	-
	<hr/>	<hr/>
Total	<u>\$ 178,778</u>	<u>\$ 178,778</u>

Net operating transfers are made to close out funds and to supplement other funding sources in the normal course of operations. Transfers as for the year ended June 30, 2017 are as follows:

Transfers Out	Transfers In	Amount
Bond Building Fund	Special Capital Outlay State	\$ 184,980
Title III-A	General Fund - Operational Fund	<u>1,272</u>
	Total	<u>\$ 186,252</u>

STATE OF NEW MEXICO
Rio Rancho Public School District No. 94
Notes to the Financial Statements
June 30, 2017

NOTE 6. Capital Assets

A summary of capital assets and changes occurring during the year ended June 30, 2017 follows. Land and construction in progress are not subject to depreciation.

	Balance June 30, 2016	Additions	Deletions	Balance June 30, 2017
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 12,305,554	\$ 669,563	\$ -	\$ 12,975,117
Construction in progress	8,269,745	909,516	6,575,743	2,603,518
Total capital assets not being depreciated	<u>20,575,299</u>	<u>1,579,079</u>	<u>6,575,743</u>	<u>15,578,635</u>
Capital assets being depreciated:				
Land improvements	24,497,938	239,940	-	24,737,878
Buildings and improvements	361,024,459	18,993,680	-	380,018,139
Vehicles	7,107,544	385,196	12,205	7,480,535
Furniture, fixtures, and equipment	13,317,968	409,434	437,567	13,289,835
Total capital assets being depreciated	<u>405,947,909</u>	<u>20,028,250</u>	<u>449,772</u>	<u>425,526,387</u>
Less accumulated depreciation:				
Land improvements	10,763,232	1,191,308	-	11,954,540
Buildings and improvements	86,605,672	8,865,144	-	95,470,816
Vehicles	3,687,005	837,920	12,205	4,512,720
Furniture, fixtures, and equipment	10,342,689	1,170,635	435,222	11,078,102
Total accumulated depreciation	<u>111,398,598</u>	<u>12,065,007</u>	<u>447,427</u>	<u>123,016,178</u>
Total capital assets, net of depreciation	<u>\$ 315,124,610</u>	<u>\$ 9,542,322</u>	<u>\$ 6,578,088</u>	<u>\$ 318,088,844</u>

For the year ended June 30, 2017, depreciation expense was charged to the following functions:

Instruction	\$ 7,027,273
Support Services	2,372,888
Central Services	368,448
Operations and Maintenance of Plant	1,426,724
Student Transportation	361,935
Food Services	505,626
Community Services	2,113
Total Depreciation	<u>\$ 12,065,007</u>

STATE OF NEW MEXICO
Rio Rancho Public School District No. 94
Notes to the Financial Statements
June 30, 2017

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 \$231,190,000. During the year, general obligation bonds for the same purpose totaling \$14,160,000 were issued for erecting, remodeling, making additions to and furnishing schools buildings and purchasing and improving school grounds. 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, 2017 are for governmental activities.

Bonds outstanding at June 30, 2017, are comprised of the following:

	<u>Series 2007</u>	<u>Series 2008</u>	<u>Series 2009</u>	<u>Series 2009B</u>
Original Issue:	\$ 24,175,000	\$ 38,500,000	\$ 25,000,000	\$ 24,975,000
Maturity Date	8/1/2018	8/1/2022	8/1/2023	8/1/2022
Principal	August 1	August 1	August 1	August 1
Interest Rate	4.00-5.00%	3.00-4.00%	3.00-4.50%	2.00-4.00%
Interest	February 1 August 1	February 1 August 1	February 1 August 1	February 1 August 1
	<u>Series 2011A</u>	<u>Series 2011B</u>	<u>Series 2012</u>	<u>Series 2013</u>
Original Issue:	\$ 13,200,000	\$ 9,300,000	\$ 13,355,000	\$ 16,535,000
Maturity Date	8/1/2018	8/1/2020	8/1/2024	8/1/2026
Principal	August 1	August 1	August 1	August 1
Interest Rate	2.00-3.00%	2.00-4.00%	2.00-3.00%	3.00-4.00%
Interest	February 1 August 1	February 1 August 1	February 1 August 1	February 1 August 1
	<u>Series 2014</u>	<u>Series 2015</u>	<u>Series 2016</u>	<u>Series 2016A</u>
Original Issue:	\$ 21,255,000	\$ 19,960,000	\$ 24,935,000	\$ 14,160,000
Maturity Date	8/1/2026	8/1/2027	8/1/2023	8/1/2028
Principal	August 1	August 1	August 1	August 1
Interest Rate	1.00-3.00%	2.00-4.00%	3.00-5.00%	3.00-5.00%
Interest	February 1 August 1	February 1 August 1	February 1 August 1	February 1 August 1

STATE OF NEW MEXICO
 Rio Rancho Public School District No. 94
 Notes to the Financial Statements
 June 30, 2017

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, 2017:

	<u>Balance</u> <u>June 30, 2016</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2017</u>	<u>Due Within</u> <u>One Year</u>
Governmental Activities					
General Obligation Bonds	\$ 121,905,000	\$ 14,160,000	\$ 14,965,000	\$ 121,100,000	\$ 14,665,000
Compensated Absences	698,205	530,957	466,200	762,962	466,200
Total Long-Term Debt	<u>\$ 122,603,205</u>	<u>\$ 14,690,957</u>	<u>\$ 15,431,200</u>	<u>\$ 121,862,962</u>	<u>\$ 15,131,200</u>

On November 14, 2016, the District entered into a General Obligation School Building bond series 2016A in the amount of \$14,160,000 due in annual installments on August 1st, with interest rates from 3.00%-5.00%, paid semiannually through August of 2029. The balance at June 30, 2017 was \$14,160,000.

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, 2017, \$27,000,000 of bonds outstanding are considered defeased.

The annual requirements to amortize all general obligation bonds outstanding as of June 30, 2017, including interest payments are as follows:

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt</u> <u>Service</u>
2018	\$ 14,665,000	\$ 4,200,578	\$ 18,865,578
2019	13,905,000	3,671,906	17,576,906
2020	12,590,000	3,168,019	15,758,019
2021	12,620,000	2,655,919	15,275,919
2022	11,775,000	2,157,894	13,932,894
2023-2027	49,955,000	4,757,969	54,712,969
2028-2029	5,590,000	132,141	5,722,141
	<u>\$ 121,100,000</u>	<u>\$ 20,744,426</u>	<u>\$ 141,844,426</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, 2017, compensated absences increased \$64,757 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.

STATE OF NEW MEXICO
Rio Rancho Public School District No. 94
Notes to the Financial Statements
June 30, 2017

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, 2017, there have been no claims that have exceeded insurance coverage.

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.

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.

STATE OF NEW MEXICO
Rio Rancho Public School District No. 94
Notes to the Financial Statements
June 30, 2017

NOTE 9. Pension Plan – Educational Retirement Board (continued)

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. 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, 2015 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, 2016 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, 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. Contributions to the pension plan from the District were \$11,948,649 for the year ended June 30, 2017.

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 Rio Rancho Public School District No. 94
 Notes to the Financial Statements
 June 30, 2017

NOTE 9. Pension Plan – Educational Retirement Board (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: The total ERB pension liability, net pension liability, and sensitivity information were based on an annual actuarial valuation performed as of June 30, 2015. The total ERB pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2016, using generally accepted actuarial principles. Therefore, the employer’s portion was established as of the measurement date June 30, 2016. At June 30, 2017, the District reported a liability of \$218,115,985 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, 2016. The contribution amounts were defined by Section 22-11-21, NMSA 1978. At June 30, 2016, the District’s proportion was 3.0309 percent, which was an increase of 0.0839 from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the District recognized pension expense of \$20,097,858. At the June 30, 2017, 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	\$ 4,439,967	\$ -
Changes in proportion	3,985,423	852,464
Net difference between projected and actual investment earnings	13,019,708	-
District's contributions subsequent to the measurement date	11,948,649	-
Difference between expected and actual experience	946,268	2,074,558
Total	\$ 34,340,015	\$ 2,927,022

\$11,948,649 reported as deferred outflow of resources related to pensions resulting from District contributions subsequent to the measurement date of June 30, 2016 will be recognized as a reduction of the net pension liability in the year ended June 30, 2018.

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

Year ended June 30:	
2018	\$ (3,760,390)
2019	(5,267,049)
2020	(7,261,922)
2021	(3,174,983)
2022	-
Thereafter	-

STATE OF NEW MEXICO
 Rio Rancho Public School District No. 94
 Notes to the Financial Statements
 June 30, 2017

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, 2016 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	3.00%
Salary Increases	Composition: 3% inflation, plus 1.25% productivity increase rate, plus step rate promotional increases for members with less than 10 years of service
Investment Rate of Return	7.75%
Retirement Age	Experience based table of age and service rates
Mortality	90% of RP-2000 Combined Mortality Table with White Collar Adjustment projected to 2014 using Scale AA (one year setback for females)

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Rio Rancho Public School District No. 94
Notes to the Financial Statements
June 30, 2017

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.

Comparative Schedule of Target Investment Allocation

<u>Asset Class</u>	<u>Target Allocation</u>	
	<u>After 8/26/2016</u>	<u>Prior to 8/26/2016</u>
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%
Total equities	<u>33%</u>	<u>35%</u>
Fixed Income		
Opportunistic credit	18%	20%
Core bonds	6%	6%
Emerging market debt	2%	2%
Total fixed income	<u>26%</u>	<u>28%</u>
Alternatives		
Real estate - REITS	7%	7%
Real assets	8%	8%
Private equity	13%	11%
Absolute return	4%	0%
Global asset allocation	3%	5%
Risk parity	5%	5%
Total alternatives	<u>40%</u>	<u>36%</u>
Cash	<u>1%</u>	<u>1%</u>
Total	<u><u>100%</u></u>	<u><u>100%</u></u>

STATE OF NEW MEXICO
 Rio Rancho Public School District No. 94
 Notes to the Financial Statements
 June 30, 2017

NOTE 9. Pension Plan – Educational Retirement Board (continued)

For the years ended June 30, 2016 and 2015, the annual money-weighted rates of return on pension plan investments were for each asset class above 2.68% and 4.06%, respectively.

Discount rate: A single discount rate of 7.75% was used to measure the total ERB pension liability as of June 30, 2016 and June 30, 2015. This single discount rate was based on the expected rate of return on pension plan investments of 7.75%. Based on the stated assumptions and the projection of cash flows, the Plan’s fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current pension plan members. Therefore the long term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The projection of cash flows used to determine this single discount rate assumed that Plan contributions will be made at the current statutory levels. Additionally, contributions received through the Alternative Retirement Plan (ARP), ERB’s defined contribution plan, are included in the projection of cash flows. ARP contributions are assumed to remain at a level percentage of ERB payroll, where the percentage of payroll is based on the most recent five year contribution history.

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

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
District’s proportionate share of the net pension liability	\$ 288,889,557	\$ 218,115,985	\$ 159,393,915

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, 2016 and June 30, 2015 which are publicly available at 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 15th day of the month following the month for which contributions are withheld. At June 30, 2017 the District owed the ERB \$1,572,360 for the contributions withheld in the month of June 2017.

NOTE 10. Post-Employment Benefits – State Retiree Health Care Plan

Plan Description. The District contributes to the New Mexico Retiree Health Care Fund, a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the New Mexico Retiree Health Care Authority (RHCA). The RHCA provides health care insurance and prescription drug benefits to retired employees of participating New Mexico government agencies, their spouses, dependents, and surviving spouses and dependents. The RHCA Board was established by the Retiree Health Care Act (Chapter 10, Article 7C, NMSA 1978). The Board is responsible for establishing and amending benefit provisions of the healthcare plan and is also authorized to designate optional and/or voluntary benefits like dental, vision, supplemental life insurance, and long-term care policies.

STATE OF NEW MEXICO
Rio Rancho Public School District No. 94
Notes to the Financial Statements
June 30, 2017

NOTE 10. Post-Employment Benefits – State Retiree Health Care Plan (continued)

Eligible retirees are: 1) retirees who make contributions to the fund for at least five years prior to retirement and whose eligible employer during that period of time made contributions as a participant in the RHCA plan on the person's behalf unless that person retires before the employer's RHCA effective date, in which event the time period required for employee and employer contributions shall become the period of time between the employer's effective date and the date of retirement; 2) retirees defined by the Act who retired prior to July 1, 1990; 3) former legislators who served at least two years; and 4) former governing authority members who served at least four years.

The RHCA issues a publicly available stand-alone financial report that includes financial statements and required supplementary information for the postemployment healthcare plan. That report and further information can be obtained by writing to the Retiree Health Care Authority at 4308 Carlisle NE, Suite 104, Albuquerque, NM 87107.

Funding Policy. The Retiree Health Care Act (Section 10-7C-13 NMSA 1978) authorizes the RHCA Board to establish the monthly premium contributions that retirees are required to pay for healthcare benefits. Each participating retiree pays a monthly premium according to a service based subsidy rate schedule for the medical plus basic life plan plus an additional participation fee of five dollars if the eligible participant retired prior to the employer's RHCA effective date or is a former legislator or former governing authority member. Former legislators and governing authority members are required to pay 100% of the insurance premium to cover their claims and the administrative expenses of the plan. The monthly premium rate schedule can be obtained from the RHCA or viewed on their website at www.nmrhca.state.nm.us.

The employer, employee and retiree contributions are required to be remitted to the RHCA on a monthly basis. The statutory requirements for the employer and employee contributions can be changed by the New Mexico State Legislature. Employers that choose to become participating employers after January 1, 1998, are required to make contributions to the RHCA fund in the amount determined to be appropriate by the board.

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. For employees that were not members of an enhanced retirement plan during the fiscal year ended June 30, 2015, the statute required each participating employer to contribute 2.0% of each participating employee's annual salary; each participating employee was required to contribute 1.0% of their salary. In addition, pursuant to Section 10-7C-15(G) NMSA 1978, at the first session of the Legislature following July 1, 2013, the legislature shall review and adjust the distributions pursuant to Section 7-1-6.1 NMSA 1978 and the employer and employee contributions to the authority in order to ensure the actuarial soundness of the benefits provided under the Retiree Health Care Act.

The District's contribution to the RHCA for the years ended June 30, 2017, 2016, and 2015 were \$1,706,909 \$1,695,466, and \$1,669,842, respectively, which equal the required contributions for each year.

STATE OF NEW MEXICO
 Rio Rancho Public School District No. 94
 Notes to the Financial Statements
 June 30, 2017

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.

NOTE 12. Tax Abatements

The District was impacted by the following tax abatements:

Agency number for Agency making the disclosure (Abating Agency)	5025
Abating Agency Name	Sandoval County, New Mexico
Abating Agency Type	County Government
Tax Abatement Agreement Name	\$16,000,000,000 Sandoval County, New Mexico Taxable Industrial Revenue Bonds, (Intel Corporation Project), Series 2004 C3
Name of agency affected by abatement agreement (Affected Agency)	Rio Rancho Public School District No. 94
Agency number of Affected Agency	7090
Agency type of Affected Agency	Public School District
Recipient(s) of tax abatement	Intel Corporation
Tax abatement program (name and brief description)	Intel Corporation Project
Specific Tax(es) Being Abated	Property Tax on real property and personal property used in business
Authority under which abated tax would have been paid to Affected Agency	Property Tax Code [Articles 35 to 38 of Chapter 7 NMSA 1978]
Gross dollar amount, on an accrual basis, by which the Affected Agency's tax revenues were reduced during the reporting period as a result of the tax abatement agreement	\$2,889,831.50 for Debt Service Levy, \$676,775.53 for Capital Improvement Levy, and \$154,981.60 for Operational Levy.
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	Not Applicable.
If the Abating Agency is omitting any information required in this spreadsheet or by GASB 77, cite the legal basis for such omission	Not Applicable.

STATE OF NEW MEXICO
 Rio Rancho Public School District No. 94
 Notes to the Financial Statements
 June 30, 2017

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, 2017:

Major Fund	
General Fund - Transportation Fund	\$ (16,329)
Non-Major Fund	
Dual Credit Instructional Materials HB2	<u>(335)</u>
Total Governmental Funds	<u><u>\$ (16,664)</u></u>

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, 2017.
- C. Designated cash appropriations in excess of available balance. The District had the following fund in which designated cash appropriations were in excess of available balances for the year ended June 30, 2017.

	Designated Cash	Beginning Year Cash & AR Available	Cash Appropriation in excess of available
LANL Foundation Special Revenue Fund	\$ 11,610	\$ 11,577	\$ (33)

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.

STATE OF NEW MEXICO
 Rio Rancho Public School District No. 94
 Notes to the Financial Statements
 June 30, 2017

NOTE 15. Commitments

The District had significant commitments outstanding as of the year ended June 30, 2017, as follows:

<u>Contract</u>	<u>Year Ending</u>	<u>Amount</u>
Fence Project	2017	\$ 100,000
RRHS Concessions	2017	45,000
MVMS HVAC	2017	1,180,000
ERMS HVAC	2017	350,000
Transportation	2017	2,400,000
RRES HVAC	2017	320,000
IHS Exterior Improvements	2017	100,000
PDS Wall Replacement	2017	150,000
		<hr/>
Total commitments		<u>\$ 4,645,000</u>

NOTE 16. Restricted Net Position

The government-wide statement of net position reports \$23,506,506 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 38 and 76-81.

NOTE 17. Subsequent Events

The date to which events occurring after June 30, 2017, the date of the most recent balance sheet, have been evaluated for possible adjustment to the financial statement or disclosures is November 13, 2017, which is the date on which the financial statements were issued.

NOTE 18. Subsequent Pronouncements

In June 2015, GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, was issued. Effective Date: The provisions of this Statement are effective for fiscal years beginning after June 15, 2017. The standard will be implemented during the fiscal year ended June 30, 2018. The District expects this pronouncement to have a material effect on the financial statements.

In December 2015, GASB Statement No. 78, Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plan was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2015. Earlier application is encouraged. The District is still evaluating how this pronouncement will affect the financial statements.

In March 2016, GASB Statement No. 81, Irrevocable Split-Interest Agreements was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2016. Earlier application is encouraged. The District is still evaluating how this pronouncement will affect the financial statements.

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.

STATE OF NEW MEXICO
Rio Rancho Public School District No. 94
Notes to the Financial Statements
June 30, 2017

NOTE 18. Subsequent Pronouncements (continued)

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 March 2017, GASB Statement No. 85, Omnibus 2017 was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. Earlier application is encouraged. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). The District is still evaluating how this pronouncement will affect the financial statements.

In May 2017, GASB Statement No. 86, Certain Debt Extinguishment Issues was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. Earlier application is encouraged. This Statement addresses a variety of topics including issues related to in-substance defeasance of debt using only existing resources. The District does not expect the pronouncement to have a material effect on 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.

REQUIRED SUPPLEMENTARY INFORMATION

STATE OF NEW MEXICO

Schedule I

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*

	2017	2016	2015
	Measurement	Measurement	Measurement
	Date (As of and	Date (As of and	Date (As of and
	for the Year	for the Year	for the Year
	Ended June 30,	Ended June 30,	Ended June 30,
	2016)	2015)	2014)
Rio Rancho Public School District No 94's proportion of the net pension liability (asset)	3.0309%	2.9470%	2.9458%
Rio Rancho Public School District No. 94's proportionate share of the net pension liability (asset)	\$ 218,115,985	\$ 190,885,038	\$ 168,077,189
Rio Rancho Public School District No. 94's covered-employee payroll	86,353,800	80,461,541	81,195,899
Rio Rancho Public School District No. 94's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	253%	237%	207%
Plan fiduciary net position as a percentage of the total pension liability	61.58%	63.97%	66.54%

* 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.

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

Schedule II

	As of and for the Year Ended June 30, 2017	As of and for the Year Ended June 30, 2016	As of and for the Year Ended June 30, 2015
Contractually required contribution	\$ 11,948,649	\$ 12,001,503	\$ 11,601,785
Contributions in relation to the contractually required contribution	<u>11,948,649</u>	<u>12,001,503</u>	<u>11,601,785</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Rio Rancho Public School District No. 94 covered-employee payroll	85,961,504	86,353,800	83,466,079
Contribution as a percentage of covered-employee payroll	13.90%	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.

STATE OF NEW MEXICO
Rio Rancho Public School District No. 94
Notes to Required Supplementary Information
June 30, 2017

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 2015 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, 2015 as a result of the changes of assumptions described above.

See independent auditors' report.

SUPPLEMENTARY INFORMATION

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NONMAJOR GOVERNMENTAL FUNDS

STATE OF NEW MEXICO
Rio Rancho Public School District No. 94
Nonmajor Governmental Fund Descriptions
June 30, 2017

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.

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.

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.

STATE OF NEW MEXICO
Rio Rancho Public School District No. 94
Nonmajor Governmental Fund Descriptions
June 30, 2017

Special Revenue Funds (continued)

“Risk Pool” IDEA-B (24120) - Entitlement funds that are set aside each year for the Puente para los Ninos high cost child program. Authority for creation of this fund is the Individuals with Disabilities Education Act (IDEA), Part B, Section 611(e) and 613 (a)(4)(A)(iii).

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) (24173 – Carl Perkins Special Projects – Redistribution) (24174 – Carl Perkins Secondary) (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.

Early Intervention Services IDEA-B - Federal Stimulus (24212) - Under the American Recovery and Reinvestment Act of 2009 (ARRA), these federal funds are for students in kindergarten through grade 12 (with a particular emphasis on students in kindergarten through grade 3) who have not been identified as needing special education or related services but who need additional academic and behavioral support to succeed in the general education environment.

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.

STATE OF NEW MEXICO
Rio Rancho Public School District No. 94
Nonmajor Governmental Fund Descriptions
June 30, 2017

Special Revenue Funds (continued)

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.

FTE Earmark Grant (25225) – The purpose of the FTE Earmark Grant is to assist all students to meet challenging State content standards, and contribute to the achievement of elementary and secondary students. Authority for creation of this fund is the Elementary and Secondary Education Act of 1965, Title V, Part D, as amended by the No Child Left Behind Act of 2001.

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.

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”.

STATE OF NEW MEXICO
Rio Rancho Public School District No. 94
Nonmajor Governmental Fund Descriptions
June 30, 2017

Special Revenue Funds (continued)

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.

DOE i3 Reading Recovery (26212) – To account for an award from Texas Woman’s University – MOE Reading Recovery: Scaling up What Works Award to cover tuition, books and materials, stipend to cover travel expenditures for professional development, supplies and materials, IDEC fee, site affiliation fee, fees to District training site. Authority for the creation of this fund is the New Mexico Public Education Department.

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

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

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.

2013 Statewide Robotics (27116) – This award is to purchase and install robot equipment and related infrastructure statewide for public school robotics education programs participating in the Albuquerque annual robotics competition. The authority for creation of this fund is the New Mexico Public Education Department.

Incentives for School Impr. Act PED (27138) – To account for monies received from the Award for High Improving Schools provided by the State of New Mexico for the purpose of identifying special needs at awarded locations and to purchase items to improve those schools.

Legislative Appropriation Laws of NM 2004 (27142) – To promote positive behavior support combined with bully-proofing schools. Authority for the creation of this fund is the New Mexico Public Education Department’s School District Policies and Procedures Manual.

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.

Beginning Teacher Mentoring Program (27154) – The objective of this program is to provide beginning teachers an effective transition into the teaching profession, retain capable teachers, improve the achievement of students and improve the overall success of the school. Funding is provided by the New Mexico Board of Education. Authority for creation of this fund is NMSA 22-2-8-10.

STATE OF NEW MEXICO
Rio Rancho Public School District No. 94
Nonmajor Governmental Fund Descriptions
June 30, 2017

Special Revenue Funds (continued)

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.

Libraries – G.O. Bonds (27170) – In the November 2004 election, New Mexico voters approved GO bond C for \$6,156,000 to fund public school and juvenile detention libraries statewide. Statute specifies that the funds are available to acquire library books, equipment and library resources for public schools and juvenile detention libraries. 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.

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

Library Books (27549) – To support the acquisition of library books as specified in the legislative language of the 2008 Senate Bill 471 whereas funds were distributed to public and charter schools through the Instructional Materials Bureau.

Graduation Reality & Dual Skills PED (28102) – The purpose of this program is to account for State of New Mexico funds awarded to the District by the State of New Mexico Public Education Department in a competitive application process. Authority for creation of this fund is in the New Mexico Public Education Department's School District Policies and Procedures Manual.

NM Highway Department (28120) – To provide local government road funds for the design, improvement, and paving of overlays on parking areas and reconstruction with miscellaneous construction on school district campuses. Authority for creation of this fund is in the New Mexico Public Education Department's School District Policies and Procedures Manual.

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

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

Sun Safety (28146) – The objective of this program is to provide substance abuse education curriculum and programs designed to prevent drug abuse in grades kindergarten through twelve. Authority for creation of this fund is in the New Mexico Public Education Department's School District Policies and Procedures Manual.

Healthier Schools DOH (28155) – The purpose of this grant is to develop a Coordinated Approach to Child Health committee, which will guide the CATCH school health program. Funding was provided by the New Mexico State Department of Health. Authority for creation of this fund is in the Public Education Department's Manual of Policies and Procedures.

Alternative Fuel Infrastructure (28166) – To account for state grants awarded to provide additional funding for alternative fuel transportation projects. Authority for the creation of this fund is the New Mexico Public Education Department.

STATE OF NEW MEXICO
Rio Rancho Public School District No. 94
Nonmajor Governmental Fund Descriptions
June 30, 2017

Special Revenue Funds (continued)

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.

Public School Capital Outlay (31200) – The purpose of this fund is to account for funds received from the local ad valorem tax levy for use in remodeling and equipping classroom facilities. Funding authority is the New Mexico Public Education Department.

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).

STATE OF NEW MEXICO
Rio Rancho Public School District No. 94
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2017

	Special Revenue			
	Food Services 21000	Athletics 22000	Non- Instructional Education Support 23000	Title I IASA 24101
Assets				
<i>Current Assets</i>				
Cash and cash equivalents	\$ 883,448	\$ 37,670	\$ 409,580	\$ -
Investments	-	-	-	-
Receivables:				
Property taxes	-	-	-	-
Due from other governments	143,196	-	-	470,556
Other	-	-	3,381	-
Inventory	65,642	-	-	-
Due from other funds	-	-	-	62,185
<i>Total assets</i>	<u>\$ 1,092,286</u>	<u>\$ 37,670</u>	<u>\$ 412,961</u>	<u>\$ 532,741</u>
Liabilities, deferred inflows of resources, and fund balances				
<i>Liabilities</i>				
Accounts payable	\$ 1,052,470	\$ -	\$ 10,400	\$ 61,380
Accrued payroll	3,090	-	69,660	230,909
Due to other governments	-	-	-	-
Due to other funds	-	-	-	240,452
<i>Total liabilities</i>	<u>1,055,560</u>	<u>-</u>	<u>80,060</u>	<u>532,741</u>
<i>Deferred inflows of resources</i>				
Unavailable revenue - property taxes	-	-	-	-
<i>Total deferred inflows of resources</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances</i>				
Nonspendable				
Inventory	65,642	-	-	-
Spendable				
Restricted for:				
Extracurricular activities	-	37,670	-	-
Education	-	-	332,901	-
Capital acquisitions and improvements	-	-	-	-
Unassigned	(28,916)	-	-	-
<i>Total fund balances</i>	<u>36,726</u>	<u>37,670</u>	<u>332,901</u>	<u>-</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 1,092,286</u>	<u>\$ 37,670</u>	<u>\$ 412,961</u>	<u>\$ 532,741</u>

See independent auditor's report.

Special Revenue

Entitlement IDEA-B 24106	Preschool IDEA-B 24109	Education of Homeless 24113	Private Schools Share IDEA-B 24115	"Risk Pool" IDEA-B 24120	Leadership - Voc. Ed. 24139
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
924,663	10,701	13,181	1,030	-	-
-	-	-	-	-	-
-	-	-	-	-	-
95,286	-	4,338	-	-	11,723
<u>\$ 1,019,949</u>	<u>\$ 10,701</u>	<u>\$ 17,519</u>	<u>\$ 1,030</u>	<u>\$ -</u>	<u>\$ 11,723</u>
\$ 83,746	\$ 105	\$ -	\$ -	\$ -	\$ 10,801
449,023	1,466	-	-	-	-
-	-	-	-	-	-
487,180	9,130	17,519	1,030	-	922
<u>1,019,949</u>	<u>10,701</u>	<u>17,519</u>	<u>1,030</u>	<u>-</u>	<u>11,723</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 1,019,949</u>	<u>\$ 10,701</u>	<u>\$ 17,519</u>	<u>\$ 1,030</u>	<u>\$ -</u>	<u>\$ 11,723</u>

See independent auditor's report.

STATE OF NEW MEXICO
Rio Rancho Public School District No. 94
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2017

	Special Revenue			
	Title III-A 24153	Teacher/ Principal Training & Recruiting 24154	Carl Perkins Special Projects 24171	Carl Perkins Special Projects - Redistribution 24173
Assets				
<i>Current Assets</i>				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-
Receivables:				
Property taxes	-	-	-	-
Due from other governments	2,329	199,420	8,644	-
Other	-	-	-	-
Inventory	-	-	-	-
Due from other funds	-	531	-	-
	<u>2,329</u>	<u>199,951</u>	<u>8,644</u>	<u>-</u>
<i>Total assets</i>	<u>\$ 2,329</u>	<u>\$ 199,951</u>	<u>\$ 8,644</u>	<u>\$ -</u>
Liabilities, deferred inflows of resources, and fund balances				
<i>Liabilities</i>				
Accounts payable	\$ -	\$ 1,611	\$ -	\$ -
Accrued payroll	-	55,507	-	-
Due to other governments	-	-	-	-
Due to other funds	2,329	142,833	8,644	-
	<u>2,329</u>	<u>142,833</u>	<u>8,644</u>	<u>-</u>
<i>Total liabilities</i>	<u>2,329</u>	<u>199,951</u>	<u>8,644</u>	<u>-</u>
<i>Deferred inflows of resources</i>				
Unavailable revenue - property taxes	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total deferred inflows of resources</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances</i>				
<i>Nonspendable</i>				
Inventory	-	-	-	-
<i>Spendable</i>				
Restricted for:				
Extracurricular activities	-	-	-	-
Education	-	-	-	-
Capital acquisitions and improvements	-	-	-	-
Unassigned	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total fund balances</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 2,329</u>	<u>\$ 199,951</u>	<u>\$ 8,644</u>	<u>\$ -</u>

See independent auditor's report.

Special Revenue

Carl Perkins Secondary 24174	Carl Perkins Secondary - Redistribution 24176	Early Intervention Services IDEA-B - Federal Stimulus 24212	Substance Abuse Prevention DOH 25138	Title XIX Medicaid 3/21 Years 25153	Indian Education Formula Grant 25184
\$ -	\$ -	\$ -	\$ 7,121	\$ 1,546,269	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
19,382	684	-	-	119,530	21,769
-	-	-	-	-	-
-	-	-	-	-	-
-	339	98	-	-	2,243
<u>\$ 19,382</u>	<u>\$ 1,023</u>	<u>\$ 98</u>	<u>\$ 7,121</u>	<u>\$ 1,665,799</u>	<u>\$ 24,012</u>
\$ 17,769	\$ 366	\$ -	\$ -	\$ 4,757	\$ 1,345
-	-	-	-	172,105	4,866
-	-	-	-	-	1,079
1,613	657	98	-	-	16,722
<u>19,382</u>	<u>1,023</u>	<u>98</u>	<u>-</u>	<u>176,862</u>	<u>24,012</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	7,121	1,488,937	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	7,121	1,488,937	-
<u>\$ 19,382</u>	<u>\$ 1,023</u>	<u>\$ 98</u>	<u>\$ 7,121</u>	<u>\$ 1,665,799</u>	<u>\$ 24,012</u>

See independent auditor's report.

STATE OF NEW MEXICO
Rio Rancho Public School District No. 94
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2017

Special Revenue

	Elementary School Counseling 25215	FTE Earmark Grant 25225	AmeriCorps 25232	Education Jobs Fund 25255
Assets				
<i>Current Assets</i>				
Cash and cash equivalents	\$ 91	\$ -	\$ 3	\$ 1
Investments	-	-	-	-
Receivables:				
Property taxes	-	-	-	-
Due from other governments	-	-	-	-
Other	-	-	-	-
Inventory	-	-	-	-
Due from other funds	-	763	-	-
Total assets	\$ 91	\$ 763	\$ 3	\$ 1
Liabilities, deferred inflows of resources, and fund balances				
<i>Liabilities</i>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued payroll	-	-	-	-
Due to other governments	-	-	3	1
Due to other funds	-	763	-	-
Total liabilities	-	763	3	1
<i>Deferred inflows of resources</i>				
Unavailable revenue - property taxes	-	-	-	-
Total deferred inflows of resources	-	-	-	-
<i>Fund balances</i>				
Nonspendable				
Inventory	-	-	-	-
Spendable				
Restricted for:				
Extracurricular activities	-	-	-	-
Education	91	-	-	-
Capital acquisitions and improvements	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	91	-	-	-
Total liabilities, deferred inflows of resources, and fund balances	\$ 91	\$ 763	\$ 3	\$ 1

See independent auditor's report.

Special Revenue

LANL Foundation 26113	Intel Foundation 26116	Golden Apple Foundation 26163	Rio Rancho Education Foundation 26171	A+ for Education 26179	CNM Foundation 26207
\$ 1,577	\$ 15,587	\$ 11	\$ 4,539	\$ 39	\$ 374
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 1,577</u>	<u>\$ 15,587</u>	<u>\$ 11</u>	<u>\$ 4,539</u>	<u>\$ 39</u>	<u>\$ 374</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
1,577	15,587	11	4,539	39	374
-	-	-	-	-	-
-	-	-	-	-	-
<u>1,577</u>	<u>15,587</u>	<u>11</u>	<u>4,539</u>	<u>39</u>	<u>374</u>
<u>\$ 1,577</u>	<u>\$ 15,587</u>	<u>\$ 11</u>	<u>\$ 4,539</u>	<u>\$ 39</u>	<u>\$ 374</u>

See independent auditor's report.

STATE OF NEW MEXICO
 Rio Rancho Public School District No. 94
 Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2017

Special Revenue

	DOE i3 Reading Recovery 26212	Dual Credit Instructional Materials HB2 27103	2012 GO Bond Student Library 27107	New Mexico Reads to Lead K- 3 Reading Initiative 27114
Assets				
<i>Current Assets</i>				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-
Receivables:				
Property taxes	-	-	-	-
Due from other governments	-	-	3,900	33,699
Other	-	-	-	-
Inventory	-	-	-	-
Due from other funds	-	-	-	-
Total assets	\$ -	\$ -	\$ 3,900	\$ 33,699
Liabilities, deferred inflows of resources, and fund balances				
<i>Liabilities</i>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued payroll	-	-	-	19,508
Due to other governments	-	-	-	-
Due to other funds	-	335	3,900	10,292
Total liabilities	-	335	3,900	29,800
<i>Deferred inflows of resources</i>				
Unavailable revenue - property taxes	-	-	-	-
Total deferred inflows of resources	-	-	-	-
<i>Fund balances</i>				
Nonspendable				
Inventory	-	-	-	-
Spendable				
Restricted for:				
Extracurricular activities	-	-	-	-
Education	-	-	-	3,899
Capital acquisitions and improvements	-	-	-	-
Unassigned	-	(335)	-	-
Total fund balances	-	(335)	-	3,899
Total liabilities, deferred inflows of resources, and fund balances	\$ -	\$ -	\$ 3,900	\$ 33,699

See independent auditor's report.

Special Revenue

2013 Statewide Robotics 27116	Incentives for School Impr. Act PED 27138	Legislative Appropriation Laws of NM 2004 27142	Pre-K Initiative 27149	Indian Education Act 27150	Beginning Teacher Mentoring Program 27154
\$ -	\$ 1,367	\$ 73	\$ -	\$ -	\$ 158
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	306,639	6,765	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ 1,367</u>	<u>\$ 73</u>	<u>\$ 306,639</u>	<u>\$ 6,765</u>	<u>\$ 158</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	180,360	-	-
-	1,367	73	-	-	158
-	-	-	126,279	6,765	-
<u>-</u>	<u>1,367</u>	<u>73</u>	<u>306,639</u>	<u>6,765</u>	<u>158</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ 1,367</u>	<u>\$ 73</u>	<u>\$ 306,639</u>	<u>\$ 6,765</u>	<u>\$ 158</u>

See independent auditor's report.

STATE OF NEW MEXICO
Rio Rancho Public School District No. 94
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2017

Special Revenue

	Kindergarten- Three Plus 27166	Libraries - G.O. Bonds 27170	2013 School Bus 27178	NM Grown FFV 27183
Assets				
<i>Current Assets</i>				
Cash and cash equivalents	\$ -	\$ 15	\$ 2	\$ -
Investments	-	-	-	-
Receivables:				
Property taxes	-	-	-	-
Due from other governments	71,241	-	-	1,720
Other	-	-	-	-
Inventory	-	-	-	-
Due from other funds	-	-	-	-
Total assets	\$ 71,241	\$ 15	\$ 2	\$ 1,720
Liabilities, deferred inflows of resources, and fund balances				
<i>Liabilities</i>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued payroll	65,911	-	-	-
Due to other governments	-	15	-	-
Due to other funds	5,330	-	-	1,720
Total liabilities	71,241	15	-	1,720
<i>Deferred inflows of resources</i>				
Unavailable revenue - property taxes	-	-	-	-
Total deferred inflows of resources	-	-	-	-
<i>Fund balances</i>				
Nonspendable				
Inventory	-	-	-	-
Spendable				
Restricted for:				
Extracurricular activities	-	-	-	-
Education	-	-	2	-
Capital acquisitions and improvements	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	-	-	2	-
Total liabilities, deferred inflows of resources, and fund balances	\$ 71,241	\$ 15	\$ 2	\$ 1,720

See independent auditor's report.

Special Revenue

Library Books 27549	Graduation Reality & Dual Skills PED 28102	NM Highway Department 28120	ASSIST Tobacco DOH 28122	Coordinated Approach to Child Health 28140	Sun Safety 28146
\$ 843	\$ 158	\$ 86,000	\$ 1	\$ 1,077	\$ 145
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 843</u>	<u>\$ 158</u>	<u>\$ 86,000</u>	<u>\$ 1</u>	<u>\$ 1,077</u>	<u>\$ 145</u>
\$ -	\$ -	\$ 86,000	\$ -	\$ -	\$ -
-	-	-	-	-	-
843	158	-	-	1,077	145
-	-	-	-	-	-
<u>843</u>	<u>158</u>	<u>86,000</u>	<u>-</u>	<u>1,077</u>	<u>145</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	1	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	1	-	-
<u>\$ 843</u>	<u>\$ 158</u>	<u>\$ 86,000</u>	<u>\$ 1</u>	<u>\$ 1,077</u>	<u>\$ 145</u>

See independent auditor's report.

STATE OF NEW MEXICO
Rio Rancho Public School District No. 94
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2017

Special Revenue

	Healthier Schools DOH 28155	Alternative Fuel Infrastructure 28166	GRADS - Instruction 28190	Grad Plus 28203
Assets				
<i>Current Assets</i>				
Cash and cash equivalents	\$ 753	\$ 955	\$ -	\$ 2,135
Investments	-	-	-	-
Receivables:				
Property taxes	-	-	-	-
Due from other governments	-	-	3,207	-
Other	-	-	-	-
Inventory	-	-	-	-
Due from other funds	-	-	-	-
<i>Total assets</i>	<u>\$ 753</u>	<u>\$ 955</u>	<u>\$ 3,207</u>	<u>\$ 2,135</u>
Liabilities, deferred inflows of resources, and fund balances				
<i>Liabilities</i>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued payroll	-	-	-	-
Due to other governments	753	955	-	-
Due to other funds	-	-	3,207	-
<i>Total liabilities</i>	<u>753</u>	<u>955</u>	<u>3,207</u>	<u>-</u>
<i>Deferred inflows of resources</i>				
Unavailable revenue - property taxes	-	-	-	-
<i>Total deferred inflows of resources</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances</i>				
Nonspendable				
Inventory	-	-	-	-
Spendable				
Restricted for:				
Extracurricular activities	-	-	-	-
Education	-	-	-	2,135
Capital acquisitions and improvements	-	-	-	-
Unassigned	-	-	-	-
<i>Total fund balances</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,135</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 753</u>	<u>\$ 955</u>	<u>\$ 3,207</u>	<u>\$ 2,135</u>

See independent auditor's report.

<u>Special Revenue</u>		<u>Capital Projects</u>		
<u>Private Direct Grants 29102</u>	<u>City/County Grants 29107</u>	<u>Public School Capital Outlay 31200</u>	<u>Special Capital Outlay 31300</u>	<u>Special Capital Outlay State 31400</u>
\$ 211,512	\$ 31,677	\$ -	\$ 39,718	\$ 184,980
-	-	-	-	-
-	-	-	-	-
-	-	-	-	468,141
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>\$ 211,512</u>	<u>\$ 31,677</u>	<u>\$ -</u>	<u>\$ 39,718</u>	<u>\$ 653,121</u>
\$ 4,409	\$ 123	\$ -	\$ -	\$ -
413	11,032	-	-	-
-	-	-	-	-
-	-	-	-	653,121
<u>4,822</u>	<u>11,155</u>	<u>-</u>	<u>-</u>	<u>653,121</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
206,690	20,522	-	-	-
-	-	-	39,718	-
-	-	-	-	-
<u>206,690</u>	<u>20,522</u>	<u>-</u>	<u>39,718</u>	<u>-</u>
<u>\$ 211,512</u>	<u>\$ 31,677</u>	<u>\$ -</u>	<u>\$ 39,718</u>	<u>\$ 653,121</u>

See independent auditor's report.

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STATE OF NEW MEXICO
Rio Rancho Public School District No. 94
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2017

Capital Projects

	Capital Improvements SB-9 31700	Total Nonmajor Governmental Funds
Assets		
<i>Current Assets</i>		
Cash and cash equivalents	\$ 1,638,037	\$ 5,105,916
Investments	126,470	126,470
Receivables:		
Property taxes	274,727	274,727
Due from other governments	-	2,830,397
Other	-	3,381
Inventory	54,785	120,427
Due from other funds	-	177,506
	<u>2,094,019</u>	<u>8,638,824</u>
<i>Total assets</i>	<u>\$ 2,094,019</u>	<u>\$ 8,638,824</u>
Liabilities, deferred inflows of resources, and fund balances		
<i>Liabilities</i>		
Accounts payable	\$ 176,497	\$ 1,511,779
Accrued payroll	-	1,263,850
Due to other governments	-	6,627
Due to other funds	-	1,740,841
	<u>176,497</u>	<u>4,523,097</u>
<i>Total liabilities</i>	<u>176,497</u>	<u>4,523,097</u>
<i>Deferred inflows of resources</i>		
Unavailable revenue - property taxes	215,733	215,733
	<u>215,733</u>	<u>215,733</u>
<i>Total deferred inflows of resources</i>	<u>215,733</u>	<u>215,733</u>
<i>Fund balances</i>		
Nonspendable		
Inventory	54,785	120,427
Spendable		
Restricted for:		
Extracurricular activities	-	37,670
Education	-	2,084,426
Capital acquisitions and improvements	1,647,004	1,686,722
Unassigned	-	(29,251)
	<u>1,701,789</u>	<u>3,899,994</u>
<i>Total fund balances</i>	<u>1,701,789</u>	<u>3,899,994</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 2,094,019</u>	<u>\$ 8,638,824</u>

See independent auditor's report.

STATE OF NEW MEXICO
 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, 2017

	Special Revenue			
	Food Services 21000	Athletics 22000	Non- Instructional Education Support 23000	Title I IASA 24101
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue:				
Federal flowthrough	3,887,271	-	-	1,489,575
Federal direct	-	-	-	-
Local grants	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Combined state/local	-	-	-	-
Charges for services	2,666,801	174,225	1,645,062	-
Investment income	-	-	-	-
Miscellaneous	-	5,000	-	-
Total revenues	6,554,072	179,225	1,645,062	1,489,575
<i>Expenditures</i>				
Current:				
Instruction	-	198,643	1,832,788	1,433,884
Support services	-	-	-	55,691
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	6,441,576	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	6,441,576	198,643	1,832,788	1,489,575
<i>Excess (deficiency) of revenues over expenditures</i>	112,496	(19,418)	(187,726)	-
<i>Other financing sources (uses)</i>				
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	112,496	(19,418)	(187,726)	-
<i>Fund balances - beginning</i>	(75,770)	57,088	520,627	-
Fund balances - ending	\$ 36,726	\$ 37,670	\$ 332,901	\$ -

See independent auditors' report.

Special Revenue

Entitlement IDEA-B 24106	Preschool IDEA-B 24109	Education of Homeless 24113	Private Schools Share IDEA-B 24115	"Risk Pool" IDEA-B 24120	Leadership - Voc. Ed. 24139
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3,067,635	29,712	36,827	10,105	1	64,724
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>3,067,635</u>	<u>29,712</u>	<u>36,827</u>	<u>10,105</u>	<u>1</u>	<u>64,724</u>
2,955,339	28,741	-	-	-	62,955
112,296	971	32,827	10,105	1	1,769
-	-	-	-	-	-
-	-	-	-	-	-
-	-	4,000	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>3,067,635</u>	<u>29,712</u>	<u>36,827</u>	<u>10,105</u>	<u>1</u>	<u>64,724</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See independent auditors' report.

STATE OF NEW MEXICO
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, 2017

	Special Revenue			
	Title III-A 24153	Teacher/ Principal Training & Recruiting 24154	Carl Perkins Special Projects 24171	Carl Perkins Special Projects - Redistribution 24173
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue:				
Federal flowthrough	72,118	595,114	46,491	1,380
Federal direct	-	-	-	-
Local grants	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Combined state/local	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	72,118	595,114	46,491	1,380
<i>Expenditures</i>				
Current:				
Instruction	69,453	573,799	44,892	-
Support services	1,393	21,315	1,599	1,380
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	70,846	595,114	46,491	1,380
<i>Excess (deficiency) of revenues over expenditures</i>	1,272	-	-	-
<i>Other financing sources (uses)</i>				
Transfers in	-	-	-	-
Transfers (out)	(1,272)	-	-	-
Total other financing sources (uses)	(1,272)	-	-	-
<i>Net change in fund balances</i>	-	-	-	-
<i>Fund balances - beginning</i>	-	-	-	-
Fund balances - ending	\$ -	\$ -	\$ -	\$ -

See independent auditors' report.

Special Revenue

Carl Perkins Secondary 24174	Carl Perkins Secondary - Redistribution 24176	Early Intervention Services IDEA-B - Federal Stimulus 24212	Substance Abuse Prevention DOH 25138	Title XIX Medicaid 3/21 Years 25153	Indian Education Formula Grant 25184
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
90,836	684	-	-	-	-
-	-	-	-	2,117,236	131,399
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>90,836</u>	<u>684</u>	<u>-</u>	<u>-</u>	<u>2,117,236</u>	<u>131,399</u>
55,530	674	-	-	39,553	93,405
1,316	10	-	-	1,577,905	37,994
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	26,969	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>33,990</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>90,836</u>	<u>684</u>	<u>-</u>	<u>-</u>	<u>1,644,427</u>	<u>131,399</u>
-	-	-	-	472,809	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	472,809	-
-	-	-	7,121	1,016,128	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,121</u>	<u>\$ 1,488,937</u>	<u>\$ -</u>

See independent auditors' report.

STATE OF NEW MEXICO
 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, 2017

	Special Revenue			
	Elementary School Counseling 25215	FTE Earmark Grant 25225	AmeriCorps 25232	Education Jobs Fund 25255
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue:				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local grants	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Combined state/local	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	-	-	-	-
<i>Expenditures</i>				
Current:				
Instruction	-	-	-	-
Support services	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	-	-	-	-
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	-	-
<i>Other financing sources (uses)</i>				
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Net change in fund balances</i>	-	-	-	-
<i>Fund balances - beginning</i>	91	-	-	-
<i>Fund balances - ending</i>	\$ 91	\$ -	\$ -	\$ -

See independent auditors' report.

Special Revenue

LANL Foundation 26113	Intel Foundation 26116	Golden Apple Foundation 26163	Rio Rancho Education Foundation 26171	A+ for Education 26179	CNM Foundation 26207
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	40,000	-	2,927	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>40,000</u>	<u>-</u>	<u>2,927</u>	<u>-</u>	<u>-</u>
10,000	39,769	169	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>10,000</u>	<u>39,769</u>	<u>169</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(10,000)</u>	<u>231</u>	<u>(169)</u>	<u>2,927</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(10,000)	231	(169)	2,927	-	-
<u>11,577</u>	<u>15,356</u>	<u>180</u>	<u>1,612</u>	<u>39</u>	<u>374</u>
<u>\$ 1,577</u>	<u>\$ 15,587</u>	<u>\$ 11</u>	<u>\$ 4,539</u>	<u>\$ 39</u>	<u>\$ 374</u>

See independent auditors' report.

STATE OF NEW MEXICO
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, 2017

	Special Revenue			
	DOE i3 Reading Recovery 26212	Dual Credit Instructional Materials HB2 27103	2012 GO Bond Student Library 27107	New Mexico Reads to Lead K- 3 Reading Initiative 27114
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue:				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local grants	-	-	-	-
State flowthrough	-	20,806	43,583	153,497
State direct	-	-	-	-
Combined state/local	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	-	20,806	43,583	153,497
<i>Expenditures</i>				
Current:				
Instruction	2,493	20,806	-	149,598
Support services	-	-	43,583	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	2,493	20,806	43,583	149,598
<i>Excess (deficiency) of revenues over expenditures</i>	(2,493)	-	-	3,899
<i>Other financing sources (uses)</i>				
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Net change in fund balances</i>	(2,493)	-	-	3,899
<i>Fund balances - beginning</i>	2,493	(335)	-	-
<i>Fund balances - ending</i>	\$ -	\$ (335)	\$ -	\$ 3,899

See independent auditors' report.

STATE OF NEW MEXICO
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, 2017

	Special Revenue			
	Kindergarten- Three Plus 27166	Libraries - G.O. Bonds 27170	2013 School Bus 27178	NM Grown FFV 27183
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue:				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local grants	-	-	-	-
State flowthrough	126,262	-	175,662	6,909
State direct	-	-	-	-
Combined state/local	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	126,262	-	175,662	6,909
<i>Expenditures</i>				
Current:				
Instruction	98,213	-	-	-
Support services	11,333	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	16,716	-	-	-
Food services operations	-	-	-	6,909
Community services operations	-	-	-	-
Capital outlay	-	-	175,662	-
<i>Total expenditures</i>	126,262	-	175,662	6,909
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	-	-
<i>Other financing sources (uses)</i>				
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Net change in fund balances</i>	-	-	-	-
<i>Fund balances - beginning</i>	-	-	2	-
<i>Fund balances - ending</i>	\$ -	\$ -	\$ 2	\$ -

See independent auditors' report.

Special Revenue

Library Books 27549	Graduation Reality & Dual Skills PED 28102	NM Highway Department 28120	ASSIST Tobacco DOH 28122	Coordinated Approach to Child Health 28140	Sun Safety 28146
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	86,000	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	86,000	-	-	-
-	-	86,000	-	-	-
-	-	-	1,287	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	86,000	-	-	-
-	-	86,000	1,287	-	-
-	-	-	(1,287)	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	(1,287)	-	-
-	-	-	1,288	-	-
\$ -	\$ -	\$ -	\$ 1	\$ -	\$ -

See independent auditors' report.

STATE OF NEW MEXICO
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, 2017

	Special Revenue			
	Healthier Schools DOH 28155	Alternative Fuel Infrastructure 28166	GRADS - Instruction 28190	Grad Plus 28203
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue:				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local grants	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	9,000	15,000
Combined state/local	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	-	-	9,000	15,000
<i>Expenditures</i>				
Current:				
Instruction	-	-	9,000	16,311
Support services	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	-	-	9,000	16,311
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	-	(1,311)
<i>Other financing sources (uses)</i>				
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Net change in fund balances</i>	-	-	-	(1,311)
<i>Fund balances - beginning</i>	-	-	-	3,446
<i>Fund balances - ending</i>	\$ -	\$ -	\$ -	\$ 2,135

See independent auditors' report.

<u>Special Revenue</u>		<u>Capital Projects</u>		
<u>Private Direct Grants 29102</u>	<u>City/County Grants 29107</u>	<u>Public School Capital Outlay 31200</u>	<u>Special Capital Outlay 31300</u>	<u>Special Capital Outlay State 31400</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	468,141
196,286	91,696	-	-	-
-	-	-	-	-
-	-	-	22	167
-	-	-	-	-
<u>196,286</u>	<u>91,696</u>	<u>-</u>	<u>22</u>	<u>468,308</u>
54,061	142,430	-	-	-
73,089	-	-	-	-
264	-	-	-	-
143	-	-	-	-
-	6,296	-	-	-
-	-	-	-	-
12,311	-	-	-	-
-	-	-	-	468,180
<u>139,868</u>	<u>148,726</u>	<u>-</u>	<u>-</u>	<u>468,180</u>
<u>56,418</u>	<u>(57,030)</u>	<u>-</u>	<u>22</u>	<u>128</u>
-	-	-	-	184,980
-	-	-	-	-
-	-	-	-	184,980
56,418	(57,030)	-	22	185,108
<u>150,272</u>	<u>77,552</u>	<u>-</u>	<u>39,696</u>	<u>(185,108)</u>
<u>\$ 206,690</u>	<u>\$ 20,522</u>	<u>\$ -</u>	<u>\$ 39,718</u>	<u>\$ -</u>

See independent auditors' report.

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STATE OF NEW MEXICO
 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, 2017

Capital Projects

	Capital Improvements SB-9 31700	Total Nonmajor Governmental Funds
<i>Revenues</i>		
Property taxes	\$ 4,228,381	\$ 4,228,381
Intergovernmental revenue:		
Federal flowthrough	-	9,392,473
Federal direct	-	2,248,635
Local grants	-	42,927
State flowthrough	30,595	2,013,457
State direct	-	578,141
Combined state/local	-	287,982
Charges for services	-	4,486,088
Investment income	1,874	2,063
Miscellaneous	-	5,000
<i>Total revenues</i>	4,260,850	23,285,147
<i>Expenditures</i>		
Current:		
Instruction	-	9,312,813
Support services	42,407	2,027,917
Central services	-	264
Operation and maintenance of plant	3,387,928	3,388,071
Student transportation	-	122,221
Food services operations	-	6,448,485
Community services operations	-	12,311
Capital outlay	2,201,455	2,973,237
<i>Total expenditures</i>	5,631,790	24,285,319
<i>Excess (deficiency) of revenues over expenditures</i>	(1,370,940)	(1,000,172)
<i>Other financing sources (uses)</i>		
Transfers in	-	184,980
Transfers (out)	-	(1,272)
<i>Total other financing sources (uses)</i>	-	183,708
<i>Net change in fund balances</i>	(1,370,940)	(816,464)
<i>Fund balances - beginning</i>	3,072,729	4,716,458
<i>Fund balances - ending</i>	\$ 1,701,789	\$ 3,899,994

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GENERAL FUND

STATE OF NEW MEXICO
Rio Rancho Public School District No. 94
Combining Balance Sheet
General Fund
June 30, 2017

Statement B-1

	<u>Operational Fund</u>	<u>Transportation Fund</u>	<u>Instructional Materials Fund</u>	<u>Total</u>
Assets				
<i>Current assets</i>				
Cash and cash equivalents	\$ 1,438,209	\$ 320,543	\$ 268,313	\$ 2,027,065
Investments	14,193,256	-	-	14,193,256
Receivables:				
Property taxes receivable	46,868	-	-	46,868
Due from other governments	26,751	-	126	26,877
Other receivables	179,633	-	-	179,633
Inventory	208,307	-	-	208,307
Due from other funds	1,740,841	-	-	1,740,841
<i>Total assets</i>	<u>\$ 17,833,865</u>	<u>\$ 320,543</u>	<u>\$ 268,439</u>	<u>\$ 18,422,847</u>
Liabilities, deferred inflows of resources, and fund balances				
<i>Liabilities</i>				
Accounts payable	\$ 519,952	\$ 16,329	\$ -	\$ 536,281
Accrued payroll	13,102,824	320,543	-	13,423,367
Due to other funds	177,506	-	-	177,506
<i>Total liabilities</i>	<u>13,800,282</u>	<u>336,872</u>	<u>-</u>	<u>14,137,154</u>
<i>Deferred inflows of resources</i>				
Unavailable revenue - property taxes	37,265	-	-	37,265
<i>Total deferred inflows of resources</i>	<u>37,265</u>	<u>-</u>	<u>-</u>	<u>37,265</u>
<i>Fund balances</i>				
Nonspendable				
Inventory	208,307	-	-	208,307
Spendable				
Restricted for:				
Instructional materials	-	-	268,439	268,439
Committed for:				
Emergency reserves	3,399,628	-	-	3,399,628
Subsequent year's expenditures	388,383	-	-	388,383
Unassigned	-	(16,329)	-	(16,329)
<i>Total fund balances</i>	<u>3,996,318</u>	<u>(16,329)</u>	<u>268,439</u>	<u>4,248,428</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 17,833,865</u>	<u>\$ 320,543</u>	<u>\$ 268,439</u>	<u>\$ 18,422,847</u>

See independent auditors' report.

STATE OF NEW MEXICO
 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, 2017

Statement B-2

	Operational Fund	Transportation Fund	Instructional Materials Fund	Total
<i>Revenues</i>				
Property taxes	\$ 662,197	\$ -	\$ -	\$ 662,197
Intergovernmental revenue:				
Federal flowthrough	254,684	-	-	254,684
State flowthrough	117,414,352	-	1,054,157	118,468,509
Transportation distribution	-	2,559,015	-	2,559,015
Charges for services	736,243	-	-	736,243
Investment income	69,883	-	-	69,883
Miscellaneous	3,881	-	-	3,881
<i>Total revenues</i>	<u>119,141,240</u>	<u>2,559,015</u>	<u>1,054,157</u>	<u>122,754,412</u>
<i>Expenditures</i>				
Current:				
Instruction	73,464,096	-	1,451,184	74,915,280
Support services	26,322,692	-	-	26,322,692
Central services	4,432,267	-	-	4,432,267
Operation and maintenance of plant	14,023,605	-	-	14,023,605
Student transportation	1,717,402	2,556,641	-	4,274,043
Community services operations	14,453	-	-	14,453
Capital outlay	6,880	-	-	6,880
<i>Total expenditures</i>	<u>119,981,395</u>	<u>2,556,641</u>	<u>1,451,184</u>	<u>123,989,220</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(840,155)</u>	<u>2,374</u>	<u>(397,027)</u>	<u>(1,234,808)</u>
<i>Other financing sources (uses)</i>				
Transfers in	1,272	-	-	1,272
<i>Total other financing sources (uses)</i>	<u>1,272</u>	<u>-</u>	<u>-</u>	<u>1,272</u>
<i>Net change in fund balances</i>	(838,883)	2,374	(397,027)	(1,233,536)
<i>Fund balances - beginning</i>	<u>4,835,201</u>	<u>(18,703)</u>	<u>665,466</u>	<u>5,481,964</u>
<i>Fund balances - as restated</i>	<u>4,835,201</u>	<u>(18,703)</u>	<u>665,466</u>	<u>5,481,964</u>
<i>Fund balances - ending</i>	<u>\$ 3,996,318</u>	<u>\$ (16,329)</u>	<u>\$ 268,439</u>	<u>\$ 4,248,428</u>

See independent auditors' report.

STATE OF NEW MEXICO
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, 2017

Statement B-3

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes				
Intergovernmental revenue:	\$ 625,117	\$ 625,117	\$ 664,069	\$ 38,952
Federal flowthrough	130,000	130,000	254,684	124,684
Federal direct	-	-	-	-
Local grants	-	-	-	-
State flowthrough	121,168,369	117,361,157	117,646,163	285,006
State direct	-	-	-	-
Combined state/local	-	-	-	-
Transportation distribution	-	-	-	-
Charges for services	286,750	286,750	736,343	449,593
Investment income	82,000	82,000	69,883	(12,117)
Miscellaneous	-	-	3,881	3,881
<i>Total revenues</i>	<u>122,292,236</u>	<u>118,485,024</u>	<u>119,375,023</u>	<u>889,999</u>
<i>Expenditures</i>				
Current:				
Instruction	79,134,871	75,978,404	73,330,441	2,647,963
Support services	27,853,113	27,084,873	26,458,364	626,509
Central services	4,843,572	4,831,764	4,447,062	384,702
Operation and maintenance of plant	15,092,790	15,093,231	14,222,733	870,498
Student transportation	533,249	541,749	1,717,402	(1,175,653)
Community services operations	23,758	23,758	14,453	9,305
Capital outlay	25,320	25,320	6,880	18,440
<i>Total expenditures</i>	<u>127,506,673</u>	<u>123,579,099</u>	<u>120,197,335</u>	<u>3,381,764</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(5,214,437)</u>	<u>(5,094,075)</u>	<u>(822,312)</u>	<u>4,271,763</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	5,214,437	5,094,075	-	(5,094,075)
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>5,214,437</u>	<u>5,094,075</u>	<u>-</u>	<u>(5,094,075)</u>
<i>Net change in fund balances</i>	-	-	(822,312)	(822,312)
<i>Fund balances - beginning of year</i>	-	-	5,094,035	5,094,035
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,271,723</u>	<u>\$ 4,271,723</u>
<i>Net change in fund balances (Budget Basis)</i>				\$ (822,312)
Adjustments to revenues for changes in state revenues and property taxes				(232,511)
Adjustments to expenditures for materials, other charges, and accrued payroll				215,940
<i>Net change in fund balances (GAAP Basis)</i>				<u>\$ (838,883)</u>

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STATE OF NEW MEXICO
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, 2017

Statement B-4

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue:				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local grants	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Combined state/local	-	-	-	-
Transportation distribution	2,954,694	2,559,015	2,559,015	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	2,954,694	2,559,015	2,559,015	-
<i>Expenditures</i>				
Current:				
Instruction	-	-	-	-
Support services	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	2,954,694	2,559,015	2,559,523	(508)
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	2,954,694	2,559,015	2,559,523	(508)
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	(508)	(508)
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Total other financing sources (uses)	-	-	-	-
<i>Net change in fund balances</i>	-	-	(508)	(508)
<i>Fund balances - beginning of year</i>	-	-	508	508
<i>Fund balances - end of year</i>	\$ -	\$ -	\$ -	\$ -
<i>Net change in fund balances (Budget Basis)</i>				\$ (508)
No adjustments to revenues				-
Adjustments to expenditures for transportation expenditures and accrued payroll				2,882
Net change in fund balances (GAAP Basis)				\$ 2,374

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STATE OF NEW MEXICO
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, 2017

Statement B-5

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue:				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local grants	-	-	-	-
State flowthrough	922,624	786,055	1,054,368	268,313
State direct	-	-	-	-
Combined state/local	-	-	-	-
Transportation distribution	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	922,624	786,055	1,054,368	268,313
<i>Expenditures</i>				
Current:				
Instruction	1,088,868	1,471,287	1,471,287	-
Support services	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	1,088,868	1,471,287	1,471,287	-
Excess (deficiency) of revenues over expenditures	(166,244)	(685,232)	(416,919)	268,313
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	166,244	685,232	-	(685,232)
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Total other financing sources (uses)	166,244	685,232	-	(685,232)
Net change in fund balances	-	-	(416,919)	(416,919)
Fund balances - beginning of year	-	-	685,232	685,232
Fund balances - end of year	\$ -	\$ -	\$ 268,313	\$ 268,313
Net change in fund balances (Budget Basis)				\$ (416,919)
Adjustments to revenues for state grants receivable				(211)
Adjustments to expenditures for instructional materials expenditures				20,103
Net change in fund balances (GAAP Basis)				\$ (397,027)

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SUPPORTING SCHEDULES

STATE OF NEW MEXICO
Rio Rancho Public School District No. 94
Schedule of Changes in Fiduciary Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2017

	<u>Balance</u> <u>June 30, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2017</u>
Colinas Del Norte Elementary	\$ 17,932	\$ 37,998	\$ 41,316	\$ 14,613
Enchanted Hills Elementary	21,687	45,508	37,802	29,393
Ernest Stapleton Elementary	36,754	109,390	93,186	52,959
Martin Luther King, Jr. Elementary	9,866	70,420	62,826	17,460
Maggie Cordova Elementary	29,297	72,569	80,622	21,244
Puesta Del Sol Elementary	24,216	25,707	19,216	30,707
Rio Rancho Elementary	17,982	51,000	51,712	17,270
Vista Grande Elementary	12,988	51,621	56,781	7,828
Sandia Vista Elementary	22,011	93,475	83,744	31,742
Cielo Azul Elementary	34,360	86,425	70,379	50,406
Eagle Ridge Middle School	27,742	80,097	83,347	24,492
Lincoln Middle School	42,403	104,995	94,460	52,939
Mountain View Middle School	21,799	94,587	89,480	26,906
Rio Rancho Middle School	48,325	119,150	113,731	53,744
Cleveland High School	352,063	1,122,812	1,017,364	457,511
Cyber Academy	2,942	7,799	7,026	3,714
Independence High School	13,492	11,319	3,545	21,266
Rio Rancho High School	169,471	800,546	807,627	162,390
Shining Stars Preschool	17,458	51,731	52,230	16,959
Fine Arts	21,961	29,872	31,658	20,175
Sheakley Account	(8,686)	-	442	(9,128)
Sub-Total	<u>\$ 936,063</u>	<u>\$ 3,067,020</u>	<u>\$ 2,898,493</u>	<u>\$ 1,104,589</u>

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	Balance June 30, 2016	Additions	Deletions	Balance June 30, 2017
Sub-Total	\$ 936,063	\$ 3,067,020	\$ 2,898,493	\$ 1,104,589
NAPAC Account	5,779	5,591	7,365	4,004
Rio Rancho CTECC Account	<u>63,764</u>	<u>97,050</u>	<u>56,344</u>	<u>104,470</u>
<i>Total</i>	<u><u>\$ 1,005,606</u></u>	<u><u>\$ 3,169,660</u></u>	<u><u>\$ 2,962,203</u></u>	<u><u>\$ 1,213,063</u></u>

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STATE OF NEW MEXICO
Rio Rancho Public School District No. 94
Schedule of Collateral Pledged by Depository for Public Funds
June 30, 2017

Schedule IV

<u>Name of Depository</u>	<u>Description of Pledged Collateral</u>	<u>Maturity</u>	<u>CUSIP Number</u>	<u>Fair Market Value June 30, 2017</u>
Bank of Albuquerque				
	FN AB9823	7/1/2028	31417G4H6	\$ 4,542,208
	FN MA0577	11/1/2020	31417YUB1	33,772
	FHMS K023 A2	8/5/2022	3137AWQH1	100,263
	FHMS K023 A2	8/5/2022	3137AWQH1	1,604,210
	FHMS K023 A2	8/5/2022	3137AWQH1	200,526
	FHMS K023 A2	8/5/2022	3137AWQH1	501,316
	FN AM1446	12/1/2017	3138L1TC3	1,794,061
	FNR 2010-126 PC	11/25/2025	31398SAF0	97,549
	FNR 2010-126 PC	11/25/2025	31398SAF0	78,039
	Total Bank of Albuquerque			<u>8,951,944</u>

Name and location of safekeeper for above pledged collateral:
Federal Home Loan Bank of Oklahoma, Oklahoma City, OK

NM Bank and Trust				
	Kendall Kane & Will Cntys Ill Go Ref Sch Bds	2/1/2034	488764XE6	1,112,550
	Lakewood Wash. Water District WTR Rev Bonds	12/1/2028	512714DP8	1,062,105
	Neosho Cnty Kans Uni Sch Dist Go Ref Bds	9/1/2029	640575GM2	105,572
	North Texas Water Dist Upper E Rev Bds	6/1/2029	662842JK0	2,106,180
	Peoria Ill Pub Bldg Commn Sch Rev Bonds	12/1/2025	71323MDN1	1,271,572
	Will Ctny Ill Cmnty High Sch D Cabs	1/1/2024	969073LM5	1,818,783
	Total NM Bank and Trust			<u>7,476,762</u>

Name and location of safekeeper for above pledged collateral:
Suntrust Bank Safekeeping Department, Atlanta, GA, 30302

US Bank				
	Letter of Credit	8/1/2017	LOC No: 522570	42,000,000
	Letter of Credit	8/1/2017	LOC No: 522622	5,000,000
	Letter of Credit	8/1/2017	LOC No: 522674	5,000,000
	Total US Bank			<u>52,000,000</u>

Name and location of safekeeper for above pledged collateral:
Federal Home Loan Bank of Cincinnati, 221 East Fourth Street, Cincinnati, OH 45202

Total Pledged Collateral \$ 68,428,706

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STATE OF NEW MEXICO
Rio Rancho Public School District No. 94
Schedule of Deposit and Investment Accounts
June 30, 2017

Bank Name/Account Name	Account Type	Bank Balance	Deposits in Transit	Outstanding Checks	Book Balance
Bank of Albuquerque					
Rio Rancho High School Account	Checking	\$ 162,390	\$ -	\$ -	\$ 162,390
Enchanted Hills Elementary Account	Checking	29,393	-	-	29,393
Capital Account	Checking	8,043,914	-	-	8,043,914
Total Bank of Albuquerque		<u>8,235,697</u>	<u>-</u>	<u>-</u>	<u>8,235,697</u>
Bank of America					
Martin Luther King Jr Account	Checking	17,460	-	-	17,460
Rio Rancho Elementary Account	Checking	17,270	-	-	17,270
Eagle Ridge Middle School Account	Checking	24,492	-	-	24,492
Lincoln Middle School	Checking	52,939	-	-	52,939
Independence High School Account	Checking	21,266	-	-	21,266
Stapleton Elementary	Checking	52,959	-	-	52,959
Total Bank of America		<u>186,386</u>	<u>-</u>	<u>-</u>	<u>186,386</u>
New Mexico Bank & Trust					
Certificate of Deposit - Investment	CD	60,311	-	-	60,311
Capital CDARS	CDARS	10,000,000	-	-	10,000,000
Operational CDARS	CDARS	8,132,928	-	-	8,132,928
Total New Mexico Bank & Trust		<u>18,193,239</u>	<u>-</u>	<u>-</u>	<u>18,193,239</u>
Nusenda Credit Union					
Cielo Azul Elementary	Checking	50,406	-	-	50,406
Sandia Vista Elementary	Checking	31,742	-	-	31,742
Total Nusenda Credit Union		<u>82,148</u>	<u>-</u>	<u>-</u>	<u>82,148</u>
State Treasurer's Office					
Local Government Investment Pool	Investment	12,433	-	-	12,433
Total State Treasurer's Office		<u>12,433</u>	<u>-</u>	<u>-</u>	<u>12,433</u>
Raymond James & Associates					
Investment	Investment	2,625,616	21,346	-	2,646,962
Total Raymond James & Associates		<u>2,625,616</u>	<u>21,346</u>	<u>-</u>	<u>2,646,962</u>

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Bank Name/Account Name	Account Type	Bank Balance	Deposits in Transit	Outstanding Checks	Book Balance
US Bank					
General Account MMS	Savings	\$ 830	\$ -	\$ -	\$ 830
General Account	Checking	281,012	26	281,038	-
Capital Account	Checking	4,340,963	-	-	4,340,963
Capital Account MMS	Savings	20,881,403	-	-	20,881,403
Capital CDARS	CDARS	20,000,000	-	-	20,000,000
Payroll Account	Checking	3,469,033	-	3,171,880	297,153
Nutritional Account	Checking	882,761	668	-	883,429
Nutritional Account MMS	Savings	19	-	-	19
Federal Account	Checking	359,216	159,739	-	518,955
Operational Account	Checking	551,556	3,035,916	-	3,587,472
Operational Account MMS	Savings	565,793	-	-	565,793
Insured Cash Sweep	CDARS	6,000,016	-	-	6,000,016
Sheakley Account	Checking	14,928	-	24,056	(9,128)
Rio Rancho Cyber Academy Account	Checking	3,714	-	-	3,714
Cleveland High School Account	Checking	457,511	-	-	457,511
Fine Arts Account	Checking	20,175	-	-	20,175
Maggie Cordova Elementary Account	Checking	21,244	-	-	21,244
Puesta Del Sol Elementary Account	Checking	30,707	-	-	30,707
Rio Rancho Middle School Account	Checking	53,744	-	-	53,744
NAPAC Activities Account	Checking	4,004	-	-	4,004
CTECC Activities Account	Checking	104,470	-	-	104,470
Shining Stars Preschool	Checking	16,959	-	-	16,959
Vista Grande Elementary	Checking	7,828	-	-	7,828
Total US Bank		<u>58,067,886</u>	<u>3,196,349</u>	<u>3,476,974</u>	<u>57,787,261</u>
Wells Fargo Bank					
General Account	Checking	57,283	-	-	57,283
Colinas Del Norte Account	Checking	14,613	-	-	14,613
Mountain View Middle School Account	Checking	26,906	-	-	26,906
Total Wells Fargo Bank		<u>98,802</u>	<u>-</u>	<u>-</u>	<u>98,802</u>
<i>Total deposits and investments</i>		<u>\$ 87,502,207</u>	<u>\$ 3,217,695</u>	<u>\$ 3,476,974</u>	<u>\$ 87,242,928</u>
Deposits and investments per financial statements:					
Cash and cash equivalents - Exhibit A-1					\$ 22,886,949
Restricted cash and cash equivalents - Exhibit A-1					16,302,699
Investments - Exhibit A-1					46,840,217
Statement of Fiduciary Assets and Liabilities Agency Funds - Exhibit D-1					<u>1,213,063</u>
<i>Total deposits and investments</i>					<u>\$ 87,242,928</u>

See independent auditors' report.

STATE OF NEW MEXICO
 Rio Rancho Public School District No. 94
 Cash Reconciliation
 June 30, 2017

	Operational Fund 11000	Transporation Fund 13000	Instructional Materials Fund 14000	Food Services Fund 21000
PED Cash, June 30, 2016	\$ 5,094,036	\$ 507	\$ 685,232	\$ 344,808
Add:				
2016-17 receipts	<u>119,375,023</u>	<u>2,559,015</u>	<u>1,054,368</u>	<u>6,245,347</u>
Total cash available	124,469,059	2,559,522	1,739,600	6,590,155
Less:				
2016-17 expenditures	(120,190,174)	(2,559,522)	(1,471,287)	(5,709,797)
Transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash, June 30, 2017	<u>\$ 4,278,885</u>	<u>\$ -</u>	<u>\$ 268,313</u>	<u>\$ 880,358</u>
Add / Less:				
Repayment of loans	-	-	-	-
Repayment of prior year loans	(7,162)	-	-	-
Loans from other funds	-	-	-	-
Loans to other funds	(1,739,569)	-	-	-
Held checks	<u>13,099,311</u>	<u>320,543</u>	<u>-</u>	<u>3,090</u>
<i>Cash and investments per financial statements</i>	<u>\$ 15,631,465</u>	<u>\$ 320,543</u>	<u>\$ 268,313</u>	<u>\$ 883,448</u>

See independent auditors' report.

Athletics Fund 22000	Non- Instructional Support 23000	Federal Flowthrough Fund 24000	Federal Direct Fund 25000	Local Grants Fund 26000	State Flowthrough Fund 27000
\$ 57,088	\$ 518,403	\$ (2,579,672)	\$ 862,001	\$ 31,631	\$ (592,300)
<u>179,226</u>	<u>1,647,017</u>	<u>6,444,864</u>	<u>2,271,716</u>	<u>42,928</u>	<u>2,335,519</u>
236,314	2,165,420	3,865,192	3,133,717	74,559	1,743,219
(198,644)	(1,825,500)	(5,498,315)	(1,781,850)	(52,432)	(2,161,161)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 37,670</u>	<u>\$ 339,920</u>	<u>\$ (1,633,123)</u>	<u>\$ 1,351,867</u>	<u>\$ 22,127</u>	<u>\$ (417,942)</u>
-	-	-	7,162	-	-
-	-	-	-	-	-
-	-	911,135	17,485	-	154,621
-	-	-	-	-	-
-	69,660	721,988	176,971	-	265,779
<u>\$ 37,670</u>	<u>\$ 409,580</u>	<u>\$ -</u>	<u>\$ 1,553,485</u>	<u>\$ 22,127</u>	<u>\$ 2,458</u>

See independent auditors' report.

STATE OF NEW MEXICO
Rio Rancho Public School District No. 94
Cash Reconciliation
June 30, 2017

	State Direct Fund 28000	Local/State 29000	Bond Building Fund 31100	Capital Outlay Fund 31200
PED Cash, June 30, 2016	\$ 4,621	\$ 224,824	\$ 43,363,664	\$ -
Add:				
2016-17 receipts	110,000	290,982	15,188,290	-
Total cash available	114,621	515,806	58,551,954	-
Less:				
2016-17 expenditures	(26,604)	(284,062)	(13,059,826)	-
Transfers	-	-	-	-
Cash, June 30, 2017	<u>\$ 88,017</u>	<u>\$ 231,744</u>	<u>\$ 45,492,128</u>	<u>\$ -</u>
Add / Less:				
Repayment of loans	-	-	-	-
Repayment of prior year loans	-	-	-	-
Loans from other funds	3,207	-	-	-
Loans to other funds	-	-	-	-
Held checks	-	11,445	-	-
<i>Cash and investments per financial statements</i>	<u>\$ 91,224</u>	<u>\$ 243,189</u>	<u>\$ 45,492,128</u>	<u>\$ -</u>

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
\$ 39,696	\$ 1,112,799	\$ 2,373,244	\$ 19,307,745	\$ 70,848,327
<u>22</u>	<u>167</u>	<u>5,043,543</u>	<u>18,507,991</u>	<u>181,296,018</u>
39,718	1,112,966	7,416,787	37,815,736	252,144,345
-	(1,581,107)	(5,652,280)	(18,730,706)	(180,783,267)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 39,718</u>	<u>\$ (468,141)</u>	<u>\$ 1,764,507</u>	<u>\$ 19,085,030</u>	<u>\$ 71,361,078</u>
-	-	-	-	7,162
-	-	-	-	(7,162)
-	653,121	-	-	1,739,569
-	-	-	-	(1,739,569)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,668,787</u>
<u>\$ 39,718</u>	<u>\$ 184,980</u>	<u>\$ 1,764,507</u>	<u>\$ 19,085,030</u>	<u>\$ 86,029,865</u>

See independent auditors' report.

STATE OF NEW MEXICO
Rio Rancho Public School District No. 94
Schedule of Legislative Grants
June 30, 2017

<u>Project</u>	<u>Agency</u>	<u>Grant #</u>	<u>Effective Date</u>	<u>Reversion Date</u>
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

Grand Totals

See independent auditors' report.

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

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

Timothy Keller
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 the Rio Rancho Public School District No. 94 (the "District"), as of and for the year ended June 30, 2017, 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, 2017.

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.

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*.

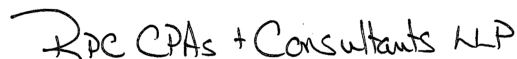
We noted certain matters that are required to be reported per section 12-6-5 NMSA 1978 that we have described in the accompanying schedule of Section 12-6-5 NMSA 1978 Findings as items FS 2011-003, FS 2015-002, FS 2015-005, NM 2016-001, NM 2017-001, and NM 2017-002.

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



RPC CPAs + Consultants, LLP
Albuquerque, NM
November 13, 2017

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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

Timothy Keller
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 Each 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 each of the District's major federal programs for the year ended June 30, 2017. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

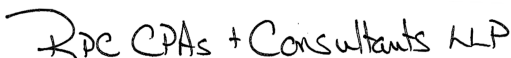
Report on Internal Control Over Compliance

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

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

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

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



RPC CPAs + Consultants, LLP
Albuquerque, NM
November 13, 2017

STATE OF NEW MEXICO
Rio Rancho Public School District No. 94
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2017

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>Pass through Number</u>	<u>Federal C.F.D.A. Number</u>	<u>Expenditures</u>	<u>Funds Provided to Subrecipients</u>	<u>Noncash Assistance</u>
<u>U.S. Department of Education</u>					
Passed through New Mexico Public Education Department					
Title I Grants to Local Education Agencies		24101 84.010	* \$ 1,489,575	\$ -	\$ -
Special Ed-Grants to States (IDEA, Part B)	(1)	24106 84.027	3,067,635	-	-
Special Ed-Preschool Grants (IDEA Preschool)	(1)	24109 84.173	29,712	-	-
Special Education-Grants to States (IDEA, Part B) -Private School Share	(1)	24115 84.027	10,105	-	-
Special Ed-Grants to States (IDEA, Part B)- Risk Pool	(1)	24120 84.027	1	-	-
Education for Homeless Children and Youth		24113 84.1960	36,827	-	-
Career and Tech Ed-Basic Grants to States - Leadership - Voc Ed		24139 84.054	64,724	-	-
English Language Acquisition State Grants		24153 84.365A	70,846	-	-
Supporting Effective Instruction State Grant		24154 84.367A	595,114	-	-
Career and Technical Education-Basic Grants to States - Special Projects		24171 84.0480	46,491	-	-
Career and Tech Ed-Basic Grants to States - Special Projects - Redistribution		24173 84.0480	1,380	-	-
Career and Tech Ed-Basic Grants to States - Secondary - Current Year		24174 84.0480	90,836	-	-
Career and Tech Ed-Basic Grants to States - Secondary Redistribution		24176 84.0480	684	-	-
Direct Assistance					
Indian Education Grants to Local Educational Agencies		25184 84.060A	131,399	-	-
Total US Department of Education			5,635,329	-	-
<u>Department of Agriculture</u>					
Direct programs					
Forest Reserve		11000 10.665	16,779	-	-
Passed through New Mexico Public Education Department					
Child Nutrition Cluster					
School Breakfast/National School Lunch Program	(2)	21000 10.553/ 10.555	* 6,441,576	-	233,459
Total Department of Agriculture			6,458,355	-	233,459
<i>Total Expenditures of Federal Awards</i>			\$ 12,093,684	\$ -	\$ 233,459

* 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, New Mexico (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

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

Total federal awards expended per Schedule of Expenditures of Federal Awards	\$ 12,093,684
Total expenditures funded by other sources	<u>167,277,789</u>
<i>Total expenditures</i>	<u><u>\$ 179,371,473</u></u>

See independent auditors' report.

STATE OF NEW MEXICO
 Rio Rancho Public School District No. 94
 Schedule of Findings and Questioned Costs
 For the Year Ended June 30, 2017

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? | None noted |
| c. Noncompliance material to the financial statements noted? | None noted |

Federal Awards:

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

CFDA Number	Federal Program
10.553 & 10.555 84.010	Child Nutrition Cluster Title I

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

Section II – Financial Statement Findings

None noted.

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

FS 2011-003 Activity Accounts – Internal Controls over Cash Transactions (Repeated/Modified) – (Finding that does not rise to the level of significant deficiency)

Condition: 32 bank reconciliations for the Activity Accounts out of 264 had been prepared in an untimely manner. This was an improvement from the prior year, in which 188 out of 264 reconciliations were untimely.

Criteria: NMAC 6.20.2 states that schools shall establish and maintain a cash management program to safeguard cash and provide prompt and accurate reporting that adheres to cash management requirements and that money received shall be deposited in the bank within 24 hours of receipt. Also, a school district should implement an internal control structure over purchasing to assure compliance with school district policy and state and federal regulations. Also, per Section 6.20.2.14.K. NMAC, “all bank accounts shall be reconciled on a monthly basis. Reconciled bank statements are to be reviewed by the business manager and/or assistant superintendent for business administration”. The District’s policy is that bank reconciliations for the Activity Accounts be submitted to the finance department for review by the 20th day of the following month.

Effect: The District is unable to rely on the bank reconciliations and may not have a clear picture of the current cash position of the District or the Activity Accounts. Untimely reconciliation procedures also increases the risk that inappropriate transactions may occur and not be detected.

Cause: The different school sites have not implemented sufficient internal controls over cash management to submit timely bank reconciliations.

Auditors’ Recommendation: We recommend that the District train school staff on the importance of accurate and timely bank reconciliations and ensure that reconciliations take place on a monthly basis.

Views of Responsible Officials and Planned Corrective Action: All schools have been trained on the activity account control policy. The District will continue to monitor and expect timely bank reconciliations from the school’s activity funds. Management will be kept informed of schools that are not submitting reconciled bank statements timely. School administrators at each school site are responsible for corrective action of timely bank reconciliations and adequate documentation. This is expected to be corrected by the end of June 30, 2018.

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

FS 2015-002 Stale Dated Checks (Repeated/Modified) - (Other noncompliance)

Condition: Activity Fund Bank Reconciliations included 5 checks that had been outstanding for a year or longer and were not properly cancelled. The total amount of the checks was \$1,225.92.

The District has implemented procedures to identify and resolve such items, and continues to work with the District personnel to ensure the procedures are executed. The dollar amount of stale checks is lower in comparison to the 2016 fiscal year. Additionally, the stale dated checks noted above were from the April 2017 reconciliations. The stale dated checks were removed by the June 2017 reconciliation.

Criteria: New Mexico Statutes, Section 7-BA-2 through 7-8A7, NMSA 1978 states property held by a court, government, governmental subdivision, agency or instrumentality, one year after the property becomes distributable is presumed abandoned if it is unclaimed by the apparent owner. Once the property is presumed abandoned the holder shall report the amounts and funds to New Mexico Taxation and Revenue Department as unclaimed property. The report must be filed before November 1 of each year and cover the twelve months next preceding July 1 of that year.

Cause: The District did not adequately monitor outstanding checks to ensure compliance with state statute.

Effect: The District was not in compliance with state statute regarding stale dated checks.

Auditors' Recommendations: We recommend that management continues to educate the individuals responsible for reconciling the Activity Fund Bank Reconciliations about the compliance requirements noted above. In addition, the District should continue monitoring the Activity Funds to ensure that the policies and procedures in place, including those to monitor outstanding checks, are being followed.

Views of Responsible Officials and Planned Corrective Action: The District was following the procedure developed last year to monitor outstanding checks in the agency funds and remove after one year of being outstanding. Somehow these six checks out of all the outstanding checks were missed. The Finance Analyst will continue to monitor the outstanding checks and properly cancel those checks that are over one year outstanding. This will be reviewed and maintained monthly and completely corrected by December 31, 2017.

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

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

Condition: In the Title I grant program, certain expenditures were submitted for reimbursement to PED, but were disallowed and not paid to the District. The total of disallowed costs was \$9,469.53.

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.

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, 2017.

STATE OF NEW MEXICO
 Rio Rancho Public School District No. 94
 Schedule of Findings and Questioned Costs
 For the Year Ended June 30, 2017

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)

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

	<u>Designated Cash</u>	<u>Beginning Year Cash & AR Available</u>	<u>Cash Appropriation in excess of available</u>
LANL Foundation Special Revenue Fund	\$ 11,610	\$ 11,577	\$ (33)

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.

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 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 work together to ensure that appropriations do not exceed available cash balances. This will be corrected and completed by June 30, 2018.

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

NM 2017-001 –Removal of Students from the Regulatory Adjusted Cohort – (Other noncompliance)

Condition: Out of eight students removed from the regulatory adjusted cohort, one did not have adequate supporting documentation retained by the District.

Criteria: Per Section 6311(h)(1) of Title 20 - Education, the District is required to submit information for the State's annual report card grading of schools to include graduation rates for secondary school students for each fiscal year. As part of this submission, supporting documentation must be retained for any students removed from the cohort used to calculate the graduation rate.

Effect: A student could be improperly removed from the 4-year adjusted cohort graduation rate required to be reported, resulting in an incorrect rate calculation.

Cause: Records of students removed from the cohort are maintained at each individual school. The supporting documentation for the student's transfer out of the cohort could not be located as the responsible employee had recently left their position and was replaced.

Auditors' Recommendation: We recommend that the District have policies and procedures in place to ensure that all documentation maintained at schools sites is maintained and filed similarly from school to school. Additionally, the central District office should maintain copies of the required supporting documentation as backup in the event that school records can't be found or are otherwise compromised.

Views of Responsible Officials and Planned Corrective Action: The District will have policies and procedures in place to ensure that all documentation maintained at schools sites is maintained and filed similarly from school to school. Additionally, the District office will maintain copies of the required supporting documentation as backup in the event that school records can't be found or are otherwise compromised. This will be resolved by June 30, 2018.

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

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

Condition: The District does not have procedures in place to review for suspended or debarred vendors for purchase of between \$25,000 and \$60,000 using federal funds.

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 have not been implemented by the District to verify that parties paid under federal programs are 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 Title I 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.

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. This will be resolved by June 30, 2018.

Section IV – Federal Awards Findings

None noted.

Section V – Prior Year Audit Findings

FS 2011-003 Activity Accounts Internal Control over Cash Transactions – Repeated/Modified

FS 2015-001 Exceeded Budget Authority – Resolved

FS 2015-002 Stale Dated Checks – Repeated/Modified

FS 2015-005 Monitoring of Grant Expenses – Repeated/Modified

NM 2016-001 Cash Appropriations in Excess of Available Cash Balances – Repeated/Modified

NM 2016-002 Procurement Code – Pricing Agreements - Resolved

STATE OF NEW MEXICO
Rio Rancho Public School District No. 94
Other Disclosures
For the Year Ended June 30, 2017

Other Disclosures

Exit Conference

An exit conference was held on November 13, 2017. In attendance were the following:

Rio Rancho Public School District No. 94

Dr. V. Sue Cleveland, Superintendent
Michael Baker, Chief Operating Officer
Randy Evans, Executive Director of Finance
Wynne Coleman, Board Member
Arlene Manzanares, Director of Budget and Accounting
Heather Gabaldon, Controller
Kelly Wainwright, Audit Committee Member

RPC CPAs + Consultants, LLP

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

Auditor Prepared Financial Statements

RPC CPAs + Consultants, LLP 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.