

**STATE OF NEW MEXICO
PUBLIC EDUCATION DEPARTMENT**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

VOLUME I

YEAR ENDED JUNE 30, 2018

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PUBLIC EDUCATION DEPARTMENT
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**STATE OF NEW MEXICO
PUBLIC EDUCATION DEPARTMENT
OFFICIAL ROSTER
JUNE 30, 2018**

Administrative Officials

Christopher Ruszkowski	Secretary of Education
Marian Rael	Acting Deputy Secretary, Finance & Operations
Christopher Narkun	Director, Operations
Matthew Montano	Deputy Secretary, Teaching & Learning
Debbie Rael	Deputy Secretary, School Transformation
Ashley Eden	Deputy Chief of Staff
Jane Henzerling	Director, Policy, Innovation & Measurement
Katie Poulos	Director, Options for Parents & Families
Amelia Saiz	Acting Director, Administrative Services Division, CFO, Audit & Accounting Bureau Chief
David Craig	Director, School Budget & Finance Analysis Bureau
Antonio Ortiz	Director, Capital Outlay Bureau
Denise Koscielniak	Director, Comprehensive School Supports Division
Vacant	Assistant Secretary, Indian Education Division
Lida Alikhani	Public Information Officer
Adrian Apodaca	Acting Director, Division of Vocational Rehabilitation
Eileen Marrujo	Deputy Director, Division of Vocational Rehabilitation Administrative Services Unit
Miranda Mascarenas	Chief Financial Officer, Division of Vocational Rehabilitation

Public Education Commission

Richard Caballero	Commissioner	Albuquerque	District 1
David Robbins	Commissioner	Albuquerque	District 2
Carmie Lynn Toulouse	Commissioner	Albuquerque	District 3
Karyl Ann Armbruster	Commissioner	Los Alamos	District 4
James Conyers	Commissioner	Bloomfield	District 5
Gilbert G. Peralta	Vice Chair	Socorro	District 6
Patricia Gipson	Chair	Las Cruces	District 7
Danielle Johnston	Commissioner	Moriarty	District 8
Trish Ruiz	Chairperson	Artesia	District 9
Tim Crone	Commissioner	Eagle Nest	District 10

INDEPENDENT AUDITORS' REPORT

Christopher Ruskowski, Secretary of Education
New Mexico Public Education Department and
Mr. Wayne Johnson, New Mexico State Auditor

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, the aggregate remaining fund information, and the budgetary comparison schedules for the general fund and major special revenue funds of the New Mexico Public Education Department (Department), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements as listed in the table of contents. We have also audited the financial statements of the governmental activities, each major fund, the aggregate remaining fund information and the budgetary comparisons for the general fund and each major special revenue fund of each discretely presented component unit, presented as supplementary information, as defined by the Governmental Accounting Standards Board (GASB) as of and for the year ended June 30, 2018, 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. Except as explained in the bases for disclaimer of opinions paragraph, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

Christopher Ruskowski, Secretary of Education
 New Mexico Public Education Department and
 Mr. Wayne Johnson, New Mexico State Auditor

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

Summary of Opinions

Modified Opinion Section

<u>Opinion Unit</u>	<u>Type of Opinion/Disclaimer</u>
Alma D'Arte Charter School, a Discretely Presented Component Unit <i>(All applicable opinion units)</i>	Disclaimer
Carinos de Los Ninos Charter School, a Discretely Presented Component Unit <i>(All applicable opinion units)</i>	Disclaimer
School of Dreams Academy, a Discretely Presented Component Unit <i>(All applicable opinion units)</i>	Disclaimer
Aggregate Discretely Presented Component Units	Disclaimer
McCurdy Charter School, a Discretely Presented Component Unit – <i>(Aggregate Remaining Fund Information)</i>	Qualification

Unmodified Opinion Section

<u>Opinion Unit</u>	<u>Type of Opinion</u>
New Mexico Department of Public Education <i>(Governmental Activities, Each Major Fund, the Aggregate Remaining Fund Information, and the Budgetary Comparison Schedules of the General Fund and Each Major Special Revenue Fund)</i>	Unmodified
Each Discretely Presented Component Unit <i>(All applicable opinion units except for those opinion units identified in the modified opinion section)</i>	Unmodified

Bases for Disclaimer of Opinions

The following issues were encountered during our engagement to audit the financial statements of each of the discretely presented component units of the Department which detail the bases for disclaimer of opinions on certain opinion units as identified in the “Modified Opinion Section” of the previous table:

Basis for Disclaimer of Opinion on Alma D'Arte Charter School, a Discretely Presented Component Unit

Current management of the School became aware of allegations of fraudulent activity involving the prior business manager and prior administrator that impact the activity and balances reported in the Alma D'Arte Charter School's financial statements. As a result, management was unable to provide sufficient evidential matter in support of the transactions and account balances as presented in the Alma D'Arte Charter School's financial statements, and the related fund financial statements as of and for the year ended June 30, 2018. We were unable to satisfy ourselves by other auditing procedures concerning these reported balances and activity for Alma D'Arte Charter School as a whole and its individual funds.

Basis for Disclaimer of Opinion on Carinos de Los Ninos Charter School, a Discretely Presented Component Unit

Management of Carinos de Los Ninos Charter School was unable to provide sufficient evidential matter in support of certain transactions and account balances as presented in the Carinos de Los Ninos Charter School financial statements, and the related fund financial statements as of and for the year ended June 30, 2018. We were unable to satisfy ourselves by other auditing procedures concerning these reported balances for Carinos de Los Ninos Charter School as a whole and its individual funds. Most notably, the financial statements as of and for the year ended June 30, 2017 were disclaimed. We were unable to determine the extent of transactions recorded in fiscal year 2018 that related to fiscal year 2017 or prior periods, and the school was unable to determine the historical cost of assets disposed as of June 30, 2018. Because of these matters, we were unable to determine whether any adjustments might have been found necessary in respect to the balances reported on the Carinos de Los Ninos Charter School financial statements.

Basis for Disclaimer of Opinion on School of Dreams Academy, a Discretely Presented Component Unit

Management of the School of Dreams Academy, including their foundation (SODA) was unable to properly identify all assets and liabilities that should be reflected in their financial statements as of June 30, 2018. From the period of November 8, 2018 through November 19, 2018, as a result of our audit procedures we became aware of approximately \$1,264,000 in liabilities that were not previously disclosed to us during our audit or reflected in the trial balances of either the School or the Foundation, which would be necessary for the fair presentation of the financial statements of SODA. Of this amount, it appears that approximately \$1,159,000 should have been reflected as liabilities in the June 30, 2017 financial statements. In addition, no consideration has been given to the identified liabilities and whether or not any capital improvements would need to be reflected in the financial statements of SODA. Refer to SODA's findings in the schedule of findings and questioned costs for additional details.

GASB codification requires management to evaluate whether there is a substantial doubt about a government's ability to continue as a going concern for 12 months beyond the financial statement date. In addition to the known liabilities that have been accrued in the financial statements of the Foundation, which total \$1,216,726, the Foundation has a \$2.5M note payable that matured in October 2018, which management is in the process of restructuring the terms with the bank. Given the previously mentioned uncertainties related to the balances and activities reported in the financial statements of SODA, management is unable to determine the actual financial position and condition of the School or the Foundation to be able to conform to GASB codification and evaluate whether there is a substantial doubt about either entity's ability to continue as a going concern for 12 months beyond the date of the financial statements.

As a result of these matters described above, we were unable to determine the extent of additional adjustments and reclassifications, which would be necessary to the financial statements of SODA.

Christopher Ruskowski, Secretary of Education
New Mexico Public Education Department and
Mr. Wayne Johnson, New Mexico State Auditor

Basis for Disclaimer of Opinion on the Aggregate Discretely Presented Component Units

As a result of the previously described matters described above, we were unable to determine the extent of additional adjustments and reclassifications, which would be necessary to the financial statements of the aggregate discretely presented component units.

Disclaimer of Opinions

Because of the significance of the matters described in the “Bases for Disclaimer of Opinions” paragraphs, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for audit opinions. Accordingly, we do not express opinions on the financial statements identified with a disclaimer of opinion in the “Modified Opinion Section” schedule in the “Summary of Opinions” paragraph.

Basis for Qualification of Opinion on the Aggregate Remaining Fund Information of McCurdy Charter School, a Discretely Presented Component Unit

McCurdy Charter School was unable to substantiate or justify the significant revenue decreases within the Athletics Fund (22000), a non-major special revenue fund of the School, and the receipts within the Activity Funds (23000), an agency fund of the School, for the 2018 fiscal year. In addition, we did identify inconsistencies and likely errors in which some deposits within these two funds were inaccurate. As a result, we were unable to obtain audit evidence to determine the actual revenues that should have been recognized in the Athletics Fund or the additions to the Activity Fund.

Qualified Opinion

In our opinion, except for the matters described in the “*Basis for Qualification of Opinion on the Aggregate Remaining Fund Information of McCurdy Charter School, a Discretely Presented Component Unit*” paragraph above, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information and the budgetary comparisons for the general fund and each major special revenue fund of McCurdy Charter School as of June 30, 2018, and the respective changes in financial position thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, the financial statements referred to above, present fairly, in all material respects, the respective financial position of the opinion units identified in the “Unmodified Opinion Section” schedule in the “Summary of Opinions” of the Department as of June 30, 2018, and the respective changes in financial position for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Christopher Ruskowski, Secretary of Education
New Mexico Public Education Department and
Mr. Wayne Johnson, New Mexico State Auditor

Emphasis of Matters

As discussed in Note 1, the financial statements of the Department are intended to present the financial position and changes in financial position of only that portion of the governmental activities, each major fund, the aggregate remaining fund information, and all respective budgetary comparisons of the State of New Mexico that is attributable to the transactions of the Department. They do not purport to, and do not present fairly the financial position of the entire State of New Mexico as of June 30, 2018, and the changes in the financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

As discussed in Note 19 to the financial statements, beginning fund balance and net position of the Department was restated due to the correction of errors. Our opinion is not modified with respect to this matter.

During fiscal year ended June 30, 2018, the Aggregate Discretely Presented Component Units adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. As a result of the implementation of this standard, the Aggregate Discretely Presented Component Units reported a restatement for the change in accounting principle (See Note 21). Our auditors' opinion was not modified with respect to these restatements.

As discussed in Note 21 to the financial statements, the beginning net position of the Aggregate Discretely Presented Component Units was restated due to the correction of various errors. As detailed in the "Bases of Disclaimer of Opinions" paragraph, we have issued a disclaimer of opinion on the Aggregate Discretely Presented Units.

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 8 through 20, the Schedules of Proportionate Share of the Net Pension Liability/Contributions on page 73, and the Schedules of Proportionate Share of the Net OPEB Liability/Contributions on page 73 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 inquiries 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.

Christopher Ruskowski, Secretary of Education
New Mexico Public Education Department and
Mr. Wayne Johnson, New Mexico State Auditor

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Department's basic financial statements. The combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the other schedules required by 2.2.2 NMAC are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the other schedules required by 2.2.2 NMAC (except for the revenue and expenditure information included in the schedule of special appropriations and schedule of multi-year budgeted special capital outlay fund) are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The prior year revenue and expenditure information included in the schedule of special appropriations and schedule of multi-year budgeted special capital outlay fund 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 21, 2018, on our consideration of the Department's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Department's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Department's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Albuquerque, New Mexico
November 21, 2018

**STATE OF NEW MEXICO
PUBLIC EDUCATION DEPARTMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2018**

The following management's discussion and analysis (MD&A) provides an overview of the State of New Mexico Public Education Department's (Department) financial activities for the fiscal year ended June 30, 2018. The MD&A is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Department's financial activity, (c) identify changes in the Department's financial position, (d) identify any material deviation from the financial plan (the approved budget), and (e) identify any financial issues or concerns. Please read it in conjunction with the Department's financial statements, which begin following this analysis.

Department Highlights

The Department is made up of two distinct appropriated entities and 56 discretely presented component units: the Public Education Department, the Division of Vocational Rehabilitation, and 56 state authorized chartered schools. The Public Education Department (PED) provides leadership at the state and department levels in meeting the needs of and requirements for education in New Mexico. This includes providing assistance and direction to local school districts, local boards of education, and other educational entities.

The Division of Vocational Rehabilitation (DVR) is responsible for the administration and provision of all DVR programs and services through nine areas and twelve satellite offices statewide. This also includes the administration of the Social Security Disability Determination Services federal program.

The 56 state authorized chartered schools are to provide an alternative educational setting to parents and students in the public school system. State-authorized chartered schools provide an opportunity to create new, innovative, and more flexible ways of educating children.

In September 2003, New Mexico voters approved a constitutional amendment changing the nature of the Department. The 15-member State Board of Education was replaced by the elected 10-member Public Education Commission, whose authority and duties were defined by laws enacted by the New Mexico State Legislature during the 2004 Regular Session. The Superintendent of Public Instruction, appointed by the State Board of Education, was replaced by the Secretary of Public Education, a cabinet secretary appointed by the governor and confirmed by the New Mexico Senate. The State Public Education Department was replaced by the Public Education Department as a cabinet-level department of the executive branch of government.

Another constitutional amendment, also approved by the voters in September 2003, increased the distribution from the State Land Grant Permanent Fund to be used to implement and maintain educational reforms passed by the state legislature.

Using the Annual Report

The Department's Basic Financial Statements (BFS) are presented in four parts, in the following order:

1. Department-wide Financial Statements,
2. Fund Financial Statements,
3. Budgetary Comparison Statements, and
4. Notes to the Basic Financial Statements.

**STATE OF NEW MEXICO
PUBLIC EDUCATION DEPARTMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2018**

Department-wide Financial Statements: The department-wide financial statements include the first two financial statements: the Statement of Net Position and the Statement of Activities. These statements report information on all of the financial activities and resources of the Department as a whole except for information applicable to fiduciary activities. Fiduciary activities represent funds held in trust for others. These funds are not included in the resources available to support the Department's governmental activities. Governmental activities are financed by general revenue appropriations and state and federal grants.

The Department-wide Statement of Net Position reports the assets of the Department and the corresponding claims and liabilities against those assets at June 30, 2018. The difference between the value of the assets and the liabilities is reflected as the value of the net position. Increases or decreases in net position measure whether the financial position of the Department improved or deteriorated. Net position legally limited to a particular use is reported as restricted. Unrestricted net position contains assets that can be used to fund operating expenses in future years. A deficit (negative) balance in unrestricted net position would indicate that obligations incurred in the current and prior periods exceed the value of assets currently available, and that the assets of future periods will be required to meet the established obligations.

The Department-wide Statement of Activities reports the educational and education-related expenses and the cost of general government operations of the Department, with a comparison of the program revenues obtained to finance them, and the general revenues made available to fund the difference. The statement also reports the change in net position during the 2018 fiscal year. This also includes health and welfare-related expenses and cost of general government operations of the Division of Vocational Rehabilitation, with a comparison of program revenues obtained to finance them, and the general revenues made available to fund the difference.

The Department's activities are grouped into the functional programs. The Education activities are funded from federal revenues provided primarily by the U.S. Department of Education. Health and Welfare activities are Vocational Rehabilitation programs and the Disability Determination Services program, both administered by DVR. The state-authorized chartered schools activities are grouped into the functional programs and are funded from federal flow through revenues from the Department and are expensed within the categories of instructional, support, and operations.

Fund Financial Statements: The fund financial statements that follow the department-wide financial statements report on the financial position and changes in financial position of the individual funds used by the Department. Funds are separate accounting entities used in government accounting to segregate transactions according to the sources of funding and to demonstrate legal compliance with the restrictions that may be imposed on those financial resources. The Department uses two types of funds to account for its financial activities: governmental funds and fiduciary funds.

Governmental Funds

Governmental funds are used to account for the finances of the governmental activities reported in the department-wide financial statements. The Department uses two types of governmental funds: a general fund to account for activities not required to be accounted for in other funds, and special revenue funds to account for collection and expenditure of earmarked and restricted fund resources (Note 1).

**STATE OF NEW MEXICO
PUBLIC EDUCATION DEPARTMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2018**

Fiduciary Funds

Fiduciary funds are used to account for resources the Department holds for others. The Department uses three fiduciary funds. The *agency fund* is used to accumulate driver safety fees that are to be distributed to each school for the purpose of providing defensive driving instructions. The *private-purpose trusts* are used to report arrangements under which principal of donations invested or interest earned on investments benefit specific individuals. The *Eva Lou Scholarship fund* benefits "deserving boys and girls", and the *Tutor Scholarship* is used to account for donations to be used to fund scholarships for academically successful students who tutor at-risk high school students. The finances of these funds are reported in a separate Statement of Fiduciary Net Position. The resources of these funds are excluded from the department-wide financial statements because they cannot be used to finance the Department's operations.

Reconciliation of Department-wide Financial Statements to Fund Financial Statements: Differences in amounts reported in the department-wide financial statements versus the fund financial statements result from the different measurement focus and basis of accounting used. The measurement focus used for governmental funds is based on budgetary control and the flow of resources in the current year. As an example, capital purchases are treated as expenditures of the current year. Department-wide financial statements reflect such transactions as allocations over the time of use in the form of depreciation. A reconciliation of differences between department-wide and fund financial statements is provided in separate schedules that detail the differences in accounting treatment.

Budgetary Comparisons: The budgetary comparison statements furnish a budget-to-actual comparison for all governmental funds to report compliance with the approved budget. The budget amounts reported are those in the original budget and in the amended budget, which reflects all legal adjustments made to the budget since the start of the fiscal year. The budgetary actual amounts are stated on the same basis as the budget figures.

Notes to the Financial Statements. The notes to the financial statements provide detailed information to support and explain key financial information presented in the department-wide and fund financial statements.

The notes provide information on the activities of the Department, on the basis of accounting used, and on accounting policies reflected in the financial statements to clarifying key financial information. They are integral to understanding the financial statements.

Supplemental and Supplementary Information: Supplemental information is provided to report the combining financial statements of non-major funds and fiduciary funds, to report the change in assets and liabilities of the agency fund, and to report the details of federal grant awards and expenditures. The information is provided in compliance with federal and state reporting requirements.

Since the Department is composed of two distinctly appropriated entities and 56 state authorized chartered schools, a separate discussion and analysis section is being presented for the Public Education Department, the Division of Vocational Rehabilitation, and the 56 state authorized chartered schools following the department-wide discussion and analysis.

**STATE OF NEW MEXICO
PUBLIC EDUCATION DEPARTMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2018**

Financial Highlights

Public Education Department

- The Department has four major funds. The General Fund accounts for administration of PED, not including DVR or federal administrative costs. DVR's administrative and direct costs are recorded in the Vocational Rehabilitation fund (SHARE Fund 50000) and the Disability Determination Services fund (SHARE Fund 50100), which together are presented as the DVR General Fund in the financial statements.
- The Department's fiduciary activities are reported in separate statements of fiduciary net position and changes in fiduciary net position. We exclude these activities from the Department's other financial statements because the Department cannot use these assets to finance its operations. The Department is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

Division of Vocational Rehabilitation

- As noted above, DVR has two major funds, which are combined in the financial statements for reporting purposes. The Vocational Rehabilitation Program is funded under the U.S. Department of Education's Rehabilitation Services Administration (RSA) with federal funding that requires 21.3% of the total expenditures under the program to be made with state matching funds. The remaining 78.7% are funded with the federal grant. DVR's other major program is the Disability Determination Program, which is funded by the U.S. Social Security Administration (SSA). The program does not require a state match and is funded 100% with a federal grant from SSA.
- DVR capital assets decreased by \$183,532, which was a result of a physical inventory count completed during the fiscal year that identified approximately \$68,260 of fully depreciated assets that were disposed of during the course of the fiscal year or did not exist. The reductions were offset by approximately \$5,112 of asset additions, net of \$183,045 of depreciation expensed during the fiscal year.
- Administration – The DVR program is a joint effort of the federal and state governments to assist people with disabilities, as a function of the Rehabilitation Act of 1973, as amended, the Workforce Innovation Opportunity Act of 2014, and the Social Security Act, as amended. The New Mexico DVR is a division of the New Mexico Public Education Department and is responsible for a variety of services for people with disabilities. Although it receives a separate appropriation from the Legislature and has its own business unit with the Department of Finance and Administration, DVR is a division of the Public Education Department.

**STATE OF NEW MEXICO
PUBLIC EDUCATION DEPARTMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2018**

Financial Analysis of the Department as a Whole

Net Position

The Department's net position at June 30, 2018 was \$61,595,013. Table A-1 summarizes the Department's net position for the fiscal year ended June 30, 2018.

**Table A-1
The Department's Net Position**

	(Dollars in Thousands)			
	June 30, 2018			June 30, 2017
	PED	DVR	Department	Department
ASSETS				
Current Assets	\$ 233,657	\$ 10,207	\$ 243,864	\$ 196,120
Capital Assets, Net	334	405	739	702
Total Assets	233,991	10,612	244,603	196,822
LIABILITIES	176,082	6,926	183,008	156,495
NET POSITION				
Investment in Capital Assets	334	405	739	702
Restricted	49,878	4,022	53,900	31,133
Unrestricted (Deficit)	7,697	(741)	6,956	8,492
Total Net Position	<u>\$ 57,909</u>	<u>3,686</u>	<u>\$ 61,595</u>	<u>\$ 40,327</u>

**STATE OF NEW MEXICO
PUBLIC EDUCATION DEPARTMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2018**

Changes in Net Position

The Department's change in net position for the year ended June 30, 2018 was \$11,589,403. Table A-2 summarizes the Department's changes in net position for the fiscal year ended June 30, 2018.

**Table A-2
The Department's Changes Net Position**

	(Dollars in Thousands)			
	June 30, 2018			June 30, 2017
	PED	DVR	Department	Department
PROGRAM REVENUES				
Operating Grants and Contributions	\$ 407,129	\$ 38,289	\$ 445,418	\$ 443,498
Charges for Services	7,946	34	7,980	9,093
Total Program Revenues	<u>415,075</u>	<u>38,323</u>	<u>453,399</u>	<u>452,592</u>
GENERAL REVENUES				
State Appropriation	2,698,850	5,648	2,704,497	2,718,772
Inter-agency Transfer, Net Reversions	(2,814)	(63)	(2,878)	(6,726)
Proceeds of State General Obligation and Severance Tax Bonds	(8,401)	(10)	(8,412)	(106,375)
Total General Revenues	<u>42,699</u>	<u>-</u>	<u>42,699</u>	<u>43,923</u>
	<u>2,730,333</u>	<u>5,574</u>	<u>2,735,907</u>	<u>2,649,594</u>
EXPENSES				
Education	3,132,742	-	3,132,742	3,081,962
Health and Welfare	-	44,980	44,980	41,400
Total Expenses	<u>3,132,742</u>	<u>44,980</u>	<u>3,177,722</u>	<u>3,123,362</u>
CHANGE IN NET POSITION	12,667	(1,083)	11,584	(21,176)
Net Position - Beginning of Year	39,165	1,162	40,327	62,503
Restatement	6,078	3,607	9,685	(1,000)
Net Position - Beginning of Year, As Restated	<u>45,243</u>	<u>4,769</u>	<u>50,012</u>	<u>61,503</u>
Total Net Position	<u>\$ 57,909</u>	<u>\$ 3,686</u>	<u>\$ 61,595</u>	<u>\$ 40,327</u>

DVR's change in net position increased by \$2,524,306 between years. The increase is a result of a restatement in fund balance.

PED's funding passes through to the schools. Administrative costs are approximately 0.7% of the Department's total expenditures. Education continues to be a priority of the state and the Department's operations are adequately supported by state and federal resources.

**STATE OF NEW MEXICO
PUBLIC EDUCATION DEPARTMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2018**

Changes in Capital Assets

During the fiscal year 2018, PED purchased \$331,930 of IT equipment. During fiscal year 2018, DVR purchased \$5,112 of equipment.

**Table A-3
The Department's Capital Assets**

	(Dollars in Thousands)			
	June 30, 2018			June 30, 2017
	PED	DVR	Department	Department
Art Acquisitions	\$ -	\$ -	\$ -	\$ 6
Equipment	1,083	1,449	2,532	2,592
Furniture	202	-	202	304
Vehicles	68	-	68	68
Accumulated Depreciation	(1,020)	(1,044)	(2,064)	(2,267)
Total Capital Assets, Net	\$ 334	\$ 405	\$ 739	\$ 703

Capital Assets for the Department are presented in Note 8 to the financial statements to illustrate changes from the prior year.

Reporting the Department's Most Significant Funds

The Department's two kinds of funds are classified into two categories: governmental and fiduciary. In turn, each category is divided into separate fund types. The fund classification and description of each existing fund type follow:

Governmental funds. Governmental funds are used to account for the Department's general government activities, including the collection and disbursement of specific or legally restricted monies. Governmental funds include:

- General fund – The primary operating fund of the Department accounts for all financial resources, except those required to be accounted for in other funds.
- Special revenue funds – These account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Fiduciary funds. Fiduciary funds account for assets held by the Department in a trustee capacity or as an agent on behalf of outside parties, including other governments, or on behalf of other funds within the Department.

- Private purpose trust funds – These funds are used to account for trust arrangements under which principal or interest benefit specific individuals or organizations, but not the reporting government.
- Agency funds – These are used to account for assets held on behalf of individuals, private organizations, other government and/or other funds.

**STATE OF NEW MEXICO
PUBLIC EDUCATION DEPARTMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2018**

General Fund Budgetary Highlights

The New Mexico State Legislature makes annual appropriations to the Department. Amendments to the appropriated budget require approval by the Budget Division of the Department of Finance and Administration, with review by the Legislative Finance Committee.

Supplemental and special appropriations are not reflected in the actual beginning balances.

Over the course of the year, the Department adjusts its budget as authorized in the Appropriation Act. These budget adjustments fall into three categories:

- Budget adjustment requested made during the fiscal year to allow the Department to utilize funds where needed.
- Budget adjustment requests to increase or decrease other state funds based on actual revenues.
- Budget adjustment requests that adhere to required operating budget cuts in compliance with Legislative actions.

With regard to the Public Education Department, general fund support increased by \$36,499,000 for FY18.

Recognizing the importance of early learning of future student success, the Governor signed the General Appropriations Act for continued funding for Prekindergarten for \$24,500,000, Kindergarten-3 Plus for \$23,700,000, and \$12,500,000 for early reading initiatives.

As part of the Governor's teacher effectiveness initiative, \$2,100,000 was appropriated for teacher and school leader preparation programs. To accurately measure teacher effectiveness, \$4,000,000 was reappropriated for a new teacher evaluation system.

PED budgetary statements are shown both in the major fund financial statements and the required supplemental information portion of the financial statements.

PED's General Fund expenditures by category on the modified accrual basis are shown below.

	Final Budget	Actual Amount
Personal Services and Employee Benefits	\$ 12,810	\$ 12,698
Contractual Services	34,758	33,709
Other	2,678,526	2,666,691
Total Expenditures	\$ 2,726,095	\$ 2,713,099

**STATE OF NEW MEXICO
PUBLIC EDUCATION DEPARTMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2018**

By virtue of the language contained in the General Appropriation Act, General Fund appropriations to NMDVR do not revert to the State General Fund.

In FY18, DVR was successful in meeting the division's FFY17 Maintenance of Effort. DVR has also made strides to ensure that the state match will be met in the first fiscal year of the federal grant. This is possible as a result of management changes implemented in FY15 and FY16. The Division continues to derive detailed accounting information from the SHARE accounting system.

The DVR budget for the Disability Determination Services (DDS) program for FY18 remained virtually level from the previous fiscal year. Limitations on hiring for vacated positions also impacted closing numbers due to employee retirements and transfers without the ability to replace them.

Economic and Budgetary Factors

The Public Education Department overall FY 18 budget was an increase of approximately \$36,499,000 thousand from the FY 17 appropriated budget.

NMDVR: The NMDVR federal funds remained relatively flat in FY19; the Division is anticipating the FFY20 award to remain consistent. The new WIOA requirements, where 15% of the section 110 state allotments must be expended on pre-employment transition services, will pose a challenge for the Division.

The NMDVR Disability Determination Services Program continues to operate under hiring restrictions imposed by the U.S. Social Security Administration, which manages the DDS federal grant funding. This limitation can be modified by SSA depending upon funding availability.

Component Units — New Mexico State-Chartered Schools

The component units for PED consist of the state authorized chartered schools. The state authorized chartered schools were enacted during the 47th Legislative Session in 2006 under Senate Bill 600. In FY 2008, only two schools were authorized as state chartered (Cottonwood Classical Preparatory School and Media Arts Collaborative Charter School).

In FY 2009, seven additional schools were authorized as state-chartered. The seven schools include: Cien Aguas International School, Horizon Academy West, The International School at Mesa Del Sol, The New America School, North Valley Academy, School of Dreams Academy, and Taos Academy.

In FY 2010, thirteen additional schools were authorized as state-chartered. The thirteen schools include: Albuquerque School of Excellence, The ASK Academy, Alma D'Arte Charter High, South Valley Preparatory School, Cesar Chavez Community School, The MASTER Program, Tierra Adentro, ACE Leadership High School, Taos Integrated School for the Arts, Albuquerque Sign Language Academy, Creative Education Preparatory Institute, Gilbert L. Sena Charter High School, and New Mexico School for the Arts.

**STATE OF NEW MEXICO
PUBLIC EDUCATION DEPARTMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2018**

In FY 2011, fourteen additional schools were authorized as state-chartered. The fourteen schools include: Academy of Trades & Technology, Albuquerque Institute for Math & Science, Amy Biehl Charter High School, East Mountain High School, La Promesa Early Learning Center, New Mexico International School, Southwest Intermediate Learning Center, Southwest Primary Learning Center, Southwest Secondary Learning Center, The Great Academy, The Montessori Elementary School, Village Academy, J Paul Taylor Academy, and Aldo Leopold Charter School.

In FY 2012, fifteen additional schools were authorized as state-chartered. The fifteen schools include: Coral Community Charter, Estancia Valley Classical Academy, La Jicarita Community School, La Resolana Leadership Academy, La Tierra Montessori School of the Arts and Sciences, McCurdy Charter School, Mission Achievement and Success, Ralph J. Bunche Academy, Red River Valley Charter School, Sage Montessori Charter, Southwest Aeronautics, Mathematics, and Science Academy, The Learning Community Charter School, The New America School-Las Cruces, Uplift Academy, and the William W. & Josephine Dorn Charter Community School.

In FY 2013, one additional school was authorized as state chartered: Walatowa High Charter School.

In FY 2014, three additional schools were authorized as state-chartered. The three schools include: the Anthony Charter School, Health Leadership High School, and the New Mexico Connections Academy.

In FY 2015, five additional schools were authorized as state-chartered. The five schools include: Dream Diné Charter School, Explore Academy, Health Sciences Academy, La Academia Dolores Huerta, and Taos International School.

In FY 2016, eleven additional schools were authorized as state-chartered. The schools include: Dził Dít Ł'ooí School of Empowerment, Action and Perseverance (DEAP), Las Montañas Charter School, Monte del Sol Charter School, Sandoval Academy of Bilingual Education (SABE), Technology Leadership High School, Tierra Encantada Charter School, and Turquoise Trail Charter School.

In FY 2017, three additional schools were authorized as state-chartered. The schools include: Cariños de Los Niños Charter School, Roots & Wings Community School, and Six Directions Indigenous School.

In FY 2018, an additional school was authorized as state chartered: Student Athlete Headquarters (SAHQ). Please consider the additional schools when reviewing the financial analysis of the component units as a whole.

**STATE OF NEW MEXICO
PUBLIC EDUCATION DEPARTMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2018**

Financial Analysis of the Component Units as a Whole

Net Position

The Component Units' net position as of June 30, 2018 was -\$190,931,035. Table A-4 summarizes the Component Units' net position for the fiscal years ended June 30, 2018 and 2017.

**Table A-4
The Component Units' Net Position**

	Component Units	
	June 30, 2018	June 30, 2017
Assets:		
Current Assets	\$ 68,515,490	\$ 43,817,282
Other Assets	432,974	8,440,750
Capital Assets, Net	85,142,505	66,008,812
Total Assets	<u>154,090,969</u>	<u>118,266,844</u>
Deferred Outflows - Pension Related	110,334,711	47,546,745
Current Liabilities:		
Accounts Payable	3,281,406	1,145,205
Accrued Payroll	7,318,483	7,226,771
Unearned Revenue	190,702	512,702
Other Current Liabilities	4,911,576	1,555,247
Compensated Absences	144,727	191,711
Total Current Liabilities	<u>15,846,894</u>	<u>10,631,636</u>
Noncurrent Liabilities:		
Net Pension Liability	336,506,190	174,709,253
Other Noncurrent Liabilities	78,912,245	52,578,367
Deferred Inflows - Pension Related	24,091,386	5,384,127
Net Position:		
Net Investment in Capital Assets	13,243,467	13,275,660
Restricted	25,901,763	24,182,317
Unrestricted	<u>(230,076,265)</u>	<u>(114,947,918)</u>
Total Net Position	<u>\$ (190,931,035)</u>	<u>\$ (77,489,941)</u>

**STATE OF NEW MEXICO
PUBLIC EDUCATION DEPARTMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2018**

**Table A-5
The Component Units' Change in Net Position**

	Component Units	
	June 30, 2018	June 30, 2017
Revenues:		
Program Revenues:		
Charges for Services	\$ 1,375,897	\$ 1,188,003
Operating Grants and Contributions	18,134,193	20,628,102
Capital Grants and Contributions	11,531,375	12,931,269
General Revenues and Transfers:		
State Equalization Guarantee	127,907,960	126,046,096
Property Tax	10,131,819	9,879,711
Miscellaneous	1,761,018	3,847,013
Other	11,792,341	134,264
Total Revenues	182,634,603	174,654,458
Expenses	209,440,087	184,849,573
Total Expenses	209,440,087	184,849,573
Changes in Net Position	(26,805,484)	(10,195,115)
Net Position, Beginning, as Previously Reported	(77,489,941)	(70,445,300)
(Restatement)/Transfer in Component Units	(86,635,610)	3,150,474
Net Position, Beginning, as Restated	(164,125,551)	(67,294,826)
Net Position, Ending	\$ (190,931,035)	\$ (77,489,941)

Capital Assets

	Component Units	
	June 30, 2018	June 30, 2017
Capital Assets, Net	\$ 85,142,505	\$ 66,008,812

Capital assets for the Component Units are presented in the Combining Statements of Net Position within the basic financial statements.

**STATE OF NEW MEXICO
PUBLIC EDUCATION DEPARTMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2018**

Reporting the Component Units' Most Significant Funds

The Department's two kinds of funds are classified into two categories: governmental and fiduciary. In turn, each category is divided into separate fund types. The fund classification and description of each existing fund type follow:

Governmental funds: Governmental funds are used to account for the Department's general government activities, including the collection and disbursement of specific or legally restricted monies. Governmental funds include:

- General fund – The primary operating fund of the Department accounts for all financial resources, except those required to be accounted for in other funds.
- Special revenue funds – These account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.
- Capital projects funds – Capital Projects Funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities or other capital assets.

Fiduciary funds: Fiduciary funds account for assets held by the Department in a trustee capacity or as an agent on behalf of outside parties, including other governments, or on behalf of other funds within the Department.

- Private purpose trust funds – These funds are used to account for trust arrangements under which principal or interest benefit specific individuals or organizations, but not the reporting government.
- Agency funds – These are used to account for assets held on behalf of individuals, private organizations, other government and/or other funds.

Requests for Information

The financial report is designed to provide citizens, taxpayers, customers, legislators, investors, and creditors with a general overview of the Department's finances and to demonstrate the Department's accountability for the funds it received. If you have questions about this report or need additional financial information, contact:

New Mexico Public Education Department
Administrative Services Division
Education Building, 300 Don Gaspar, Room 226
Santa Fe, New Mexico 87501-2786

**STATE OF NEW MEXICO
PUBLIC EDUCATION DEPARTMENT
STATEMENT OF NET POSITION
JUNE 30, 2018**

	Governmental Activities	Component Units
ASSETS		
Cash and Cash Equivalents	\$ -	\$ 50,744,361
Restricted Cash and Cash Equivalents	-	12,144,491
Investment in State General Fund Investment Pool	111,216,443	-
Investments	-	90,043
Due from Federal Government	129,111,528	-
Due from State General Fund	-	-
Due from Other State Agencies	2,114,495	-
Due from External Miscellaneous Parties	589,322	-
Due from Primary Government	-	5,077,852
Intergovernmental Receivables	-	136,023
Tax Receivables	-	238,181
Other Receivables	-	84,539
Deposits	-	-
Prepaid Expenses and Other Assets	832,630	432,974
Capital Assets, Net	738,829	85,142,505
Total Assets	244,603,247	154,090,969
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflows of Resources Related to Pension Amounts	-	108,950,638
Deferred Outflows of Resources Related to OPEB Amounts	-	1,384,073
Total Deferred Outflows of Resources	-	110,334,711
LIABILITIES		
Accounts Payable	152,245,774	3,281,406
Accrued Payroll and Taxes	1,368,110	7,318,483
Interest in State General Fund Investment Pool - Overdraft	13,698,789	-
Intergovernmental Payable	-	10,000
Due to State General Fund	626,601	-
Due to Other State Agencies	1,275,280	-
Due to Federal Government	4,199,396	-
Due to Local Education Authorities	745,400	-
Due to Beneficiaries	135,552	-
Due to Component Unit	-	40,000
Unearned Revenue	2,235,050	190,702
Accrued Interest Payable	-	953,011
Compensated Absences - Due Within One Year	1,474,093	144,727
Current Portion of Long-Term Debt	-	3,908,565
Other Current Liabilities	5,004,189	-
Noncurrent Liabilities:		
Long-Term Debt	-	78,912,245
Net Pension Liability	-	263,329,184
Net OPEB Liability	-	73,177,006
Total Liabilities	183,008,234	431,265,329
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows of Resources Related to Pension Amounts	-	7,436,468
Deferred Inflows of Resources Related to OPEB Amounts	-	16,654,918
Total Deferred Inflows of Resources	-	24,091,386
NET POSITION		
Net Investment in Capital Assets	738,829	13,243,467
Restricted	53,900,433	25,901,763
Unrestricted	6,955,751	(230,076,265)
Total Net Position	\$ 61,595,013	\$ (190,931,035)

See accompanying Notes to Financial Statements.

**STATE OF NEW MEXICO
PUBLIC EDUCATION DEPARTMENT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2018**

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Component Units
PRIMARY GOVERNMENT						
Governmental Activities:						
Education	\$ 3,132,741,720	\$ 7,945,655	\$ 407,129,383	\$ -	\$ (2,717,666,682)	\$ -
Health and Welfare	44,979,909	34,399	38,289,096	-	(6,656,414)	-
Total Primary Government	<u>\$ 3,177,721,629</u>	<u>\$ 7,980,054</u>	<u>\$ 445,418,479</u>	<u>\$ -</u>	(2,724,323,096)	-
COMPONENT UNITS						
Component Units	<u>\$ 209,440,087</u>	<u>\$ 1,375,897</u>	<u>\$ 18,134,193</u>	<u>\$ 11,531,375</u>	-	(178,398,622)
Total Component Units	<u>\$ 209,440,087</u>	<u>\$ 1,375,897</u>	<u>\$ 18,134,193</u>	<u>\$ 11,531,375</u>	-	(178,398,622)
GENERAL REVENUES AND TRANSFERS						
State General Fund - General Appropriations					2,517,602,841	-
State General Fund - State Equalization Guarantee General Appropriations					2,493,259	-
State General Fund - Transportation General Appropriations					82,341,000	-
State General Fund - Special Appropriations					102,060,000	-
Appropriations Funded with State Severance Bond Proceeds					42,699,261	-
Transfers In - Other					197,771	-
Transfers Out - Other					(3,075,684)	-
Transfers Out - State General Fund Reversions - FY18					(8,411,548)	-
State Equalization Guarantee					-	127,907,960
Property Taxes					-	10,131,819
Miscellaneous					-	1,761,018
Special Items					-	11,792,341
Total General Revenues and Transfers					<u>2,735,906,900</u>	<u>151,593,138</u>
CHANGE IN NET POSITION					11,583,804	(26,805,484)
Net Position - Beginning of Year, as Previously Reported					40,326,229	(77,489,941)
Transfers In/Out of Charters					-	4,792,851
Inclusion of Foundation					-	(20,561)
Restatement					<u>9,684,980</u>	<u>(91,407,900)</u>
Net Position - Beginning of Year, as Restated					<u>50,011,209</u>	<u>(164,125,551)</u>
NET POSITION - END OF YEAR					<u>\$ 61,595,013</u>	<u>\$ (190,931,035)</u>

See accompanying Notes to Financial Statements.

**STATE OF NEW MEXICO
PUBLIC EDUCATION DEPARTMENT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2018**

	Major Funds					Total Governmental Funds
	50000	67200	67300	Other Nonmajor Governmental Funds	Total Governmental Funds	
	PED General Fund	DVR Operating Fund	Federal Food Services	Federal Department of Education Flowthrough	Other Nonmajor Governmental Funds	Total Governmental Funds
ASSETS						
Interest in State General Fund						
Investment Pool	\$ 70,146,338	\$ 7,602,561	\$ -	\$ 3,031,690	\$ 30,435,854	\$ 111,216,443
Due from Federal Government	-	1,006,532	16,022,086	100,880,325	11,202,585	129,111,528
Due from Other State Agencies	216	-	-	-	2,114,279	2,114,495
Due from External Miscellaneous Parties	554,322	-	-	-	35,000	589,322
Other Assets	1,477	819,762	-	-	11,391	832,630
	<u>1,477</u>	<u>819,762</u>	<u>-</u>	<u>-</u>	<u>11,391</u>	<u>832,630</u>
Total Assets	<u>\$ 70,702,353</u>	<u>\$ 9,428,855</u>	<u>\$ 16,022,086</u>	<u>\$ 103,912,015</u>	<u>\$ 43,799,109</u>	<u>\$ 243,864,418</u>
LIABILITIES						
Accounts Payable	\$ 30,541,415	\$ 2,272,162	\$ 2,212,498	\$ 97,786,191	\$ 19,433,508	\$ 152,245,774
Accrued Payroll and Taxes	467,220	432,967	-	-	467,923	1,368,110
Interest in State General Fund						
Investment Pool - Overdraft	320,231	-	13,309,344	-	69,214	13,698,789
Due to State General Fund	367,651	-	-	-	258,950	626,601
Due to Other State Agencies	36,636	-	-	-	1,238,644	1,275,280
Due to Federal Government	-	949,416	424,246	1,301,469	1,524,265	4,199,396
Due to Local Education Authorities	738,623	-	6	-	6,771	745,400
Due to Beneficiaries	-	-	-	21,621	113,931	135,552
Unearned Revenue	4,000	1,811,728	-	3,344	415,978	2,235,050
Other Liabilities	537,443	-	-	84,202	4,382,544	5,004,189
Total Liabilities	<u>33,013,219</u>	<u>5,466,273</u>	<u>15,946,094</u>	<u>99,196,827</u>	<u>27,911,728</u>	<u>181,534,141</u>
FUND BALANCES						
Restricted	29,304,252	3,962,582	75,992	4,715,188	15,842,419	53,900,433
Committed	9,242,506	-	-	-	909,738	10,152,244
Unassigned	(857,624)	-	-	-	(864,776)	(1,722,400)
Total Fund Balances	<u>37,689,134</u>	<u>3,962,582</u>	<u>75,992</u>	<u>4,715,188</u>	<u>15,887,381</u>	<u>62,330,277</u>
Total Liabilities and Fund Balances	<u>\$ 70,702,353</u>	<u>\$ 9,428,855</u>	<u>\$ 16,022,086</u>	<u>\$ 103,912,015</u>	<u>\$ 43,799,109</u>	<u>\$ 243,864,418</u>

See accompanying Notes to Financial Statements.

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

	<u>Primary Government Governmental Activities</u>
Total Fund Balance - Governmental Funds (Governmental Fund Balance Sheet)	\$ 62,330,277
 Amounts reported for governmental activities in the statement of net position are different because:	
 Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	
The Cost of Capital Assets is	2,803,077
Accumulated Depreciation is	(2,064,248)
Total Capital Assets	738,829
 Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	
 Long-term and other liabilities at year end consist of:	
Compensated Absences - Due Within One Year	(1,474,093)
Net Position of Governmental Activities (Statement of Net Position)	\$ 61,595,013

See accompanying Notes to Financial Statements.

**STATE OF NEW MEXICO
PUBLIC EDUCATION DEPARTMENT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2018**

	Major Funds					
	50000		67200		67300	
	PED General Fund	DVR Operating Fund	Federal Food Services	Federal Department of Education Flowthrough	Other Nonmajor Governmental Funds	Total Governmental Funds
REVENUES						
Federal Grants	\$ 3,519,659	\$ 26,115,367	\$ 147,908,828	\$ 217,574,941	\$ 50,299,684	\$ 445,418,479
Other Revenue	3,979,241	34,399	5,243	2,456	3,958,715	7,980,054
Total Revenues	<u>7,498,900</u>	<u>26,149,766</u>	<u>147,914,071</u>	<u>217,577,397</u>	<u>54,258,399</u>	<u>453,398,533</u>
EXPENDITURES						
Current:						
Education	2,712,788,405	-	148,042,081	218,115,505	53,657,185	3,132,603,176
Health and Welfare	-	31,734,457	-	-	13,002,866	44,737,323
Capital Outlay	310,237	5,112	-	-	21,693	337,042
Total Expenditures	<u>2,713,098,642</u>	<u>31,739,569</u>	<u>148,042,081</u>	<u>218,115,505</u>	<u>66,681,744</u>	<u>3,177,677,541</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(2,705,599,742)	(5,589,803)	(128,010)	(538,108)	(12,423,345)	(2,724,279,008)
OTHER FINANCING SOURCES (USES)						
State General Fund - General Appropriations	2,511,955,241	4,998,600	-	-	649,000	2,517,602,841
State General Fund - SEG General Appropriations	2,493,259	-	-	-	-	2,493,259
State General Fund - Transportation General Appropriations	82,341,000	-	-	-	-	82,341,000
State General Fund - Special Appropriations	102,060,000	-	-	-	-	102,060,000
Appropriations Funded with State						
Severance Bond Proceeds	25,000,000	-	-	-	17,699,261	42,699,261
Intra-Agency Transfer	-	184	-	-	(184)	-
Transfers In:						
Other	-	191,500	-	-	6,271	197,771
Transfers Out:						
Reversions	(7,047,983)	(10,496)	-	-	(1,353,069)	(8,411,548)
Other	(114,482)	(200,000)	-	-	(2,761,202)	(3,075,684)
Total Other Financing Sources	<u>2,716,687,035</u>	<u>4,979,788</u>	<u>-</u>	<u>-</u>	<u>14,240,077</u>	<u>2,735,906,900</u>
NET CHANGE IN FUND BALANCES	11,087,293	(610,015)	(128,010)	(538,108)	1,816,732	11,627,892
Fund Balances - Beginning of Year	26,192,526	965,518	204,002	5,253,296	8,402,063	41,017,405
Restatement	409,315	3,607,079	-	-	5,668,586	9,684,980
Fund Balances - Beginning of Year, as Restated	<u>26,601,841</u>	<u>4,572,597</u>	<u>204,002</u>	<u>5,253,296</u>	<u>14,070,649</u>	<u>50,702,385</u>
FUND BALANCES - END OF YEAR	<u>\$ 37,689,134</u>	<u>\$ 3,962,582</u>	<u>\$ 75,992</u>	<u>\$ 4,715,188</u>	<u>\$ 15,887,381</u>	<u>\$ 62,330,277</u>

See accompanying Notes to Financial Statements.

**STATE OF NEW MEXICO
PUBLIC EDUCATION DEPARTMENT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2018**

	<u>Primary Government Governmental Activities</u>
Net Changes in Fund Balances - Total Governmental Funds (Statement of Revenues, Expenditures, and Changes in Fund Balances)	\$ 11,627,892
 Amounts reported for governmental activities in the statement of activities are different because:	
 In the statement of activities, certain operating expenses (compensated absences payable) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amounts of financial resources used (essentially, the amounts actually paid). The change in the liabilities for the year was:	
Change in Compensated Absences Payable	(80,330)
 Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities, those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities. This is the amount by which capital outlays exceed depreciation for the period.	
Loss on Disposal of Capital Assets	(11,398)
Capital Outlay	337,042
Depreciation expenses	(289,402)
Excess of Capital Outlay over Depreciation Expense	47,640
Change in Net Position of Governmental Activities (Statement of Activities)	\$ 11,583,804

See accompanying Notes to Financial Statements.

**STATE OF NEW MEXICO
PUBLIC EDUCATION DEPARTMENT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
BUDGET AND ACTUAL – MODIFIED ACCRUAL BASIS
PED GENERAL FUND
YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance From Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Federal Grants	\$ 3,536,000	\$ 3,555,500	\$ 3,519,659	\$ (35,841)
State General Fund Appropriations	2,684,974,500	2,684,974,500	2,698,849,500	13,875,000
Other Revenue	2,560,100	2,560,100	3,979,241	1,419,141
Other Financing Sources	<u>30,000,000</u>	<u>30,000,000</u>	<u>25,000,000</u>	<u>(5,000,000)</u>
Total Revenues	<u>2,721,070,600</u>	<u>2,721,090,100</u>	<u>2,731,348,400</u>	<u>10,258,300</u>
BUDGETED FUND BALANCE				
	<u>675,400</u>	<u>5,119,249</u>		
Total Revenues and Budgeted Fund Balance	2,721,746,000	2,726,209,349		
EXPENDITURES				
Education:				
Personal Services and Employee Benefits	12,702,100	12,810,100	12,697,976	112,124
Contractual Services	33,711,435	34,758,286	33,709,422	1,048,864
Other	2,675,217,983	2,678,526,481	2,666,691,244	11,835,237
Other Financing uses	<u>114,482</u>	<u>114,482</u>	<u>114,482</u>	<u>-</u>
Total Expenditures	<u>2,721,746,000</u>	<u>2,726,209,349</u>	<u>2,713,213,124</u>	<u>12,996,225</u>
EXCESS (DEFICIENCY) OF REVENUES UNDER EXPENDITURES AND OTHER FINANCING SOURCES				
	(675,400)	(5,119,249)	18,135,276	23,254,525
Designated Cash	<u>675,400</u>	<u>5,119,249</u>	<u>-</u>	<u>(5,119,249)</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	18,135,276	<u>\$ 18,135,276</u>
RECONCILIATION TO GAAP BASIS				
Adjustments to Revenues				
Reversion (Not Budgeted)			<u>(7,047,983)</u>	
Net Changes in Fund Balance (GAAP Basis)			<u>\$ 11,087,293</u>	

See accompanying Notes to Financial Statements.

**STATE OF NEW MEXICO
PUBLIC EDUCATION DEPARTMENT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
BUDGET AND ACTUAL – MODIFIED ACCRUAL BASIS
DVR OPERATING FUND (50000)
YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance From Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Federal Grants	\$ 28,239,300	\$ 28,239,300	\$ 26,115,367	\$ (2,123,933)
State General Fund Appropriations	4,998,600	4,998,600	4,998,600	-
Other Revenue	-	10,500	34,399	23,899
Other Financing Sources	191,500	191,500	191,684	
Total Revenues	<u>33,429,400</u>	<u>33,439,900</u>	<u>31,340,050</u>	<u>(2,099,850)</u>
BUDGETED FUND BALANCE				
	<u>400,000</u>	<u>650,000</u>		
Total Revenues and Budgeted Fund Balance	33,829,400	34,089,900		
EXPENDITURES				
Health and welfare:				
Personal Services and Employee Benefits	12,647,200	12,647,200	11,371,923.00	1,275,277
Contractual Services	2,835,700	4,992,700	3,479,934.00	1,512,766
Other	18,146,500	16,250,000	16,887,712	(637,712)
Other Financing uses	200,000	200,000	200,000	-
Total Expenditures	<u>33,829,400</u>	<u>34,089,900</u>	<u>31,939,569</u>	<u>2,150,331</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES AND OTHER FINANCING SOURCES				
	(400,000)	(650,000)	(599,519)	50,481
Designated Cash	<u>400,000</u>	<u>650,000</u>	<u>-</u>	<u>(650,000)</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	(599,519)	<u>\$ (599,519)</u>
RECONCILIATION TO GAAP BASIS				
Adjustments to Revenues				
Reversion (Not Budgeted)			(10,496)	
Net Changes in Fund Balance (GAAP Basis)			<u>\$ (610,015)</u>	

See accompanying Notes to Financial Statements.

**STATE OF NEW MEXICO
PUBLIC EDUCATION DEPARTMENT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
BUDGET AND ACTUAL – MODIFIED ACCRUAL BASIS
FEDERAL FOOD SERVICES (67200)
YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance From Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Federal Grants	\$ 150,000,000	\$ 150,000,000	\$ 147,908,828	\$ (2,091,172)
State General Fund Appropriations	-	-	-	-
Other Revenue	-	-	5,243	5,243
Reversions	-	-	-	-
Total Revenues	<u>150,000,000</u>	<u>150,000,000</u>	<u>147,914,071</u>	<u>(2,085,929)</u>
EXPENDITURES				
Education:				
Personal Services and Employee Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other	150,000,000	150,000,000	148,042,081	1,957,919
Total Expenditures	<u>150,000,000</u>	<u>150,000,000</u>	<u>148,042,081</u>	<u>1,957,919</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES AND OTHER FINANCING SOURCES	-	-	(128,010)	(128,010)
Designated Cash	-	-	-	-
NET CHANGE IN FUND BALANCE	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	(128,010)	<u><u>\$ (128,010)</u></u>
RECONCILIATION TO GAAP BASIS				
Adjustments to Revenues			-	
Adjustments to Expenditures			-	
Net Changes in Fund Balance (GAAP Basis)			<u><u>\$ (128,010)</u></u>	

See accompanying Notes to Financial Statements.

**STATE OF NEW MEXICO
PUBLIC EDUCATION DEPARTMENT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
BUDGET AND ACTUAL – MODIFIED ACCRUAL BASIS
FEDERAL DEPARTMENT OF EDUCATION (67300)
YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance From Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Federal Grants	\$ 257,387,490	\$ 257,387,490	\$ 217,574,941	\$ (39,812,549)
State General Fund Appropriations	-	-	-	-
Other Revenue	-	-	2,456	2,456
Reversions	-	-	-	-
Total Revenues	<u>257,387,490</u>	<u>257,387,490</u>	<u>217,577,397</u>	<u>(39,810,093)</u>
EXPENDITURES				
Education:				
Personal Services and Employee Benefits	-	-	-	-
Contractual Services	8,600,000	8,600,000	7,783,630	816,370
Other	248,787,490	248,787,490	210,331,875	38,455,615
Total Expenditures	<u>257,387,490</u>	<u>257,387,490</u>	<u>218,115,505</u>	<u>39,271,985</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES AND OTHER FINANCING SOURCES				
	-	-	(538,108)	(538,108)
Designated Cash	-	-	-	-
NET CHANGE IN FUND BALANCE	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u>(538,108)</u>	<u><u>\$ (538,108)</u></u>
RECONCILIATION TO GAAP BASIS				
Adjustments to Revenues			-	
Adjustments to Expenditures			-	
Net Changes in Fund Balance (GAAP Basis)			<u><u>\$ (538,108)</u></u>	

See accompanying Notes to Financial Statements.

**STATE OF NEW MEXICO
PUBLIC EDUCATION DEPARTMENT
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2018**

	Private Purpose Trusts <u>(61600 / 99300)</u>
ASSETS	
Interest in State General Fund Investment Pool	\$ 46,130
Certificate of Deposit	<u>20,000</u>
Total Assets	<u>66,130</u>
LIABILITIES	
Due to External Parties	<u>-</u>
Total Liabilities	<u>-</u>
NET POSITION	
Restricted for Scholarships	<u><u>\$ 66,130</u></u>

See accompanying Notes to Financial Statements.

**STATE OF NEW MEXICO
PUBLIC EDUCATION DEPARTMENT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED JUNE 30, 2018**

	Private Purpose Trusts <u>(61600 / 99300)</u>
ADDITIONS	
Investment Earnings - Interest	\$ 479
DEDUCTIONS	
Scholarship Expense	<u>-</u>
CHANGE IN NET POSITION	479
Net Position - Beginning of Year	<u>65,651</u>
NET POSITION - END OF YEAR	<u><u>\$ 66,130</u></u>

See accompanying Notes to Financial Statements.

**STATE OF NEW MEXICO
PUBLIC EDUCATION DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

The State of New Mexico Public Education Department (Department) is responsible for establishing and implementing standards for education and providing administrative services, including school budgeting and reporting, and for educational and vocational rehabilitation programs in the State of New Mexico. Specific programs focus on a number of services, including regulatory enforcement, information dissemination, and vocational rehabilitation for physically and mentally handicapped citizens, and adjudication of disability and supplementary security claims for the general vocational rehabilitation program.

The elected 10-member Public Education Commission (Commission) serves in an advisory capacity in accordance with laws enacted by the New Mexico State Legislature during the 2004 Regular Session. The Commission has approved state-chartered status to 56 schools as reported in Volume III – VII of these financial statements.

The chief executive officer of the Department is the Secretary of Education, a cabinet secretary appointed by the governor and confirmed by the New Mexico Senate. The Department's functions are administered through the Public Education Department (PED), the Division of Vocational Rehabilitation (DVR) and its subdivision, Disability Determination Services (DDS).

The financial statements for the Department have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards, which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. The more significant of these accounting policies are described below.

Reporting Entity

Certain GASB statements define the financial reporting entity as consisting of the primary government, organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such as exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The Public Education Department is considered to be a department of the State of New Mexico and is reported as such in the State of New Mexico's Comprehensive Annual Financial Report.

Management has evaluated GASB codification and has determined that the State authorized Charter Schools (Charter Schools) meet the criteria to be reported as discretely presented component units of the State of New Mexico (the Primary Government).

**STATE OF NEW MEXICO
PUBLIC EDUCATION DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reporting Entity (Continued)

However, as the Department is responsible for providing regulatory oversight of the Charter Schools, including them as discretely presented component units in the financial statements of the Department is an acceptable financial statement presentation. In addition, the Department has concluded that a financial benefit or burden relationship exists as the Department is entitled to the Charter School's resources and the Department is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the Charter Schools.

In further support of the Department reporting the Charter Schools as discretely presented component units, a technical inquiry was submitted to the GASB which identified that, while the GASB standards do not address the accounting and financial reporting for separately issued GAAP-based departmental financial statements, consideration should be made in meeting the Department's reporting obligations and should consider long-established practices. In applying all relevant GAAP to the Department's financial statements, the Charter Schools were determined to be required for inclusion as discretely presented component units since the Charter Schools are fiscally dependent on the Department and the Department is the entity with the financial benefit or burden relationship with the Charter Schools. The following 56 Charter Schools are considered to be discretely presented component units of the Department:

- Academy of Trades and Technology
- ACE Leadership High School
- Albuquerque Institute for Mathematics & Science (AIMS @ UNM)
- Albuquerque School of Excellence
- Albuquerque Sign Language Academy
- Aldo Leopold High School
- Alma d'Arte Charter High School
- Amy Biehl Charter High School
- Anthony Charter School
- ASK Academy
- Cariños De Los Niños Charter School
- Cesar Chavez Community School
- Coral Community Charter School
- Cottonwood Classical Preparatory School
- Dream Diné Charter School
- Dził Dítł'ooí School of Empowerment, Action & Perseverance (DEAP)
- Estancia Valley Classical Academy
- Explore Academy
- Gilbert L. Sena Charter High School
- GREAT Academy
- Health Leadership High School
- Horizon Academy West
- J. Paul Taylor Academy
- La Academia Dolores Huerta
- La Promesa Early Learning Center
- La Tierra Montessori School of the Arts and Sciences
- Las Montanas Charter High School
- MASTERS Program
- McCurdy Charter School
- Media Arts Collaborative Charter School
- Mission Achievement and Success Charter School (MAS)
- Monte del Sol Charter School
- Montessori Elementary School
- New America School
- New America School of Las Cruces
- New Mexico Connections Academy
- New Mexico School for the Arts
- North Valley Academy
- Red River Valley Charter School
- Roots and Wings Community School

**STATE OF NEW MEXICO
PUBLIC EDUCATION DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reporting Entity (Continued)

- Sandoval Academy of Bilingual Education (SABE)
- School of Dreams Academy
- Six Directions Indigenous School
- South Valley Preparatory School
- Southwest Aeronautics, Mathematics, and Science Academy (SAMS)
- Southwest Preparatory Learning Center
- Southwest Secondary Learning Center
- Student Athlete Headquarters Academy
- Taos Academy Charter School
- Taos Integrated School of the Arts
- Taos International Charter School
- Technology Leadership High School
- Tierra Adentro: The New Mexico School of Academics, Art & Artesania
- Tierra Encantada Charter School
- Turquoise Trail Charter School
- Walatowa Charter High School

The changes in charter schools and reporting status are noted below. The below charters were no longer authorized by the New Mexico Education Commission and are not considered component units of the New Mexico Public Education Department.

- Cien Aguas International School (Transferred to District effective FY18)
- International School at Mesa Del Sol (Transferred to District effective FY18)
- La Jicarita Community School (Closed effective FY17; completed closeout in FY18)
- La Resolana Leadership Academy (Transferred to District effective FY18)
- Southwest Intermediate Learning Center (Closed effective FY18)
- Uplift Community School (Closed effective FY18)
- William W. & Joseph Dorn Charter School (Transferred to District effective FY18)
- Student Athlete Headquarters (New charter school as of FY18)

The New Mexico Public Education Commission authorizes the Charter Schools, supervises the Charter Schools, and operates under the Department. Financial statement reporting includes the Charter Schools in the Department's financial statements as discretely presented component units. Additionally, Charter School foundations are considered to be blended component units of the Charter Schools and have been included as a separate fund of the Charter Schools, but foundation funds do not have a legally adopted budget.

The Division of Vocational Rehabilitation is a separately appropriated division of the Department.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of financial position and the statement of activities and changes in net position) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements.

**STATE OF NEW MEXICO
PUBLIC EDUCATION DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Separate fund 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.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Measurement Focus. 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 billed. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

In applying the "susceptible to accrual" concept to intergovernmental revenues pursuant to GASB Statement No. 33 (as it relates to non-exchange and exchange transactions), the provider should recognize liabilities and expenses and the recipient should recognize receivables and revenues when the applicable eligibility requirements, including time requirements, are met. Resources transmitted before the eligibility requirements are met, under most circumstances, should be reported as advances by the provider and unearned revenue by the recipient.

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

**STATE OF NEW MEXICO
PUBLIC EDUCATION DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The *General Fund* is the primary operating fund of the Department, and accounts for all financial resources, except those required to be accounted for in other funds.

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

Fiduciary Funds are assets held by the government in a trustee capacity or as an agent on behalf of outside parties, including other governments, or on behalf of other funds within the Department.

Private-Purpose Trust Funds are used to account for trust arrangements under which principal or interest benefits specific individuals or originations, but not the reporting government.

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

General Funds

PED General Fund - This fund is comprised of the following SHARE funds:

Schools in Need of Improvement (SHARE Fund #00500) – This fund is used to make school improvements to school districts in need of upgrades. This fund was created by New Mexico Legislature 22-2-C NMSA 1978. Appropriations to this fund do not revert back to another fund at the end of their appropriation period.

Operating Fund (SHARE Fund #05700) – This is the general operating fund of the Department. It is used to account for all financial resources except those required to be accounted for in another fund. The General Fund is funded primarily from appropriations from the State of New Mexico General Fund. This is a reverting fund.

K-3 Plus (SHARE Fund #11420) – The purpose of this fund is to provide funding for additional educational time for students in the kindergarten through third grade. K-3 Plus shall be administered by the Department and shall provide the funding for approved full-day kindergarten and grades 1-3 to be extended by at least 25 instructional days beginning up to two months earlier than the regular school year (22-13-28 NMSA 1978). Appropriations to this fund do not revert at the end of the appropriation period.

Educational Technology Deficiency Correction (SHARE Fund #20160) – Money in the fund is appropriated for the purpose of implementing the provisions of the Technology for Education Act (NMSA 1978 § 22-15A-1). This is a state funded project (NMSA 1978 § 22-15A-8 and NMSA 1978 § 22-15A11). Appropriations to this fund do not revert to another fund at the end of the appropriation period.

**STATE OF NEW MEXICO
PUBLIC EDUCATION DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

General Funds (Continued)

PED General Fund (Continued)

Adult Basic Education (SHARE Fund #45800) – The Adult Basic Education Fund is used to fund adult basic education programs for educationally disadvantaged adults (NMSA 1978, 21-1-27.5) Appropriations to this fund do revert back to the general fund at the end of the appropriation period.

Charter School Stimulus (SHARE Fund #47000) – To account for state general fund appropriations to provide financial support to charter schools, whether start-up or conversion, for initial start-up costs and initial costs associated with renovating or remodeling existing buildings and structures for expenditure (NMSA 1978, 22-8B-14). Appropriations to this fund do not revert to another fund at the end of each appropriation period.

Pre-Kindergarten (SHARE Fund #51300) – The purpose of this fund is to address the total developmental needs of preschool children, including physical, cognitive, social, and emotional needs, and shall include healthcare, nutrition, safety, and multicultural sensitivity (NMSA 1978, 32A-23-4). Appropriations to this fund do not revert to another fund at the end of the appropriation period.

Indian Education Act (SHARE Fund #63300) – To gain tribal involvement and to ensure the maintenance of native languages (NMSA 22-23A-8). Appropriations to this fund do not revert to another fund at the end of the appropriation period.

Kindergarten Plus (SHARE Fund #63900) – The purpose of the fund is to deposit grants and donations for the “Kindergarten Plus” pilot project. Money shall be expended in accordance with the terms of the grants and donations. Unless otherwise specified by the terms of the grant or donation, money in the fund at the end of the pilot project shall revert to the general fund. There have not been any grants and donations and in FY 07 appropriations have been returned to the Special Appropriations Fund 79000. 22-2-20 created a three-year study which was extended into a six- year study during the 2006 Legislative Session (HB 43). This is a reverting fund.

Education Technology (SHARE Fund #66200) – Education Technology funds are funds from the State General Fund appropriated to the Department. The fund is used to account for all financial resources of the 1994 Education Technology program. This is a state funded project (NMSA 1978, § 22-15A-1 to 22-15A-10). Appropriations to this fund do not revert to another fund at the end of the appropriation period.

**STATE OF NEW MEXICO
PUBLIC EDUCATION DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

General Funds (Continued)

PED General Fund (Continued)

Public Building Energy Efficiency Act (SHARE Fund #72500) – Public Building Energy Efficiency Act is funds from the State General Fund appropriated from the State Equalization Guarantee Fund that are distributed by the Department to participating school districts (NMSA 1978, § 6-23 and § 22-8-25). This is a reverting fund.

Special Projects (SHARE Fund #79000) – This fund accounts for the receipts and disbursements of state special appropriations for a variety of projects, as appropriated by the State of New Mexico Legislature, and consists of reverting and non-reverting funds. The Special Projects Flowthrough fund was established by the Legislature (48th Legislature, 1st Session, Chapter 28) and amended by Senate Bill 165 of 2008.

Instructional Materials Flowthrough (SHARE Fund #85600) – The fund is appropriated to the department to carry out the provisions of the Instructional Material Law (22-15-1 through 22-15-14 NMSA 1978). The instructional material fund shall be used for the purpose of paying for the cost of purchasing instructional material pursuant to the Instructional Material Law. Appropriations to this fund do not revert to another fund at the end of the appropriation period.

Public School Support Flowthrough (85800) – This fund is used in the accounting for distributions to school districts for the State Equalization Guarantee, Transportation, and Supplemental Distributions programs. Financing is provided through State General Fund appropriations. This is a reverting fund.

Special Revenue Funds

DVR Operating Fund (SHARE Fund #50000) – This fund accounts for all operations of the Division of Vocational Rehabilitation, except for those of Disability Determination Services. This is a non-reverting fund. This fund balance is restricted for subsequent year's expenditures and is considered major because of its importance. The DVR operating fund can combine DVR SHARE fund #51900 in which the activity in this fund is comprised of a federal discretionary grant in which federal monies are provided to the State of New Mexico to provide financial assistance designed to maximize the ability of individuals of all ages with disabilities and their family members, guardians, advocates and authorized representatives to obtain assistive technology devices and assistive technology services. This program is funded entirely through federal funds and is a non-reverting fund per State Appropriation disclosure.

**STATE OF NEW MEXICO
PUBLIC EDUCATION DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Special Revenue Funds (Continued)

Federal Food Services (SHARE Fund #67200) – The Federal School Food Services Flowthrough fund is used to account for federal grants to New Mexico schools for food services. The Department, as fiscal agent for the United States Department of Agriculture, is responsible for disbursing funds for such services in accordance with individual grant requirements (Title 7, Code of Federal Regulations Parts 210 and 245). Appropriations to this fund do not revert to another fund at the end of the appropriation period.

Federal Department of Education Flowthrough (SHARE Fund #67300) – This fund is used to account for various grants from the United States Department of Education (USDE) to New Mexico Schools. The Department is responsible for the disbursement of such funds in accordance with USDE requirements (Title 34, Code of Federal Regulations). Appropriations to this fund do not revert to another fund at the end of the appropriation period.

Basis of Accounting. Basis of accounting refers to the point at which revenues or expenditures/ expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made, regardless of the measurement focus applied.

The government-wide financial statements and the fiduciary statements are presented on an accrual basis of accounting. The governmental funds in the fund financial statements are presented on a modified accrual basis. Under the accrual basis of accounting, revenues are recognized when earned and expenditures are recognized when incurred.

In the government-wide Statement of Net Position, the governmental activities are presented on a consolidated basis using the economic resources measurement focus and the accrual basis of accounting, incorporating long-term assets and receivables as well as long-term debt and obligations.

Budgets and Budgetary Accounting. Per the General Appropriation Act, Laws for 2007, Chapter 28, Section 3, item N “For the purpose of administering the General Appropriation Act of 2007 and approving operating budgets, the State of New Mexico shall follow the modified accrual basis of accounting for governmental funds in accordance with the manual of Model Accounting Practices (MAP) issued by the Department of Finance and Administration.” The budget is adopted on the modified accrual basis of accounting except for accounts payable accrued at the end of the fiscal year that do not get paid by the statutory deadline per Section 6-10-4 NMSA 1978. Those accounts payable that do not get paid timely must be paid out of the next year’s budget. Encumbrances related to single-year appropriations lapse at year-end. Each year the Legislature approves multiple year appropriations, which the State considers as continuing appropriations. The Legislature

**STATE OF NEW MEXICO
PUBLIC EDUCATION DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

authorizes these appropriations for two to five years; however, it does not identify the authorized amount by fiscal year. Consequently, the appropriation is budgeted in its entirety the first year the Legislature authorizes it. The unexpended portion of the budget is carried forward as the next year's beginning budget balance until either the project period has expired or the appropriation has been fully expended. The budget presentations in these financial statements are consistent with this budgeting methodology.

The budget-to-actual comparisons for the capital projects funds, which are based on multiple year appropriations budgets, are presented in supplemental schedules to the financial statements as Multi-Year Budgeted Schedules.

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

- No later than September 1, the Department submits to the Budget Division of DFA and the Legislative Finance Committee (LFC) an appropriations request for the fiscal year commencing the following July 1. The appropriation request includes proposed expenditures and the means of financing them.
- Budget hearings are scheduled with DFA and LFC. Budget recommendations are prepared by the above agencies. The two budget recommendations are submitted for the upcoming legislative session.
- Budget hearings are scheduled before the Appropriations Committee of the New Mexico House of Representatives and Senate. The final outcome of these hearings is incorporated into the General Appropriations Act.
- The Governor of the State of New Mexico signs the General Appropriations Act into law within the legally prescribed time limit.
- Not later than May 1, the Department submits an annual operating budget request to the Budget Division of DFA, which reviews the request and subsequently approves the budget based upon the appropriation made by the Legislature. All subsequent budget transfers and increases must be authorized by the Director of the Budget Division. The budgets for the year ended June 30, 2018 have been so adjusted.
- Legal budgetary control for expenditures and encumbrances is by category of the appropriation unit.
- Formal budgetary integration is employed as a management control device during the fiscal year for the General Fund and Special Revenue Funds.

The unexpended and unencumbered State General Fund appropriation to the Department lapses at year-end and reverts to the State General Fund. The Department may also receive funding from various special appropriations.

The language of a particular special appropriation determines when it lapses and whether or not unexpended and unencumbered balances revert to the State General Fund. See Note 15 for specific funds subject to annual reversion to State General Fund.

**STATE OF NEW MEXICO
PUBLIC EDUCATION DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Cash Deposits. The Department is required by statute to deposit any money received into the State Treasury. Balances maintained at the end of the day are pooled and invested by the New Mexico State Treasurer in repurchase agreements. The New Mexico State Treasurer issues separate financial statements that disclose the collateral pledged to secure these deposits, categories of risk involved, and the market value of purchased investments, which may differ from the cash deposited by the Department.

Inter-Fund Receivables/Payables – Short-term. During the course of operations, numerous transactions occur among individual funds for goods provided or services rendered. These receivables and payables are classified as “due from other funds” or “due to other funds” on the fund balance sheets. Short-term inter-fund loans are classified as “inter-fund receivables/payables”.

Federal Grants Receivables. Amounts listed as “federal grants receivable” are reimbursements due for pass through funds. No allowance for uncollectible amounts has been made since these are expected to be collected in full.

Due to Local Education Authorities. The Department passes through federal funding to the local school districts. The Department normally pays the school on a reimbursement basis, but the Department also advances funding to schools. Schools are required to spend the advanced funds in the school year budgeted. As the schools report their expenditures on a monthly basis, the Department relieves the receivable and records federal expenditures. Unspent funds are to be returned to the Department, which in turn are returned to the federal grantor by the Department. Because the Department has the ability to reduce funding in subsequent years to compensate for unspent funds that are returned, the advances are considered fully collectible.

Capital Assets. Equipment, software, and computer equipment purchased or acquired is carried at historical cost or estimated historical cost. Contributed assets are recorded at their acquisition value at the time of acquisition. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. The State’s capitalization policy (i.e., the dollar value above which the asset acquisitions are added to the capital accounts) is \$5,000. The Department does not capitalize any interest with regard to its capital assets.

Depreciation on all assets is provided on the straight-line basis over the estimated useful lives with no salvage value. The Department utilizes Internal Revenue Service guidelines to estimate the useful lives on capital assets as follows:

Computing Equipment and Software	3 years
Equipment	5 to 7 years

**STATE OF NEW MEXICO
PUBLIC EDUCATION DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Capital assets for the governmental funds are recorded on the government-wide financial statements.

Compensated Absences Payable. Accrued vacation up to 240 hours is recorded in the Statement of Net Position at 100% of the employee's hourly wage. In addition, accrued sick leave over 600 and up to 720 hours, less the amount classified as current, is recorded in the Statement of Net Position at 50% of the employee's hourly wage. Compensatory time is accrued at a rate of one and one-half hours for each hour of employment for which overtime compensation is required for those employees covered by the Fair Labor Standards Act (FLSA). Employees exempt from coverage by FLSA earn one hour of compensatory time for each overtime hour. The accrual for compensated absences is calculated at pay rates in effect at June 30, 2018, and includes direct and incremental salary related payments, such as the employer's share of social security taxes.

Fund Balances. In the governmental fund financial statements, fund balances are classified as nonspendable, restricted, or committed, assigned, or unassigned. Restricted represents those portions of fund balance where constraints placed on the resources are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Committed fund balance represents amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Legislative and Executive branches of the State. Assigned fund balance is constrained by the Legislature's and Executive Branch's intent to be used for specific purposes or, in some cases, by legislation.

When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) resources are available for use, it is the Department's policy to use restricted resources first and then unrestricted resources. Any residual balances are classified using the default policy for unrestricted fund balance: committed amounts would be used first, followed by assigned amounts, and then unassigned amounts.

Net Position. The government-wide financial statements utilize a net position presentation. The net position is categorized as an investment in capital assets, restricted, and unrestricted.

Net Investment in Capital Assets is intended to reflect the portion of net position which is associated with non-liquid, capital assets less outstanding capital asset related debt. The Department did not have any related debt during the year ended in June 30, 2018.

Restricted Net Position are liquid assets (generated from revenues and not bond proceeds), which have third-party (statutory, bond covenant, or granting agency) limitations (legally restricted) on their use. The Department reported restricted net position at June 30, 2018.

**STATE OF NEW MEXICO
PUBLIC EDUCATION DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Unrestricted Net Position represents the excess of total assets over liabilities and investment in capital assets at June 30, 2018.

Inter-fund Transactions. Inter-fund activity is reported as loans, services provided, reimbursements or transfers. Loans are reported as inter-fund receivables and payables as appropriate and are subject to elimination upon consideration.

Services provided, deemed to be at market value, are treated as revenues and expenditures. Reimbursements are when a fund incurs a cost, charges it to the appropriate benefiting fund, and reduces its related cost as a reimbursement. All other inter-fund transactions are treated as transfers. Transfers between funds are netted at the government-wide level.

Uses of 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 the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Unearned Revenues. Various reimbursement procedures are used for federal awards received by the Department. Consequently, timing differences between expenditures and program reimbursements can exist at any time during the fiscal year. Receivable balances at fiscal year-end represent an excess of modified accrual basis expenditures over cash reimbursements received to date. Conversely, unearned revenue balances represent an over-draw of cash (advances) in excess of modified accrual basis expenditures. Generally, receivable or unearned revenue balances caused by differences in the timing of cash reimbursements and expenditures will be reversed or returned to the grantor in the remaining grant period.

Deferred Outflows/Inflows of Resources. In addition to assets, the Statement of Financial Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Also, in addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, 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. At June 30, 2018, the Department reported no deferred outflows or inflows of resources while its discretely presented component units reported deferred outflows and inflows of resources related to pension and OPEB amounts.

**STATE OF NEW MEXICO
PUBLIC EDUCATION DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Severance Tax Bonds Appropriations. While the Department receives severance tax bond proceeds appropriated to the capital projects funds for projects specified by the Legislature, it has no obligation for repayment of the bonds and reports no liability for severance tax bonds payable in its financial statements. These bonds are obligations of the State of New Mexico's Comprehensive Annual Financial Report, or CAFR, issued by the State of New Mexico's Controller's Office. The CAFR can be obtained by contacting the State Controller at the Bataan Memorial Building, Santa Fe, New Mexico 87501.

NOTE 2 STATE GENERAL FUND INVESTMENT POOL

Compliant with statute 6-10-3 (NMSA 1978), and to optimize state cash management and investment practices, funds of various state agencies are deposited in the State General Fund Investment Pool (SGFIP). This pool is managed by the New Mexico State Treasurer's Office (STO). Claims on the SGFIP are reported as financial assets by the various agencies investing in the SGFIP.

In fiscal year 2015, the Financial Control Division implemented a reconciliation process that compares statewide agency claims against the resources held in the SGFIP at STO. The claims to resources reconciliation process has been successfully applied to fiscal year end 2018.

Resources are sufficient to cover claims and there is no need to adjust any specific business unit claim on the SFGIP. All claims will be honored at face value.

As part of the Department's cash controls, all incoming funds and outgoing disbursements are tracked to ensure transactions are properly entered into SHARE and post to the general ledger. Additionally, at year-end the Department performs a cash analysis on all funds to ensure the activity affecting the cash accounts properly reflect the ending balances at year end. The Department also does not issue third-party disbursements that may materially affect the Department's financial statements.

**STATE OF NEW MEXICO
PUBLIC EDUCATION DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 3 INTEREST IN THE STATE GENERAL FUND INVESTMENT POOL

State law (Section 8-6-3 NMSA 1978) requires the Department's cash be managed by the New Mexico State Treasurer's Office. Accordingly, the investments of the Department consist of an interest in the SGFIP managed by the New Mexico State Treasurer's Office.

At June 30, 2018, the Department had the following interest in the SGFIP:

Investment in State General Fund Investment Pool - Primary Government, Net	\$97,517,654
Investment in State General Fund Investment Pool - Private Purpose Trust	\$46,130

Interest Rate Risk. The New Mexico State Treasurer's Office has an investment policy that limits investment maturities to five years or less on allowable investments. This policy is means of managing exposure to fair value losses arising from increasing interest rates. This policy is reviewed and approved annually by the New Mexico State Board of Finance.

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The SGFIP is not rated for credit risk.

Custodial Credit Risk. The cash on deposit with the New Mexico State Treasurer's SGFIP is monitored by the office for purposes of collateralization in compliance with Section 6-10-17, NMSA 1978. The Department has been authorized by the NM State Treasurer's Office to carry a negative cash balance (cash overdraft) due to the administration of the cost grants. Cash overdrafts listed as due to State General Fund Investment Pool are shown below.

Investment in State General Fund Investment Pool - Overdraft	\$13,698,789
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For further information regarding the SGFIP, please see the State Treasurer's annual financial statements and specifically refer to the GASB 40 disclosure of the investments. That report may be obtained by writing to the New Mexico State Treasurer's Office, P.O. Box 608, Santa Fe, NM 87504-0708.

NOTE 4 CASH AND INVESTMENTS

The Eva Lou Kelly Scholarship trust fund has a certificate of deposit with a local bank. The certificate matures February 18, 2020. The interest rate is 0.85%, payable monthly. The certificate is fully insured by the FDIC and in the name of the trust fund. Market value approximates cost.

Washington Federal Savings, Santa Fe, NM - Certificate of Deposit	\$ 20,000
FDIC Insurance	(20,000)
Uninsured Amount	<u>\$ -</u>

**STATE OF NEW MEXICO
PUBLIC EDUCATION DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 4 CASH AND INVESTMENTS (CONTINUED)

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Department does not have an investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

NOTE 5 DUE FROM OTHER STATE AGENCIES

Transactions that occur among state agencies under legislative mandate, exchange transactions, and other situations are accounted for in the financial statements which are made up the due from and due to (Note 6) other state agencies. As of June 30, 2018, due from other state agencies consists of the following:

Share Fund No.	Agency	Other Agency No.	Amount
89200	New Mexico Department of Finance & Administration	34103	\$ 2,106,595
05700	Secretary of State	37000	216
84400	Children, Youth & Families Department	69000	7,684
	Total Due from Other State Agencies		<u>\$ 2,114,495</u>

NOTE 6 DUE TO OTHER STATE AGENCIES

Total due to other state agencies at June 30, 2018 is as follows:

Share Fund No.	Agency	Other Agency No.	Amount
63500	New Mexico Department of Finance & Administration	34103	\$ 1,103,044
79000	New Mexico Department of Finance & Administration	34103	36,636
81300	New Mexico Department of Finance & Administration	34103	37,097
81600	New Mexico Department of Finance & Administration	34101	81
81600	New Mexico Department of Finance & Administration	34103	88,744
84400	New Mexico Department of Health	66500	9,678
	Total Due to Other State Agencies		<u>\$ 1,275,280</u>

**STATE OF NEW MEXICO
PUBLIC EDUCATION DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 7 DUE TO BENEFICIARIES

Share Fund No.	Agency	Other Agency No.	Amount
67400	NMSU Dona Ana	Unknown	\$ 1,631
67400	San Juan College	Unknown	11,840
67400	Western NM University	Unknown	4,643
84400	UNM Focus	Unknown	95,817
67300	NM School for Blind & Visually Impaired	Unknown	1,862
67300	NM School for the Deaf	Unknown	19,759
			<u>\$ 135,552</u>

NOTE 8 CAPITAL ASSETS

A summary of changes in capital assets at June 30, 2018 is as follows:

	June 30, 2017	Additions	Deletions/ Transfers	June 30, 2018
PED:				
Equipment	\$ 1,079,474	\$ 331,930	\$ (327,983)	\$ 1,083,421
Furniture	303,516	-	(101,144)	202,372
Vehicles	68,400	-	-	68,400
Art	5,800	-	(5,800)	-
Total PED	<u>1,457,190</u>	<u>331,930</u>	<u>(434,927)</u>	<u>1,354,193</u>
DVR/DDS:				
Equipment	1,512,032	5,112	(68,260)	1,448,884
Total Department:				
Equipment	2,591,506	337,042	(396,243)	2,532,305
Furniture	303,516	-	(101,144)	202,372
Vehicles	68,400	-	-	68,400
Art	5,800	-	(5,800)	-
Total Department:	<u>2,969,222</u>	<u>337,042</u>	<u>(503,187)</u>	<u>2,803,077</u>
Less: Accumulated Depreciation:				
PED - Equipment	(973,588)	(103,945)	327,983	(749,550)
PED - Furniture	(301,105)	(2,412)	101,144	(202,373)
PED - Vehicles	(68,400)	-	-	(68,400)
DVR/DDS - Equipment	(923,542)	(183,045)	62,662	(1,043,925)
Total Accumulated Depreciation	<u>(2,266,635)</u>	<u>(289,402)</u>	<u>491,789</u>	<u>(2,064,248)</u>
Total Capital Assets	<u>\$ 702,587</u>	<u>\$ 47,640</u>	<u>\$ (11,398)</u>	<u>\$ 738,829</u>

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NOTE 8 CAPITAL ASSETS (CONTINUED)

Depreciation expenses were charged to functions in the Department for the year ended June 30, 2018 as follows:

Public Education Department:	
Education	\$ 106,357
Division of Vocational Rehabilitation:	
Health and Welfare	183,045
Total Department	<u>\$ 289,402</u>

A summary of changes in capital assets at June 30, 2018 for the Department's Component Units is as follows:

	June 30, 2017	Additions	Deletions	June 30, 2018
<i>Capital Assets Not Being Depreciated</i>				
Land and Land Improvements	\$ 9,729,210	\$ 5,760,998	\$ (103,398)	\$ 15,386,810
Construction In Process	3,477,451	6,007,613	(2,617,702)	6,867,362
<i>Capital Assets Being Depreciated</i>				
Building, Building Improvements, and Leasehold Improvements	60,970,530	10,695,061	(3,069,172)	68,596,419
Vehicles	1,787,264	19,899	-	1,807,163
Furniture, Fixtures, and Equipment	1,237,431	186,200	(109,280)	1,314,351
Total Capital Assets	5,946,972	1,541,987	(476,966)	7,011,993
Total Capital Assets	<u>83,148,858</u>	<u>24,211,758</u>	<u>(6,376,518)</u>	<u>100,984,098</u>
<i>Less: Accumulated Depreciation</i>				
Building and Building Improvements	(8,745,576)	(2,078,493)	491,834	(10,332,235)
Leasehold Improvements	(949,347)	(61,152)	-	(1,010,499)
Vehicles	(547,621)	(177,175)	119,111	(605,685)
Furniture, Fixtures, and Equipment	(3,615,193)	(716,319)	438,338	(3,893,174)
Total Accumulated Depreciation	<u>(13,857,737)</u>	<u>(3,033,139)</u>	<u>1,049,283</u>	<u>(15,841,593)</u>
Capital Assets, Net	<u>\$ 69,291,121</u>	<u>\$ 21,178,619</u>	<u>\$ (5,327,235)</u>	<u>\$ 85,142,505</u>

NOTE 9 COMPENSATED ABSENCES

A summary of changes in compensated absences for the year ended June 30, 2018 are as follows:

	Balance June 30, 2017	Additions	Deletions	Balance June 30, 2018	Due Within One Year
PED	\$ 810,746	\$ 1,440,615	\$ (1,414,228)	\$ 837,133	\$ 837,133
DVR/DDS	583,017	592,545	(538,602)	636,960	636,960
Total	<u>\$ 1,393,763</u>	<u>\$ 2,033,160</u>	<u>\$ (1,952,830)</u>	<u>\$ 1,474,093</u>	<u>\$ 1,474,093</u>

PED compensated absences are typically liquidated with SHARE fund No. 05700 and No. 84400 resources. DVR/DDS compensated absences are typically liquidated with SHARE fund No. 50000 and No. 50100 resources. These compensated absences balances are paid within one year.

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NOTE 10 LONG-TERM DEBT – COMPONENT UNITS

A summary of changes in the various components of long-term debt for the Department's Component Units for the year ended June 30, 2018 are as follows:

	Balance June 30, 2017	Additions	Deletions	Balance June 30, 2018	Due Within One Year
Compensated Absences	\$ 175,800	\$ 29,757	\$ (60,830)	\$ 144,727	\$ 144,727
Accrued Interest Payable	424,387	587,933	(59,309)	953,011	953,011
Bonds Payable, Net	25,548,642	20,825,000	(396,128)	45,572,614	404,900
Other Long-Term Debt	31,304,163	6,260,772	(721,639)	33,339,631	3,503,665
Total	<u>\$ 57,452,992</u>	<u>\$ 27,703,462</u>	<u>\$ (1,237,906)</u>	<u>\$ 80,009,983</u>	<u>\$ 5,006,303</u>

Future principal and interest payments are as follows:

	Principal	Interest	Total
2019	\$ 3,775,320	\$ 4,420,306	\$ 8,195,626
2020	2,044,168	4,304,068	6,348,236
2021	2,177,193	4,234,263	6,411,456
2022	5,723,053	4,179,272	9,902,325
2023	2,347,619	5,793,363	8,140,982
2024 - 2028	16,968,277	16,249,366	33,217,643
2029 - 2033	9,850,168	13,350,000	23,200,168
2034 - 2038	12,193,517	9,840,750	22,034,267
2039 - 2043	16,856,005	5,647,646	22,503,651
2044 - 2048	10,885,490	880,387	11,765,877
Total	<u>\$ 82,820,810</u>	<u>\$ 68,899,421</u>	<u>\$ 151,720,231</u>

NOTE 11 COMMITMENTS AND CONTINGENCIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including accounts 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 Department expects such amounts, if any, to be immaterial.

The State did not meet its required level of financial support for the Special Education Cluster of programs for fiscal years 2011 and 2012. As a result, the Department may have a one-time reduction of future federal funding. Management's estimate of the potential one-time reduction in federal funding ranges from \$-0- to \$63,491,592.

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NOTE 11 COMMITMENTS AND CONTINGENCIES (CONTINUED)

Litigation

There are several pending and/or threatened lawsuits in which the Department is involved. Generally, these matters are insured by the Risk Management Division (RMD) of the New Mexico General Services Department. The Department's attorneys estimate that the potential claims against the Department not covered by insurance resulting from such litigation would not materially affect the financial statements of the Department.

State Authorized Charter Schools' Debt

If state authorized charter schools' debts violate debt covenant terms and conditions, in addition to insufficient funds from banking institutions, the debts become the direct responsibility of the Department. The Department may become obligated to satisfy state authorized charter schools' debts only to the extent of the debt and for the purpose of guaranteeing payment of the insufficient funds within the state funds that have deficits.

Lease Commitments

The Department has commitments for office space and equipment under operating lease agreements. Lease terms for office space range from one to eleven years and generally contain renewal options. Lease terms for office equipment range from one to five years. Rental expenditures for the year ended June 30, 2018 totaled \$3,694,674. Future minimum lease payments are as follows and are based on the actual lease terms and have not been discounted:

Fiscal Year Ending June 30,	PED	DVR/DDS	Total
2019	\$ 381,783	\$ 2,664,222	\$ 3,046,005
2020	381,783	1,698,450	2,080,233
2021	381,783	1,281,840	1,663,623
2022	381,783	869,322	1,251,105
2023	381,783	638,162	1,019,945
Thereafter	572,675	1,362,033	1,934,708
Total	<u>\$ 2,481,590</u>	<u>\$ 8,514,029</u>	<u>\$ 10,995,619</u>

NOTE 12 PENSION PLAN – PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION (PERA)

Plan Description

Substantially all of the Department's full-time employees participate in a public employee retirement system authorized under the Public Employees Retirement Act (Chapter 10, Article 11, NMSA 1978). The Public Employees Retirement Association (PERA) is the administrator of the plan, which is a cost-sharing multiple-employer defined benefit retirement plan. The plan provides for retirement benefits, disability benefits, survivor benefits, and cost-of-living adjustments to plan members and beneficiaries. PERA issues a separate, publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to PERA, P.O. Box 2123, Santa Fe, NM 87504-2123. The report is also available on PERA's website at www.pera.state.nm.us.

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NOTE 12 PENSION PLAN – PUBLIC EMPLOYEES’ RETIREMENT ASSOCIATION (PERA)

Funding Policy

Plan members are required to contribute 8.92% of their gross salary if they earn over \$20,000 a year and 7.42% of their gross salary if they earn \$20,000 or less a year. The Department is required to contribute 16.59% of their gross covered salary. In fiscal year 2018, the Department will contribute 16.99% of the gross covered salary of employees. The contribution requirements of plan members and the Department are established in State statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The Department’s contributions to PERA for the fiscal years ending June 30, 2018, 2017, and 2016 were \$4,226,193, \$4,292,191, and \$4,350,337, respectively, which equal the amount of the required contributions for each fiscal year.

All contributions withheld from participants by the Office have been paid to PERA who administers the plan.

The information concerning the net pension liability, pension expense, and pension-related deferred inflows and outflows of the primary government will be contained in the General Fund and the CAFR and will be available, when issued, from the Office of the State Controller, Room 166, Bataan Memorial Building, 407 Galisteo Street, Santa Fe, New Mexico 87501.

NOTE 13 PENSION PLAN – EDUCATIONAL RETIREMENT BOARD (DISCRETELY PRESENTED COMPONENT UNITS)

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:

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NOTE 13 PENSION PLAN – EDUCATIONAL RETIREMENT BOARD (DISCRETELY PRESENTED COMPONENT UNITS) (CONTINUED)

Benefits Provided (Continued)

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 or 75 or more; the member is at least sixty-five years of age and has five or more years of earned service credit; or the member has service credit totaling 25 years or more.

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

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

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

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NOTE 13 PENSION PLAN – EDUCATIONAL RETIREMENT BOARD (DISCRETELY PRESENTED COMPONENT UNITS) (CONTINUED)

Benefits Provided (Continued)

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 defined benefit plan members and the Aggregate Discretely Presented Component Units of the Department (the Component Units) 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 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 10.70% of their gross annual salary. For fiscal year ended June 30, 2018, employers contributed 13.90%, and employees earning \$20,000 or less continued to contribute 7.90% and employees earning more than \$20,000 contributed 10.70% of their gross annual salary. Contributions to the pension plan from the Component Units were \$9,575,549 for the year ended June 30, 2018.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The total ERB pension liability, net pension liability, and sensitivity information were based on an annual actuarial valuation performed as of June 30, 2016. The total ERB pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2017, using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date June 30, 2017. At June 30, 2018, the Component Units reported a liability of \$263,329,184 for its proportionate share of the net pension liability. The Component Unit's proportion of the net pension liability is based on the employer contributing entity's percentage of total employer contributions for the fiscal year ended June 30, 2017. The contribution amounts were defined by

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NOTE 13 PENSION PLAN – EDUCATIONAL RETIREMENT BOARD (DISCRETELY PRESENTED COMPONENT UNITS) (CONTINUED)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Section 22-11-21, NMSA 1978. At June 30, 2018, the Component Unit's proportion was 2.3695%, which was an increase from its proportion of 2.1665% measured as of June 30, 2017.

For the year ended June 30, 2018, the Component Units recognized pension expense of \$54,695,588. As of June 30, 2018, the Component Units reported deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 472,699	\$ -
Changes of Assumptions	76,870,964	(4,056,836)
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	(36,121)
Changes in Proportion and Differences Between the District Contributions and Proportionate Share of Contributions	22,031,426	(3,343,511)
The District's Contributions Subsequent to the Measurement Date	<u>9,575,549</u>	<u>-</u>
Total	<u>\$ 108,950,638</u>	<u>\$ (7,436,468)</u>

\$9,575,549 reported as deferred outflows of resources related to pensions resulting from the Component Units contributions subsequent to the measurement date June 30, 2017 will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2019	\$ 37,834,425
2020	35,982,533
2021	20,289,978
2022	(2,168,315)
Thereafter	-
Total	<u>\$ 91,938,621</u>

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NOTE 13 PENSION PLAN – EDUCATIONAL RETIREMENT BOARD (DISCRETELY PRESENTED COMPONENT UNITS) (CONTINUED)

Actuarial Assumptions

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of a six-year actuarial experience study for the period ending June 30, 2016.

The total pension liability, net pension liability, and certain sensitivity information are based on an actuarial valuation performed as of June 30, 2016. The total pension liability was rolled forward from the valuation date to the Plan's year ended June 30, 2017 using generally accepted actuarial principles. The roll-forward incorporates the impact of the new assumptions adopted by the Board on April 21, 2017. There were no other significant events or changes in benefit provisions that required an adjustment to the roll-forward liabilities as of June 30, 2017. The liabilities reflect the impact of the new assumptions adopted by the Board of Trustees on April 21, 2017 as well as the change in the single discount rate between June 30, 2016 and June 30, 2017. Specifically, the liabilities measured as of June 30, 2017 incorporate the following assumptions:

1. All members with an annual salary of more than \$20,000 will contribute 10.70% during the fiscal year ending June 30, 2015 and thereafter.
2. Members hired after June 30, 2013 will have an actuarially reduced retirement benefit if they retire before age 55 and their COLA will be deferred until age 67.
3. COLAs for most retirees are reduced until ERB attains a 100% funded status.
4. The new assumptions adopted by the Board on April 21, 2017 in conjunction with the change in the single discount rate, and
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 contribution rates included in the measurement are as follows:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll
Remaining Period	Amortized – closed 30 years from June 30, 2012 to June 30, 2042
Asset Valuation Method	5 year smoothed market for funding valuation (fair value for financial valuation)
Inflation	2.50%

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NOTE 13 PENSION PLAN – EDUCATIONAL RETIREMENT BOARD (DISCRETELY PRESENTED COMPONENT UNITS) (CONTINUED)

Actuarial Assumptions (Continued)

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	7.25%
Single Discount Rate	5.90%
Retirement Age	Experience based table of age and service rates
Mortality	Healthy Males – RP-2000 Combined Mortality Table with white collar adjustments, generational mortality improvements with scale BB. Healthy Females – GRS Southwest Region Teacher Mortality Table, set back one year, generational mortality improvements in accordance with scale BB from the table's base year of 2012.

Rate of Return

Disclosure of the annual money-weighted return is a requirement of GASB 67. It incorporates both the size and timing of cash flows to determine an internal rate of return, and expresses investment performance adjusted for the changing amounts actually invested. The requirements of the calculation are listed below.

- The rate is computed net of investment expenses, but not net of administrative expenses.
- External cash flows used as inputs should be determined on at least a monthly basis.
- Cash flows should be determined on an accrual basis of accounting.
- Cash flow weighting should be representative of the Plan's actual external cash flow timing.

Best estimates of geometric real rates of return for each major asset class included in the Plan's target asset allocation for 2017 and 2016 for 30-year return assumptions are summarized net of fees and inflation in the following table by asset class.

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NOTE 13 PENSION PLAN – EDUCATIONAL RETIREMENT BOARD (DISCRETELY PRESENTED COMPONENT UNITS) (CONTINUED)

Rate of Return (Continued)

Schedule of Long-Term Rate of Return by Asset Class		
Asset Class	2017 Percentage	2016 Percentage
Cash	-0.25%	-0.25%
U.S. Treasuries	0.25	-
IG Corp Credit	1.75	1.75
Mortgage Backed Securities	0.25	0.25
Core Bonds*	0.75	0.64
Treasury Inflation Protected Securities	0.50	0.75
High-Yield Bonds	2.50	2.50
Bank Loans	2.75	2.75
Global Bonds (Unhedged)	(0.50)	(0.50)
Global Bonds (Hedged)	(0.38)	(0.38)
Emerging Market Debt External	2.50	2.75
Emerging Market Debt Local Currency	3.25	3.25
Large Cap Equities	4.25	4.25
Small/Mid Cap Equities	4.50	4.50
International Equities (Unhedged)	4.50	4.75
International Equities (Hedged)	4.89	5.14
Emerging International Equities	6.25	6.25
Private Equity	6.25	6.25
Private Debt	4.75	4.75
Private Real Assets	5.90	4.50
Real Estate	3.25	3.25
Commodities	2.25	2.25
Hedge Funds	3.22	3.25

*Core Bonds assumption based on market weighted blend of components of Aggregate Index (Treasuries, IG Corp Credit, and Mortgage Backed Securities).

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

	1% Decrease (4.90%)	Discount Rate (5.90%)	1% Increase (6.90%)
The Component Units' Proportionate Share of the Net Pension Liability	<u>\$ 342,789,110</u>	<u>\$ 263,329,184</u>	<u>\$ 198,377,161</u>

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NOTE 13 PENSION PLAN – EDUCATIONAL RETIREMENT BOARD (DISCRETELY PRESENTED COMPONENT UNITS) (CONTINUED)

Payables to the Pension Plan

The payable to the plan as of June 30, 2018, which is related to required contributions outstanding at the end of the period was: \$2,460,391.

Pension Plan Fiduciary Net Position

Detailed information about the ERB's fiduciary net position is available in the separately issued audited financial statements as of and for June 30, 2017 and 2016 which are publicly available at www.nmerb.org.

NOTE 14 POST-EMPLOYMENT BENEFIT – STATE RETIREE HEALTH CARE PLAN

Plan Description

The Department and its Component Units contribute 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 plan and is also authorized to designate optional and/or voluntary benefits like dental, vision, supplemental life insurance, and long-term care policies.

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.

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**NOTE 14 POST-EMPLOYMENT BENEFIT – STATE RETIREE HEALTH CARE PLAN
(CONTINUED)**

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 members of an enhanced retirement plan (state police and adult correctional officer member coverage plan 1; municipal police member coverage plans 3, 4 or 5; municipal fire member coverage plan 3, 4 or 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act) during the fiscal year ended June 30, 2016, the statute required each participating employer to contribute 2.5% of each participating employee's annual salary; and each participating employee was required to contribute 1.25% of their salary. For employees that were not members of an enhanced retirement plan during the fiscal year ended June 30, 2018, 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 Department's contribution to the RHCA for the year ended June 30, 2018 was \$502,341, and the Component Units contributed \$1,384.073 for the year ended June 30, 2018.

**STATE OF NEW MEXICO
PUBLIC EDUCATION DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

**NOTE 14 POST-EMPLOYMENT BENEFIT – STATE RETIREE HEALTH CARE PLAN
(CONTINUED)**

GASB 75 – Postemployment Benefits – State Retiree Health Care Plan

Compliant with the requirements of Government Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, the State of New Mexico has implemented this standard for the fiscal year ended June 30, 2018. The Component Units have implemented GASB 75 effective FY18, and the required disclosures are as follows.

The Component Units, as part of the primary government of the State of New Mexico, is a contributing employer to a cost-sharing multiple-employer defined benefit postemployment health care plan that provides comprehensive group health insurance for persons who have retired from certain public service positions in New Mexico. The other postemployment benefits (OPEB) Plan is administered by the Retiree Health Care Authority of the State of New Mexico. Overall, total OPEB liability exceeds OPEB Plan net position resulting in a net OPEB liability. The State has determined the State's share of the net OPEB liability to be a liability of the State as a whole, rather than any agency or department of the State and the liability will not be reported in the department or agency level financial statements of the State. All required disclosures will be presented in the Comprehensive Annual Financial Report (CAFR) of the State of New Mexico.

Information concerning the net liability, benefit expense, and benefit-related deferred inflows and deferred outflows of resources of the primary government will be contained in the State of New Mexico Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2018 and will be available, when issued, from the Office of the State Controller, Room 166, Bataan Memorial Building, 407 Galisteo Street, Santa Fe, New Mexico, 87501.

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

The total OPEB liability, net OPEB liability, and sensitivity information were based on an annual actuarial valuation performed as of June 30, 2017. Therefore, the employer's portion was established as of the measurement date June 30, 2017. At June 30, 2018, the Component Units reported a liability of \$73,177,006 for its' proportionate share of the net OPEB liability. The Component Unit's proportion of the net OPEB liability is based on the employer contributing entity's percentage of total employer contributions for the fiscal year ended June 30, 2017. The contribution amounts were defined by Section 10-7C-15, NMSA 1978. At June 30, 2018, the Component Unit's proportion was 1.6148%.

**STATE OF NEW MEXICO
PUBLIC EDUCATION DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

**NOTE 14 POST-EMPLOYMENT BENEFIT – STATE RETIREE HEALTH CARE PLAN
(CONTINUED)**

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

For the year ended June 30, 2018, the Component Units recognized pension expense of \$2,909,280. As of June 30, 2018, the Component Units 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
Differences Between Expected and Actual Experience	\$ -	\$ (2,808,147)
Changes of Assumptions	-	(12,794,069)
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	-	(1,052,702)
The Component Units' Contributions Subsequent to the Measurement Date	1,384,073	-
Total	<u>\$ 1,384,073</u>	<u>\$ (16,654,918)</u>

Amounts reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date June 30, 2017 will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2019	\$ (3,540,951)
2020	(3,540,951)
2021	(3,540,951)
2022	(3,540,951)
Thereafter	(2,491,114)
Total	<u>\$ (16,654,918)</u>

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2017 using the following actuarial assumptions:

Valuation Date	June 30, 2017
Actuarial Cost Method	Entry age normal, level percent of pay, calculated on individual employee basis
Amortization Method	30-year open-ended amortization, level percent of payroll
Remaining Amortization Period	30 years as of June 30, 2016

**STATE OF NEW MEXICO
PUBLIC EDUCATION DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

**NOTE 14 POST-EMPLOYMENT BENEFIT – STATE RETIREE HEALTH CARE PLAN
(CONTINUED)**

Actuarial Assumptions (Continued)

Asset Valuation Method	Market value of assets
Inflation	2.50% for ERB; 2.25% for PERA
Projected Payroll Increases	3.50%
Investment Rate of Return	7.25%, net of OPEB plan investment expense and margin for adverse deviation including inflation
Health Care Cost Trend rate	8% graded down to 4.5% over 14 years for Non-Medicare medical plan costs and 7.5% graded down to 4.5% over 12 for Medicare medical plan costs

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

<u>Asset Class</u>	<u>Long-Term Rate of Return</u>
U.S. Core Fixed Income	4.10%
U.S. Equity - Large Cap	9.1
Non U.S. - Emerging Markets	12.2
Non U.S. - Developed Equities	9.8
Private Equity	13.8
Credit and Structured Finance	7.3
Real Estate	6.9
Absolute Return	6.1
U.S. Equity - Small/Mid Cap	9.1

**STATE OF NEW MEXICO
PUBLIC EDUCATION DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

**NOTE 14 POST-EMPLOYMENT BENEFIT – STATE RETIREE HEALTH CARE PLAN
(CONTINUED)**

Actuarial Assumptions (Continued)

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

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

	1% Decrease (2.815%)	Current Discount Rate (3.81%)	1% Increase (4.81%)
The Component Units' Proportionate Share of the OPEB Liability	<u>\$ 88,762,564</u>	<u>\$ 73,177,006</u>	<u>\$ 60,948,728</u>

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

	1% Decrease	Current Rate	1% Increase
The Component Units' Proportionate Share of the OPEB Liability	<u>\$ 62,242,080</u>	<u>\$ 73,177,006</u>	<u>\$ 83,703,538</u>

OPEB Plan Fiduciary Net Position

Detailed information about the NMRHCA's fiduciary net position is available in the separately issued audited financial statements as of and for June 30, 2017 and 2016, which are publicly available at www.nmrhca.org.

Payables to the OPEB Plan

The payable to the plan as of June 30, 2018, which is related to required contributions outstanding at the end of the period was: \$262,600.

**STATE OF NEW MEXICO
PUBLIC EDUCATION DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 15 RISK MANAGEMENT

The Department, as a State Agency defined in the New Mexico Tort Claims Act, is insured through the Risk Management Division of the General Services Department of the State of New Mexico.

Annual premiums are paid by the Department to the Risk Management Division for coverage provided in the following areas:

- Liability and civil rights protection for claims made by others against the State of New Mexico;
- Coverage to protect the State of New Mexico's property and assets; and
- Fringe benefit coverage for State of New Mexico employees.

At June 30, 2018, the Department had no claims that Risk Management Division returned as not covered, which would become the responsibility of the Department. To obtain the separately issued financial statements, contact General Services Department, PO Box 26110, Santa Fe, New Mexico 87502-6110.

NOTE 16 REVERSIONS

The following activity for reversions to the State General Fund occurred during fiscal year ended June 30, 2018:

Fund	FY18 Reversions	Reversions Payable June 30, 2018
05700	\$ 50,320	\$ 243,870
20160	-	1
45800	-	122,564
50000	10,496	-
51300	-	198
56200	-	1
63400	55,308	55,308
63500	1,103,044	-
66200	-	130
79000	978,335	567
81300	37,097	-
81600	157,620	157,620
81800	-	17,892
85600	-	321
85800	6,019,328	-
93100	-	28,129
Total	<u>\$ 8,411,548</u>	<u>\$ 626,601</u>

**STATE OF NEW MEXICO
PUBLIC EDUCATION DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 16 REVERSIONS (CONTINUED)

In accordance with statute Section 6-5-10 (A) NMSA 1978, all unassigned, undesignated fund balances in reverting funds and accounts as reflected in the central accounting system as of June 30 shall revert. A total of \$8,411,548 was paid to the State General Fund during the year. \$626,601 is payable at June 30, 2018.

NOTE 17 TRANSFERS IN AND TRANSFERS OUT

Interagency Transfers

<u>Transfers In</u>			
<u>From Agency</u>	<u>Description</u>	<u>To Fund</u>	<u>Amount</u>
30500	Indian Affairs Department	84402	\$ 6,271
60400	Commission for the Deaf and Hard of Hearing	50004	91,500
60600	Commission for the Blind	50004	100,000
	Subtotal Transfers from Other State Agencies		<u>197,771</u>
34101	Indian Education Fund	63300	1,824,600
34101	Duel Credit Instruction Materials	79000	1,000,000
34101	Standards-based assessments	79000	6,000,000
34101	State equalization guarantee distribution	85800	2,493,258,700
34101	Transportation Distribution	85800	82,341,000
34101	Out-of-State Tuition	85800	300,000
34101	Emergency Supplemental	85800	1,000,000
34101	General Fund Appropriations - DVR	20570	649,000
34101	General Fund Appropriations - DVR	50000	4,998,600
	Subtotal General Fund Appropriations		<u>2,591,371,900</u>
34103	STB Proceeds	85600	10,500,000
34103	STB Proceeds	85800	14,500,000
34103	STB Proceeds	89200	17,699,261
	Subtotal STB Proceeds		<u>42,699,261</u>
	Total Interagency Transfers In		<u>\$ 2,634,268,932</u>

Transfers Out

<u>From Fund</u>	<u>Description</u>	<u>To Agency</u>	<u>Amount</u>
85600	Higher Education Department	95000	\$ 114,482
84402	Children, Youth & Families Department	69000	1,451,116
84402	New Mexico Department of Health	66500	1,255,123
20572	Commission for the Blind	60600	54,963
50002	Commission for the Blind	60600	200,000
	Total Interagency Transfers Out		<u>\$ 3,075,684</u>

**STATE OF NEW MEXICO
PUBLIC EDUCATION DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 17 TRANSFERS IN AND TRANSFERS OUT (CONTINUED)

Intra-agency Transfers

<u>Fund</u>	<u>Description</u>	<u>Fund</u>	<u>Amount</u>
63900	Transfer to K3 Plus	11420	\$ 90,383
89000 DVR	To move residual balances to fund 50005 to clear out inactive ARRA Fund.	50005	184
	Total Intrafund Transfers In		<u>\$ 90,383</u>
<u>From Fund</u>	<u>Description</u>	<u>To Agency</u>	<u>Amount</u>
11420	Transfer from Kindergarten Plus	63900	\$ 90,383
50005	To move residual balances from fund 89000 to clear out inactive ARRA Fund.	89000 DVR	184
	Total Intrafund Transfers Out		<u>\$ 90,383</u>

* Balances transferred from/to subfunds are eliminated from the presentation in the statement of revenues, expenditures, and changes in fund balances - governmental funds.

NOTE 18 GOVERNMENTAL FUND BALANCES – RESTRICTED AND COMMITTED

The Department's fund balances represent: (1) Restricted Purposes which include balances that are legally restricted for specific purposes due to constraints that are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; (2) Committed Purposes which include balances that can only be used for specific purposes pursuant to constraints imposed by formal action of the Legislative and Executive branches. A summary of the nature and purpose of these reserves by fund type at June 30, 2018 follows:

**STATE OF NEW MEXICO
PUBLIC EDUCATION DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 18 GOVERNMENTAL FUND BALANCES – RESTRICTED AND COMMITTED (CONTINUED)

Fund/Program	Laws	Committed Purpose	Restricted Purpose
General Fund:			
Schools in Need of Improvement	NMSA 22-2-10C 1978	\$ 471	\$ -
PED Operating Fund	Administratively Created	1,132,371	-
K-3 Plus	2012, Chapter 19, Sec. 4, Item 1	-	13,201,376
Ed Tech Deficiency Correction Fund	NMSA 22-15A-1 1978, NMSA 22-15A-8 1978, and NMSA 22-15A-11 1978	60	-
Charter School Stimulus	NMSA 22-8B-14 1978	14,292	-
Pre-Kindergarten	GF Appropriation Laws of 2009, Ch. 124 Section 4, HSD/PED Agreement GSA #11-630-9000-0014	6,298,147	-
Indian Education Act	NMSA 22-23A-8 1978	1,640,732	-
Kindergarten Plus	NMSA 22-20-1978	-	87
Education Technology	NMSA 22-15A-1 to 22-15A-10 1978	156,433	-
Public Building Energy Efficient Act	NMSA 6-23-10 1978	-	48,948
Special Projects	48th Legislature, 1st Session, Ch. 28 and Amended by Senate Bill 165 of 2008	-	15,946,720
Instructional Materials Flowthrough	NMSA 22-15-1 to 22-15-25 1978	-	107,121
Total General Fund		<u>9,242,506</u>	<u>29,304,252</u>
Fund/Program	Laws	Committed Purpose	Restricted Purpose
Special Revenue:			
Major Fund:			
DVR Operating Fund	Administratively Created	\$ -	\$ 3,962,582
Federal Food Services	Title 34, Code of Federal Regulations	-	75,992
Federal Department of Education Flowthrough	Title 34, Code of Federal Regulations	-	4,715,188
Total Major Fund		<u>-</u>	<u>8,753,762</u>
Non-Major Fund:			
School Transportation Training	NMSA 22-2-22	-	37,699
Independent Living Services	NMSA 6-3-23 through 6-3-25	-	59,689
Private Grants	N/A - Donor Restricted	-	257,363
Family Youth	NMSA 22-2D-3	1,195	-
Educator Certification	NMSA 22-10-4.1 1978	-	1,350,701
Professional Development	NMSA 1978, 22-8-45	-	81,568
Incentives for School Improvement	NMSA 22-2C10	-	82,870
Driver Safety Fees	NMSA 1978, Section 66-5-44	-	7,109,087
Instructional Materials Adoption	NMSA 22-15-8.1 1978	-	319,658
Federal Department of Education Admin	Title 34, Code of Federal Regulations	-	6,543,784
Transportation Emergency	NMSA 1978, 28-8-29.6	908,543	-
Total Non-Major Fund		<u>909,738</u>	<u>15,842,419</u>
Total Governmental Fund Balance		<u>\$ 10,152,244</u>	<u>\$ 53,900,433</u>

**STATE OF NEW MEXICO
PUBLIC EDUCATION DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 19 DEFICIT FUND BALANCE

The following funds had deficit fund balances at June 30, 2018:

Public School Support Flowthrough	PED (85800)	\$	(857,624)
Disability Determination Services	DVR (50100)		(104,422)
Vocational Education Flowthrough	PED (67400)		(685,014)
STB Capital Outlay	PED (89200)		(75,340)

The Department is addressing the negative fund balances and is planning to take the appropriate actions to eliminate the negative balances.

NOTE 20 RESTATEMENT

The Department recorded prior period adjustments to restate beginning fund balance and net position due to historical balance sheet reconciliations that restated the General Fund by \$409,315 and the DVR Operating fund by \$3,607,079. Additionally, a fund previously classified as an agency fund was re-structured to a special revenue fund based on the Department's assessment of the activity and nature of the fund (fund 57300 Driver Safety Fees).

	<u>PED General</u>	<u>DVR</u>	<u>Non Major</u>	<u>Total</u>
Fund Balances - Beginning of Year	\$ 26,192,526	\$ 965,518	\$ 4,690,629	\$ 31,848,673
Restatement	409,315	3,607,079	5,668,586	9,684,980
Fund Balances - Beginning of Year as Restated	<u>\$ 26,601,841</u>	<u>\$ 4,572,597</u>	<u>\$ 10,359,215</u>	<u>\$ 41,533,653</u>
	<u>Governmental Activities</u>			
Fund Balances - Beginning of Year	<u>\$ 40,326,229</u>			
Restatement	9,684,980			
Fund Balances - Beginning of Year as Restated	<u>\$ 50,011,209</u>			

NOTE 21 RESTATEMENT – AGGREGATE DISCRETELY-PRESENTED COMPONENT UNITS

In FY2018, the aggregate discretely-presented component units implemented GASB Statement No 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This implementation has no impact on the aggregate discretely-presented component units' governmental fund financial statements. However, as result of this implementation, the beginning net position was restated, as shown in the following schedule.

Various discretely-presented component units required prior period adjustments to restate the beginning net position due to various corrections of previously reported amounts. As a result, the beginning net position of the discretely-presented component units was restated, as shown in the following schedule.

**STATE OF NEW MEXICO
PUBLIC EDUCATION DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

**NOTE 21 RESTATEMENT – AGGREGATE DISCRETELY-PRESENTED COMPONENT UNITS
(CONTINUED)**

In addition, due to various charter schools being authorized by school districts, the beginning net position was adjusted to reflect the transfer of these charter schools.

Beginning Net Position	\$ (77,489,941)
Restatement - OPEB	(89,755,150)
Restatement - Correction of Errors	(1,652,750)
Inclusion of Foundations	(20,561)
Transfers to District	4,792,851
Beginning Net Position, as Restated	<u>\$ (164,125,551)</u>

NOTE 22 JOINT POWERS AGREEMENTS

The Department had no Joint Powers Agreements in fiscal year 2018.

NOTE 23 DISCRETELY-PRESENTED COMPONENT UNITS

Debt Issuance

On October 30, 2018, Estancia Valley Classical Academy issued bonds totaling \$11,253,000. The bonds were issued to acquire land, construct a building facility, and to pay debt issuance/service costs. The building is to be used by Estancia Valley Classical Academy Charter School.

On May 10, 2018, Explore Academy Foundation issued bonds totaling \$9,590,000. The bonds were issued to acquire an existing building facility, perform building improvements, and to pay debt issuance/service costs. The building is to be used by Explore Academy Charter School.

On June 29, 2017, Sena High Foundation issued bonds totaling \$2,200,000. The bonds were issued to acquire an existing building facility, perform building improvements, and to pay debt issuance/service costs. The building is to be used by Gilbert L. Sena Charter High School. This bond issuance occurred in fiscal year 2017, however was not reflected in the fiscal year 2017 financial statements and the financial statements of the School were restated to reflect this transaction.

On May 8, 2018, North Valley Academy entered into a 30 year \$5,750,000 financing agreement with a private party. The agreement requires monthly payments of \$34,474.16.

**STATE OF NEW MEXICO
PUBLIC EDUCATION DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 23 DISCRETELY-PRESENTED COMPONENT UNITS (CONTINUED)

School Closures

The following schools charters were not re-authorized by the Department and, as of June 30, 2018, the schools' operations are discontinued. As a result, net pension liability and net OPEB liability and related deferred inflows and outflows were removed from the financial statements of the schools below.

- Carinos de los Ninos Charter School
- Anthony Charter School
- Academy of Trades and Technology

Special Items

Special items are significant transactions or other events that are either unusual for infrequent and are within the control of management.

The governing council of Carinos de los Ninos authorized the sale of all capital assets to Rio Arriba County on June 29, 2018. This sale resulted in loss on the sale of capital assets of \$1,137,008, net of proceeds of \$60,000. This sale was performed related to the closing of the school.

The governing council of Academy of Trades and Technology (ATT) and South Valley Preparatory School (SVP) approved an assignment of an existing lease purchase agreement with Friends of ATTCH. The assignment transferred the lease purchase agreement from ATT to SVP and resulted in ATT recognizing a loss from the transfer for capital assets of \$1,512,525 and reassignment of the note payable of \$393,501. This transaction was performed related to the closing of ATT and SVP occupying the building previously occupied by ATT.

The governing council of Southwest Intermediate Learning Center (SILC), approved the contribution of residual assets to include cash reserves and various equipment prior to the expiration of their charter on June 30, 2017 to Southwest Secondary Learning Center (SSLC). The actual transfer of these assets occurred during FY18 and is reflected as a special item in the amount of \$976,141 on the financial statements of SSLC. This amount, which is offset by the prior amounts related to the net pension liability was also reflected as a component of within the total reported special items of SILC in the amount \$55,947.

All other special items relate to the net pension amounts being removed from the financial statements of those schools that have closed.

**STATE OF NEW MEXICO
PUBLIC EDUCATION DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 23 DISCRETELY-PRESENTED COMPONENT UNITS (CONTINUED)

Subsequent Events

Fiscal year 2018 was the first year of operation for the Student Athlete Headquarters Academy. On July 27, 2018, the Governing Council of SAHQ Academy held a special meeting in which they voted to relinquish the school's charter and cease the operations of the public charter school.

The New Mexico Public Education Commission (PEC) was notified of the school's decision and scheduled a special meeting for Wednesday, August 1, 2018. At that special meeting, the PEC accepted the school's notice of surrender and terminated the charter.

Going Concern

Great Academy Foundation (Foundation) reported deficit fund balance of \$469,461 for the year ended June 30, 2018 and negative net change in fund balance of \$222,522 during the current period. Management evaluated the financial conditions as of June 30, 2018 and believes the Foundation will be able to meet its obligations as the lease agreement between the Foundation and the GREAT Academy provides sufficient cash flow to pay the Foundation's mortgage and normal maintenance needs. Management plans to reduce expenses related to capital updates and plans to refinance the current loan for which management predicts there is between \$800,000 and \$1,000,000 of available equity. In the opinion of Management, these plans are sufficient to enable the Foundation to continue as a going concern.

Transfers to Districts – Fiscal Year 2019

As of July 1, 2018, the following charter schools transferred to a District:

- Architecture Construction and Engineering Leadership High Charter
- Cottonwood Classical Preparatory Charter
- Health Leadership High School
- Technology Leadership High School

**STATE OF NEW MEXICO
PUBLIC EDUCATION DEPARTMENT
SCHEDULES OF THE DISCRETELY-PRESENTED COMPONENT UNITS' PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY/OPEB LIABILITY AND CONTRIBUTIONS –
EDUCATIONAL RETIREMENT BOARD (ERB) PLAN –
LAST 10 FISCAL YEARS*
(REQUIRED SUPPLEMENTARY INFORMATION)**

Proportionate Share of the Net Pension Liability	Measurement Date			
	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Proportion of the Net Pension Liability	2.36950%	2.16650%	2.22603%	2.06386%
Proportionate Share of the Net Pension Liability	\$ 263,329,184	\$ 155,913,612	\$ 146,406,945	\$ 117,758,296
Covered Payroll	\$ 67,476,705	\$ 69,336,158	\$ 64,253,655	\$ 129,295,745
Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	390%	225%	228%	91%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	52.95%	61.58%	63.97%	66.54%
Pension Contributions	2018	2017	2016	2015
Contractually Required Contribution	\$ 9,575,549	\$ 9,379,262	\$ 9,637,726	\$ 8,931,258
Contributions in Relation to the Contractually Required Contribution	\$ 9,575,549	\$ 9,379,262	\$ 9,637,726	\$ 8,931,258
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 68,888,842	\$ 67,476,705	\$ 69,336,158	\$ 64,253,655
Contributions as a Percentage of Covered Payroll	13.90%	13.90%	13.90%	13.90%

Proportionate Share of the OPEB Liability	Measurement Date
	June 30, 2017
Proportion of the OPEB Liability	1.61480%
Proportionate Share of the OPEB Liability	\$ 73,177,006
Covered Payroll	\$ 69,320,600
Proportionate Share of the OPEB Liability as a Percentage of its Covered Payroll	106%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	52.95%
OPEB Contributions	2018
Contractually Required Contribution	\$ 1,384,073
Contributions in Relation to the Contractually Required Contribution	\$ 1,384,073
Contribution Deficiency (Excess)	\$ -
Covered Payroll	\$ 69,203,650
Contributions as a Percentage of Covered Payroll	2.00%

* The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Department will present information for those years for which information is available.

**STATE OF NEW MEXICO
PUBLIC EDUCATION DEPARTMENT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2018**

Changes of Benefit Terms – Net Pension Liability

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

Changes of Assumptions – Net Pension Liability

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

Actuarial Methods and Assumptions Used – Net OPEB Liability:

Actuarial cost method:	Entry age, level percent of pay
Amortization method:	Level percent of payroll
Remaining amortization period:	30 years open (non-decreasing)
Asset valuation method:	Market value of assets

Actuarial assumptions

- Investment rate of return 7.25%
- Inflation rate 3.00%
- Salary increases 0.50%-0.75%

**STATE OF NEW MEXICO
PUBLIC EDUCATION DEPARTMENT
COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2018**

	Special Revenue	Capital Projects	Total
ASSETS			
Interest in State General Fund Investment Pool	\$ 17,759,699	\$ 12,676,155	\$ 30,435,854
Due from Federal Government	11,202,585	-	11,202,585
Due from Other State Agencies	7,684	2,106,595	2,114,279
Due from External Miscellaneous Parties	35,000	-	35,000
Due from Other Funds	-	-	-
Other Assets	11,391	-	11,391
	\$ 29,016,359	\$ 14,782,750	\$ 43,799,109
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts Payable	\$ 10,431,071	\$ 9,002,437	\$ 19,433,508
Accrued Payroll and Taxes	467,923	-	467,923
Interest in State General Fund Investment Pool - Overdraft	69,214	-	69,214
Due to State General Fund	1	258,949	258,950
Due to Other State Agencies	9,678	1,228,966	1,238,644
Due to Federal Government	1,524,265	-	1,524,265
Due to Local Education Authorities	113,931	6,771	120,702
Unearned Revenue	415,978	-	415,978
Due to Other Funds	-	-	-
Other Liabilities	21,577	4,360,967	4,382,544
Total Liabilities	13,053,638	14,858,090	27,911,728
Fund Balances (Deficit):			
Restricted	15,842,419	-	15,842,419
Committed	909,738	-	909,738
Unassigned (Deficit)	(789,436)	(75,340)	(864,776)
Total Fund Balances (Deficit)	15,962,721	(75,340)	15,887,381
Total Liabilities and Fund Balances	\$ 29,016,359	\$ 14,782,750	\$ 43,799,109

**STATE OF NEW MEXICO
PUBLIC EDUCATION DEPARTMENT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2018**

	Special Revenue	Capital Projects	Total
REVENUES			
Federal Grants	\$ 50,299,684	\$ -	\$ 50,299,684
Other Revenue	3,793,478	165,237	3,958,715
Total Revenues	<u>54,093,162</u>	<u>165,237</u>	<u>54,258,399</u>
EXPENDITURES			
Current:			
Education	35,938,881	17,718,304	53,657,185
Health and Welfare	13,002,866	-	13,002,866
Capital Outlay	21,693	-	21,693
Total Expenditures	<u>48,963,440</u>	<u>17,718,304</u>	<u>66,681,744</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	5,129,722	(17,553,067)	(12,423,345)
OTHER FINANCING SOURCES (USES)			
State General Fund Appropriations	649,000	-	649,000
Appropriations Funded with State			-
Severance Bond Proceeds	-	17,699,261	17,699,261
Intra-Agency Transfer	(184)	-	(184)
Transfers In:			
Other	6,271	-	6,271
Transfers Out:			
Reversions	-	(1,353,069)	(1,353,069)
Other	(2,761,202)	-	(2,761,202)
Total Other Financing Sources (Uses)	<u>(2,106,115)</u>	<u>16,346,192</u>	<u>14,240,077</u>
NET CHANGES IN FUND BALANCES	3,023,607	(1,206,875)	1,816,732
Fund Balances - Beginning of Year	7,270,528	1,131,535	8,402,063
Restatement	5,668,586	-	5,668,586
Fund Balances - Beginning of Year as Restated	<u>12,939,114</u>	<u>1,131,535</u>	<u>14,070,649</u>
FUND BALANCES - END OF YEAR	<u>\$ 15,962,721</u>	<u>\$ (75,340)</u>	<u>\$ 15,887,381</u>

**STATE OF NEW MEXICO
PUBLIC EDUCATION DEPARTMENT
GENERAL FUND
JUNE 30, 2018**

General Fund. The General Fund is used to account for resources traditionally associated with government which are not required legally or by sound the financial management to be accounted for in another fund. The following funds are components of the General Fund (described in more detail on pages 37.)

- Schools in Need of Improvement (SHARE Fund #00500)
- Operating Fund (SHARE Fund #05700)
- K-3 Plus (SHARE Fund #11420)
- Educational Technology Deficiency Correction (SHARE Fund #20160)
- Adult Basic Education (SHARE Fund #45800)
- Charter School Stimulus (SHARE Fund #47000)
- Pre-Kindergarten (SHARE Fund #51300)
- Indian Education Act (SHARE Fund #63300)
- Kindergarten Plus (SHARE Fund #63900)
- Education Technology (SHARE Fund #66200)
- Public Building Energy Efficiency Act (SHARE Fund #72500)
- Special Projects (SHARE Fund #79000)
- Instructional Materials Flowthrough (SHARE Fund #85600)
- Public School Support Flowthrough (85800)

**STATE OF NEW MEXICO
PUBLIC EDUCATION DEPARTMENT
SPECIAL REVENUE FUNDS
JUNE 30, 2018**

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

School Transportation Training (20550) – The “school transportation training fund” is created in the state treasury. The fund consists of payments from school districts and charter schools for school transportation training workshops and other school transportation training described in the rule provided by the Public Education Department, income from investment of the fund and money otherwise accruing to the fund. Money in the fund shall not revert to any other fund at the end of a fiscal year (22-2-22 NMSA 1978).

Independent Living Services (20570) – This fund was created under Section 6-3-23 through 6-3-25 NMSA 1978 to build FY15 agency budget in SHARE to mirror revenue appropriated by other acts of legislature. In previous fiscal years, Independent Living Services was combined within the Rehabilitation Services Program (Fund 50000) and in order for transparency purposes NMDVR separated it and created the new fund 20570.

Private Grants (30800) – This fund was created to receive private education grants to enhance skills of educators and to support education initiatives to benefit students and innovation in the classroom.

Family Youth (33400) – The purpose of this fund is to provide an intermediary for students and their families at public schools to access social and health care services (NMSA 1978, 22-2D-3). Appropriations to this fund do not revert to another fund at the end of the appropriation period.

Educator Certification (39700) – Educator Certification funds are collected from application fees for certification or for renewal of certification by the Public Education Department of New Mexico. Monies in the fund are for the purpose of funding the educator background check program (NMSA 1978, § 22-10-4.1). Appropriations to this fund do not revert to another fund at the end of the appropriation period.

Professional Development (56200) – The Teacher Professional Development Fund is to provide professional development programs and projects for public school teachers (NMSA 1978, 22-28-45). Appropriations to this fund do not revert to another fund at the end of the appropriation period.

Incentives for School Improvement (56800) – Incentives for School Improvement are funds from the State General Fund appropriated to the Department. The fund is used to account for financial incentives to individual schools that exceed expected academic performance (NMSA 22-2C10). Appropriations to this fund do not revert to another fund at the end of the appropriation period.

Driver Safety Fees (57300) – The Driver Safety Fee fund is used to accumulate the driver safety fee in the amount of \$3 for each driver’s license or duplicate driver’s license issued. The fees are distributed through the State Equalization Guarantee distribution to each school district for the purpose of providing defensive driving instruction (NMSA 1978, Section 66-5-44).

**STATE OF NEW MEXICO
PUBLIC EDUCATION DEPARTMENT
SPECIAL REVENUE FUNDS
JUNE 30, 2018**

Instructional Materials Adoption (66000) – The purpose of this fund is to provide for the review and adoption of instructional materials from the collection of publishers fees (NMSA 22-15-8-1). Appropriations to this fund do not revert to another fund at the end of the appropriation period.

Vocational Education Flowthrough (67400) – This fund accounts for federal grant funds for vocational education. This is a non-reverting fund.

Federal Department of Education Administration (84400) – The Federal Department Administration Flowthrough fund accounts for administrative expenses except those required to be accounted for in another fund. It is funded primarily from appropriations from grant funds. This is a non-reverting fund.

Transportation Emergency (88900) – This fund is used to make distributions of state funds to districts experiencing transportation emergencies (NMSA 1978, 28-8-29.6). Appropriations to this fund do not revert to another fund at the end of the appropriation period.

PED American Recovery and Reinvestment Act (ARRA) (89000) – The American Recovery and Reinvestment Act (ARRA) Fund was established in 2009, and is funded by the Federal government. This is a non-reverting fund.

DVR American Recovery and Reinvestment Act (ARRA) (89000) – The American Recovery and Reinvestment Act (ARRA) Fund was established in 2009, and is funded by the Federal government. This is a non-reverting fund.

**STATE OF NEW MEXICO
PUBLIC EDUCATION DEPARTMENT
CAPITAL PROJECTS FUNDS
JUNE 30, 2018**

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities. The Department has the following separate funds classified as Capital Projects Funds:

Public School Capital Improvements (63400) – The Public School Capital Improvements fund accounts for the proceeds from bond sales issued under the provisions of the Public School Capital Improvements Act (NMSA 1978, § 22-25-1 and 22-25- 10). Funds remaining after the completion of capital projects are to be reverted.

Public School Capital Outlay (63500) – The Public School Capital Outlay fund accounts for the proceeds from bond sales issued under the provisions of the Public School Capital Improvements Act (NMSA 1978, 5 22-24-1 and 22-254-6). Funds remaining after the completion of capital projects are to be reverted.

Special Capital Outlay — Severance Tax Bonds (2000) (81300) – The fund, established in 2000, accounts for severance tax bond proceeds appropriated for special capital outlay projects (Laws of 2000, Chapter 23, Section 16). Funds remaining after the completion of capital projects are to be reverted.

Special Capital Outlay — Severance Tax Bonds (2004) (81600) – The fund, established in 2004, accounts for severance tax bond proceeds appropriated to the Public Education Department. Funds remaining after the completion of capital projects are to be reverted.

Special Capital Outlay — General Fund (81800) – The fund, established in 2000, accounts for general fund appropriations for special capital outlay projects (Laws of 2000, Chapter 23, Section 45). Funds remaining after the completion of capital projects are to be reverted.

STB Capital Outlay (89200) – The Public School Capital Improvements fund accounts for the proceeds from bond sales issued under the provisions of the Public School Capital Improvements Act (NMSA 1978, § 22-25-1 to 22-15-10) and direct appropriations funded through Severance Tax Bonds. Funds remaining after the completion of capital projects are to be reverted.

General Fund Capital Outlay (93100) – The fund accounts for direct general fund appropriations for special capital outlay projects. Funds remaining after the completion of capital projects are to be reverted.

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**STATE OF NEW MEXICO
PUBLIC EDUCATION DEPARTMENT
COMBINING BALANCE SHEET – NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2018**

	SPECIAL REVENUE FUNDS				
	20550	20570	30800	33400	39700
	School Transportation Training	Independent Living Services	Private Grants	Family Youth	Educator Certification
ASSETS					
Interest in State General Fund					
Investment Pool	\$ 37,699	\$ 56,681	\$ 222,363	\$ 1,195	\$ 1,635,975
Due from Federal Government	-	108,718	-	-	-
Due from Other State Agencies	-	-	-	-	-
Due from External Miscellaneous Parties	-	-	35,000	-	-
Due from Other Funds	-	-	-	-	-
Other Assets	-	-	-	-	758
	<u>37,699</u>	<u>165,399</u>	<u>257,363</u>	<u>1,195</u>	<u>1,636,733</u>
Total Assets	<u>\$ 37,699</u>	<u>\$ 165,399</u>	<u>\$ 257,363</u>	<u>\$ 1,195</u>	<u>\$ 1,636,733</u>
LIABILITIES AND FUND BALANCES (DEFICIT)					
Accounts Payable	\$ -	\$ 102,758	\$ -	\$ -	\$ 249,288
Accrued Payroll and Taxes	-	2,952	-	-	36,744
Interest in State General Fund					
Investment Pool - Overdraft	-	-	-	-	-
Due to State General Fund	-	-	-	-	-
Due to Other State Agencies	-	-	-	-	-
Due to Federal Government	-	-	-	-	-
Due to Local Education Authorities	-	-	-	-	-
Due to Beneficiaries	-	-	-	-	-
Unearned Revenue	-	-	-	-	-
Due to Other Funds	-	-	-	-	-
Other Liabilities	-	-	-	-	-
	<u>-</u>	<u>105,710</u>	<u>-</u>	<u>-</u>	<u>286,032</u>
Total Liabilities	<u>-</u>	<u>105,710</u>	<u>-</u>	<u>-</u>	<u>286,032</u>
FUND BALANCES					
Restricted	37,699	59,689	257,363	-	1,350,701
Committed	-	-	-	1,195	-
Unassigned (Deficit)	-	-	-	-	-
	<u>37,699</u>	<u>59,689</u>	<u>257,363</u>	<u>1,195</u>	<u>1,350,701</u>
Total Fund Balances (Deficit)	<u>37,699</u>	<u>59,689</u>	<u>257,363</u>	<u>1,195</u>	<u>1,350,701</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICIT)					
	<u>\$ 37,699</u>	<u>\$ 165,399</u>	<u>\$ 257,363</u>	<u>\$ 1,195</u>	<u>\$ 1,636,733</u>

**STATE OF NEW MEXICO
PUBLIC EDUCATION DEPARTMENT
COMBINING BALANCE SHEET – NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
JUNE 30, 2018**

SPECIAL REVENUE FUNDS							
50100	56200	56800	57300	66000	67400	84400	88900
Disability Determination Services	Professional Development	Incentives for School Improvement	Driver Safety Fees	Instructional Materials Adoption	Vocational Education Flowthrough	Federal Department of Education Admin.	Transportation Emergency
\$ -	\$ 81,569	\$ 82,870	\$ 7,109,087	\$ 535,534	\$ 291,953	\$ 6,799,227	\$ 898,060
613,094	-	-	-	-	3,068,557	7,412,216	-
-	-	-	-	-	-	7,684	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	20	130	10,483
<u>\$ 613,094</u>	<u>\$ 81,569</u>	<u>\$ 82,870</u>	<u>\$ 7,109,087</u>	<u>\$ 535,534</u>	<u>\$ 3,360,530</u>	<u>\$ 14,219,257</u>	<u>\$ 908,543</u>
\$ 457,040	\$ -	\$ -	\$ -	\$ 215,876	\$ 3,050,439	\$ 6,355,670	\$ -
177,199	-	-	-	-	-	251,028	-
69,214	-	-	-	-	-	-	-
-	1	-	-	-	-	-	-
-	-	-	-	-	-	9,678	-
14,063	-	-	-	-	952,982	549,734	-
-	-	-	-	-	-	-	-
-	-	-	-	-	18,114	95,817	-
-	-	-	-	-	2,432	413,546	-
-	-	-	-	-	-	-	-
-	-	-	-	-	21,577	-	-
717,516	1	-	-	215,876	4,045,544	7,675,473	-
-	81,568	82,870	7,109,087	319,658	-	6,543,784	-
-	-	-	-	-	-	-	908,543
(104,422)	-	-	-	-	(685,014)	-	-
<u>(104,422)</u>	<u>81,568</u>	<u>82,870</u>	<u>7,109,087</u>	<u>319,658</u>	<u>(685,014)</u>	<u>6,543,784</u>	<u>908,543</u>
<u>\$ 613,094</u>	<u>\$ 81,569</u>	<u>\$ 82,870</u>	<u>\$ 7,109,087</u>	<u>\$ 535,534</u>	<u>\$ 3,360,530</u>	<u>\$ 14,219,257</u>	<u>\$ 908,543</u>

**STATE OF NEW MEXICO
PUBLIC EDUCATION DEPARTMENT
COMBINING BALANCE SHEET – NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
JUNE 30, 2018**

	SPECIAL REVENUE FUNDS			CAPITAL PROJECT FUNDS	
	89000	89000	Total Special Revenue Funds	63400	63500
	PED ARRA Fund	DVR ARRA Fund		Public School Capital Improvements	Public School Capital Outlay
ASSETS					
Interest in State General Fund					
Investment Pool	\$ 7,486	\$ -	\$ 17,759,699	\$ 4,432,949	\$ 1,103,044
Due from Federal Government	-	-	11,202,585	-	-
Due from Other State Agencies	-	-	7,684	-	-
Due from External Miscellaneous Parties	-	-	35,000	-	-
Due from Other Funds	-	-	-	-	-
Other Assets	-	-	11,391	-	-
	<u>-</u>	<u>-</u>	<u>11,391</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 7,486</u>	<u>\$ -</u>	<u>\$ 29,016,359</u>	<u>\$ 4,432,949</u>	<u>\$ 1,103,044</u>
LIABILITIES AND FUND BALANCES (DEFICIT)					
Accounts Payable	\$ -	\$ -	\$ 10,431,071	\$ 9,903	\$ -
Accrued Payroll and Taxes	-	-	467,923	-	-
Interest in State General Fund					
Investment Pool - Overdraft	-	-	69,214	-	-
Due to State General Fund	-	-	1	55,308	-
Due to Other State Agencies	-	-	9,678	-	1,103,044
Due to Federal Government	7,486	-	1,524,265	-	-
Due to Local Education Authorities	-	-	-	6,771	-
Due to Beneficiaries	-	-	113,931	-	-
Unearned Revenue	-	-	415,978	-	-
Due to Other Funds	-	-	-	-	-
Other Liabilities	-	-	21,577	4,360,967	-
Total Liabilities	<u>7,486</u>	<u>-</u>	<u>13,053,638</u>	<u>4,432,949</u>	<u>1,103,044</u>
FUND BALANCES					
Restricted	-	-	15,842,419	-	-
Committed	-	-	909,738	-	-
Unassigned (Deficit)	-	-	(789,436)	-	-
Total Fund Balances (Deficit)	<u>-</u>	<u>-</u>	<u>15,962,721</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICIT)	<u>\$ 7,486</u>	<u>\$ -</u>	<u>\$ 29,016,359</u>	<u>\$ 4,432,949</u>	<u>\$ 1,103,044</u>

**STATE OF NEW MEXICO
PUBLIC EDUCATION DEPARTMENT
COMBINING BALANCE SHEET – NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2018**

CAPITAL PROJECT FUNDS						
81300	81600	81800	89200	93100	Total Capital Project Funds	Total All Non-Major Funds
Special Capital Outlay Severance Tax Bonds 2000	Special Capital Outlay Severance Tax Bonds 2004	Special Capital Outlay - General Fund	STB Capital Outlay	GF Capital Outlay		
\$ 37,097	\$ 246,445	\$ 17,892	\$ 6,810,599	\$ 28,129	\$ 12,676,155	\$ 30,435,854
-	-	-	-	-	-	11,202,585
-	-	-	2,106,595	-	2,106,595	2,114,279
-	-	-	-	-	-	35,000
-	-	-	-	-	-	-
-	-	-	-	-	-	11,391
<u>\$ 37,097</u>	<u>\$ 246,445</u>	<u>\$ 17,892</u>	<u>\$ 8,917,194</u>	<u>\$ 28,129</u>	<u>\$ 14,782,750</u>	<u>\$ 43,799,109</u>
\$ -	\$ -	\$ -	\$ 8,992,534	\$ -	\$ 9,002,437	\$ 19,433,508
-	-	-	-	-	-	467,923
-	-	-	-	-	-	69,214
-	157,620	17,892	-	28,129	258,949	258,950
37,097	88,825	-	-	-	1,228,966	1,238,644
-	-	-	-	-	-	1,524,265
-	-	-	-	-	6,771	6,771
-	-	-	-	-	-	113,931
-	-	-	-	-	-	415,978
-	-	-	-	-	-	-
-	-	-	-	-	4,360,967	4,382,544
<u>37,097</u>	<u>246,445</u>	<u>17,892</u>	<u>8,992,534</u>	<u>28,129</u>	<u>14,858,090</u>	<u>27,911,728</u>
-	-	-	-	-	-	15,842,419
-	-	-	-	-	-	909,738
-	-	-	(75,340)	-	(75,340)	(864,776)
-	-	-	(75,340)	-	(75,340)	15,887,381
<u>\$ 37,097</u>	<u>\$ 246,445</u>	<u>\$ 17,892</u>	<u>\$ 8,917,194</u>	<u>\$ 28,129</u>	<u>\$ 14,782,750</u>	<u>\$ 43,799,109</u>

**STATE OF NEW MEXICO
PUBLIC EDUCATION DEPARTMENT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES – NONMAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2018**

	SPECIAL REVENUE FUNDS				
	20550	20570	30800	33400	39700
	School Transportation Training	Independent Living Services	Private Grants	Family Youth	Educator Certification
REVENUES					
Federal Grants	\$ -	\$ 706,289	\$ -	\$ -	\$ -
Other Revenues	327	-	53,474	11	1,473,107
Total Revenues	<u>327</u>	<u>706,289</u>	<u>53,474</u>	<u>11</u>	<u>1,473,107</u>
EXPENDITURES					
Current:					
Education	-	-	-	-	1,307,440
Health and Welfare	-	1,535,426	-	-	-
Capital Outlay	-	-	-	-	-
Total Expenditures	<u>-</u>	<u>1,535,426</u>	<u>-</u>	<u>-</u>	<u>1,307,440</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	327	(829,137)	53,474	11	165,667
OTHER FINANCING SOURCES (USES)					
State General Fund - General Appropriations	-	649,000	-	-	-
State General Fund - Special Appropriations	-	-	-	-	-
Appropriations Funded with State					
Severance Bond Proceeds	-	-	-	-	-
Intra-Agency Transfer	-	-	-	-	-
Transfers In:					
Other	-	-	-	-	-
Transfers Out:					
Reversions	-	-	-	-	-
Other	-	(54,963)	-	-	-
Total Other Financing Sources	<u>-</u>	<u>594,037</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	327	(235,100)	53,474	11	165,667
Fund Balances - Beginning of Year	37,372	294,789	203,889	1,184	1,185,034
Restatement	-	-	-	-	-
Fund Balances - Beginning of Year as Restated	<u>37,372</u>	<u>294,789</u>	<u>203,889</u>	<u>1,184</u>	<u>1,185,034</u>
FUND BALANCES - END OF YEAR	<u>\$ 37,699</u>	<u>\$ 59,689</u>	<u>\$ 257,363</u>	<u>\$ 1,195</u>	<u>\$ 1,350,701</u>

**STATE OF NEW MEXICO
PUBLIC EDUCATION DEPARTMENT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES – NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2018**

SPECIAL REVENUE FUNDS							
50100	56200	56800	57300	66000	67400	84400	88900
Disability Determination Services	Professional Development	Incentives for School Improvement	Driver Safety Fees	Instructional Materials Adoption	Vocational Education Flowthrough	Federal Department of Education Admin.	Transportation Emergency
\$ 11,467,440	\$ -	\$ -	\$ -	\$ -	\$ 6,959,192	\$ 31,166,763	\$ -
-	984	718	1,687,641	316,780	-	1,477	258,667
<u>11,467,440</u>	<u>984</u>	<u>718</u>	<u>1,687,641</u>	<u>316,780</u>	<u>6,959,192</u>	<u>31,168,240</u>	<u>258,667</u>
-	-	-	-	215,876	6,935,903	26,840,564	639,098
11,467,440	-	-	-	-	-	-	-
-	-	-	-	-	-	21,693	-
<u>11,467,440</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>215,876</u>	<u>6,935,903</u>	<u>26,862,257</u>	<u>639,098</u>
-	984	718	1,687,641	100,904	23,289	4,305,983	(380,431)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	6,271	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	(2,706,239)	-
-	-	-	-	-	-	(2,699,968)	-
-	984	718	1,687,641	100,904	23,289	1,606,015	(380,431)
(104,422)	80,584	82,152	-	218,754	(708,303)	4,690,629	1,288,974
-	-	-	5,421,446	-	-	247,140	-
<u>(104,422)</u>	<u>80,584</u>	<u>82,152</u>	<u>5,421,446</u>	<u>218,754</u>	<u>(708,303)</u>	<u>4,937,769</u>	<u>1,288,974</u>
<u>\$ (104,422)</u>	<u>\$ 81,568</u>	<u>\$ 82,870</u>	<u>\$ 7,109,087</u>	<u>\$ 319,658</u>	<u>\$ (685,014)</u>	<u>\$ 6,543,784</u>	<u>\$ 908,543</u>

**STATE OF NEW MEXICO
PUBLIC EDUCATION DEPARTMENT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES – NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2018**

	SPECIAL REVENUE FUNDS			CAPITAL PROJECT FUNDS	
	89000	89000	Total Special Revenue Funds	63400	63500
	PED ARRA Fund	DVR ARRA Fund		Public School Capital Improvements	Public School Capital Outlay
REVENUES					
Federal Grants	\$ -	\$ -	\$ 50,299,684	\$ -	\$ -
Other Revenues	292	-	3,793,478	-	-
Total Revenues	292	-	54,093,162	-	-
EXPENDITURES					
Current:					
Education	-	-	35,938,881	9,903	-
Health and Welfare	-	-	13,002,866	-	-
Capital Outlay	-	-	21,693	-	-
Total Expenditures	-	-	48,963,440	9,903	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	292	-	5,129,722	(9,903)	-
OTHER FINANCING SOURCES (USES)					
State General Fund - General Appropriations	-	-	649,000	-	-
State General Fund - Special Appropriations	-	-	-	-	-
Appropriations Funded with State Severance Bond Proceeds	-	-	-	-	-
Intra-Agency Transfer	-	(184)	(184)	-	-
Transfers In:					
Other	-	-	6,271	-	-
Transfers Out:					
Reversions	-	-	-	(55,308)	(1,103,044)
Other	-	-	(2,761,202)	-	-
Total Other Financing Sources	-	(184)	(2,106,115)	(55,308)	(1,103,044)
NET CHANGE IN FUND BALANCES	292	(184)	3,023,607	(65,211)	(1,103,044)
Fund Balances - Beginning of Year	(292)	184	7,270,528	65,211	1,103,044
Restatement	-	-	5,668,586	-	-
Fund Balances - Beginning of Year as Restated	(292)	184	12,939,114	65,211	1,103,044
FUND BALANCES - END OF YEAR	\$ -	\$ -	\$ 15,962,721	\$ -	\$ -

**STATE OF NEW MEXICO
PUBLIC EDUCATION DEPARTMENT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES – NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2018**

CAPITAL PROJECT FUNDS								
81300	81600	81800	89200	93100				
Special Capital Outlay Severance Tax Bonds 2000	Special Capital Outlay Severance Tax Bonds 2004	Special Capital Outlay - General Fund	STB Capital Outlay	GF Capital Outlay	Total Capital Project Funds	Total All Non-Major Funds		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 50,299,684		
-	-	158,686	-	6,551	165,237	3,958,715		
-	-	158,686	-	6,551	165,237	54,258,399		
-	-	-	17,708,401	-	17,718,304	53,657,185		
-	-	-	-	-	-	13,002,866		
-	-	-	-	-	-	21,693		
-	-	-	17,708,401	-	17,718,304	66,681,744		
-	-	158,686	(17,708,401)	6,551	(17,553,067)	(12,423,345)		
-	-	-	-	-	-	649,000		
-	-	-	-	-	-	-		
-	-	-	17,699,261	-	17,699,261	17,699,261		
-	-	-	-	-	-	(184)		
-	-	-	-	-	-	6,271		
(37,097)	(157,620)	-	-	-	(1,353,069)	(1,353,069)		
-	-	-	-	-	-	(2,761,202)		
(37,097)	(157,620)	-	17,699,261	-	16,346,192	14,240,077		
(37,097)	(157,620)	158,686	(9,140)	6,551	(1,206,875)	1,816,732		
37,097	157,620	(158,686)	(66,200)	(6,551)	1,131,535	8,402,063		
-	-	-	-	-	-	5,668,586		
37,097	157,620	(158,686)	(66,200)	(6,551)	1,131,535	14,070,649		
\$ -	\$ -	\$ -	\$ (75,340)	\$ -	\$ (75,340)	\$ 15,887,381		

**STATE OF NEW MEXICO
PUBLIC EDUCATION DEPARTMENT
COMBINING BALANCE SHEET – GENERAL FUND
JUNE 30, 2018**

	00500	05700	11420	20160	45800	47000
	Schools in Need of Improvement	PED Operating Fund	K-3 Plus	Educational Technology Deficiency Correction	Adult Basic Education	Charter School Stimulus
ASSETS						
Interest in State General Fund						
Investment Pool	\$ 471	\$ 1,498,899	\$ 19,353,297	\$ 61	\$ 122,564	\$ 14,292
Due from Other State Agencies	-	216	-	-	-	-
Due from External Miscellaneous Parties	-	554,322	-	-	-	-
Other Assets	-	-	-	-	-	-
	<u>471</u>	<u>2,053,437</u>	<u>19,353,297</u>	<u>61</u>	<u>122,564</u>	<u>14,292</u>
Total Assets	<u>\$ 471</u>	<u>\$ 2,053,437</u>	<u>\$ 19,353,297</u>	<u>\$ 61</u>	<u>\$ 122,564</u>	<u>\$ 14,292</u>
LIABILITIES AND FUND BALANCES (DEFICIT)						
Accounts Payable	\$ -	\$ 250,604	\$ 6,145,520	\$ -	\$ -	\$ -
Accrued Payroll and Taxes	-	422,542	6,401	-	-	-
Interest in State General Fund						
Investment Pool - Overdraft	-	-	-	-	-	-
Due to State General Fund	-	243,870	-	1	122,564	-
Due to Other State Agencies	-	-	-	-	-	-
Due to Local Education Authorities	-	-	-	-	-	-
Unearned Revenue	-	4,000	-	-	-	-
Other Liabilities	-	50	-	-	-	-
Total Liabilities	<u>-</u>	<u>921,066</u>	<u>6,151,921</u>	<u>1</u>	<u>122,564</u>	<u>-</u>
FUND BALANCES						
Restricted	-	-	13,201,376	-	-	-
Committed	471	1,132,371	-	60	-	14,292
Unassigned (Deficit)	-	-	-	-	-	-
Total Fund Balances (Deficit)	<u>471</u>	<u>1,132,371</u>	<u>13,201,376</u>	<u>60</u>	<u>-</u>	<u>14,292</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICIT)	<u>\$ 471</u>	<u>\$ 2,053,437</u>	<u>\$ 19,353,297</u>	<u>\$ 61</u>	<u>\$ 122,564</u>	<u>\$ 14,292</u>

**STATE OF NEW MEXICO
PUBLIC EDUCATION DEPARTMENT
COMBINING BALANCE SHEET – GENERAL FUND (CONTINUED)
JUNE 30, 2018**

51300	63300	63900	66200	72500	79000	85600	85800	Total General Fund
Pre-K	Indian Education Art	Kindergarten Plus	Education Technology	Public Building Energy Efficiency Act	Special Projects	Instuctional Materials Flowthrough	Public School Support Flowthrough	
\$ 15,407,712	\$ 2,733,245	\$ 87	\$ 156,563	\$ 48,948	\$ 30,702,743	\$ 107,456	\$ -	\$ 70,146,338
-	-	-	-	-	-	-	-	216
-	-	-	-	-	-	-	-	554,322
-	-	-	-	-	1,477	-	-	1,477
<u>\$ 15,407,712</u>	<u>\$ 2,733,245</u>	<u>\$ 87</u>	<u>\$ 156,563</u>	<u>\$ 48,948</u>	<u>\$ 30,704,220</u>	<u>\$ 107,456</u>	<u>\$ -</u>	<u>\$ 70,702,353</u>
\$ 9,101,992	\$ 1,081,843	\$ -	\$ -	\$ -	\$ 13,961,442	\$ 14	\$ -	\$ 30,541,415
7,375	10,670	-	-	-	20,232	-	-	467,220
-	-	-	-	-	-	-	320,231	320,231
198	-	-	130	-	567	321	-	367,651
-	-	-	-	-	36,636	-	-	36,636
-	-	-	-	-	738,623	-	-	738,623
-	-	-	-	-	-	-	-	4,000
-	-	-	-	-	-	-	537,393	537,443
9,109,565	1,092,513	-	130	-	14,757,500	335	857,624	33,013,219
-	-	87	-	48,948	15,946,720	107,121	-	29,304,252
6,298,147	1,640,732	-	156,433	-	-	-	-	9,242,506
-	-	-	-	-	-	-	(857,624)	(857,624)
<u>6,298,147</u>	<u>1,640,732</u>	<u>87</u>	<u>156,433</u>	<u>48,948</u>	<u>15,946,720</u>	<u>107,121</u>	<u>(857,624)</u>	<u>37,689,134</u>
<u>\$ 15,407,712</u>	<u>\$ 2,733,245</u>	<u>\$ 87</u>	<u>\$ 156,563</u>	<u>\$ 48,948</u>	<u>\$ 30,704,220</u>	<u>\$ 107,456</u>	<u>\$ -</u>	<u>\$ 70,702,353</u>

**STATE OF NEW MEXICO
PUBLIC EDUCATION DEPARTMENT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES – GENERAL FUND
YEAR ENDED JUNE 30, 2018**

	00500 Schools in Need of Improvement	05700 General Fund	11420 K-3 Plus	20160 Educational Technology Deficiency Correction
REVENUES				
Federal Grants	\$ -	\$ 19,659	\$ -	\$ -
Other Revenues	4	2,606,020	35,325	-
Total Revenues	<u>4</u>	<u>2,625,679</u>	<u>35,325</u>	<u>-</u>
EXPENDITURES				
Current:				
Education	-	13,588,395	13,452,211	-
Health and Welfare	-	-	-	-
Capital Outlay	-	5,400	-	-
Total Expenditures	<u>-</u>	<u>13,593,795</u>	<u>13,452,211</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	4	(10,968,116)	(13,416,886)	-
OTHER FINANCING SOURCES (USES)				
State General Fund - General Appropriations	-	11,065,300	-	-
State General Fund - SEG General Appropriations	-	-	-	-
State General Fund - Transportation General Appropriations	-	-	-	-
State General Fund - Special Appropriations	-	-	23,700,000	-
Appropriations Funded with State Severance Bond Proceeds	-	-	-	-
Intra-Agency Transfer *	-	-	90,383	-
Transfers In:				
Other	-	-	-	-
Transfers Out:				
Reversions	-	(50,320)	-	-
Other	-	-	-	-
Total Other Financing Sources	<u>-</u>	<u>11,014,980</u>	<u>23,790,383</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	4	46,864	10,373,497	-
Fund Balances - Beginning of Year	467	701,925	2,827,879	60
Restatement	-	383,582	-	-
Fund Balances - Beginning of Year as Restated	<u>467</u>	<u>1,085,507</u>	<u>2,827,879</u>	<u>60</u>
FUND BALANCES - END OF YEAR	<u>\$ 471</u>	<u>\$ 1,132,371</u>	<u>\$ 13,201,376</u>	<u>\$ 60</u>

* Balances transferred from/to subfunds are eliminated from the General Fund presentation in the statement of revenues, expenditures, and changes in fund balances.

**STATE OF NEW MEXICO
PUBLIC EDUCATION DEPARTMENT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES – GENERAL FUND (CONTINUED)
YEAR ENDED JUNE 30, 2018**

45800	47000	51300	63300	63900	66200
Adult Basic Education	Charter School Stimulus	Pre-K	Indian Education Art	Kindergarten Plus	Education Technology
\$ -	\$ -	\$ 3,500,000	\$ -	\$ -	\$ -
-	-	119,632	28,894	783	142,170
-	-	3,619,632	28,894	783	142,170
-	-	24,400,192	2,669,690	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	24,400,192	2,669,690	-	-
-	-	(20,780,560)	(2,640,796)	783	142,170
-	-	-	1,824,600	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	21,000,000	-	-	-
-	-	-	-	(90,383)	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	21,000,000	1,824,600	(90,383)	-
-	-	219,440	(816,196)	(89,600)	142,170
(25,733)	14,292	6,078,707	2,456,928	89,687	14,263
25,733	-	-	-	-	-
-	14,292	6,078,707	2,456,928	89,687	14,263
\$ -	\$ 14,292	\$ 6,298,147	\$ 1,640,732	\$ 87	\$ 156,433

**STATE OF NEW MEXICO
PUBLIC EDUCATION DEPARTMENT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES – GENERAL FUND (CONTINUED)
YEAR ENDED JUNE 30, 2018**

	72500 Public Building Energy Efficiency Act	79000 Special Projects	85600 Instuctional Materials Flowthrough
REVENUES			
Federal Grants	\$ -	\$ -	\$ -
Other Revenues	-	541,287	-
Total Revenues	-	541,287	-
EXPENDITURES			
Current:			
Education	-	62,421,429	10,380,475
Health and Welfare	-	-	-
Capital Outlay	-	304,837	-
Total Expenditures	-	62,726,266	10,380,475
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	(62,184,979)	(10,380,475)
OTHER FINANCING SOURCES (USES)			
State General Fund - General Appropriations	-	7,000,000	-
State General Fund - SEG General Appropriations	-	-	-
State General Fund - Transportation General Appropriations	-	-	-
State General Fund - Special Appropriations	-	57,360,000	-
Appropriations Funded with State			
Severance Bond Proceeds	-	-	10,500,000
Intra-Agency Transfer	-	-	-
Transfers In:			
Other	-	-	-
Transfers Out:			
Reversions	-	(978,335)	-
Other	-	-	(114,482)
Total Other Financing Sources	-	63,381,665	10,385,518
NET CHANGE IN FUND BALANCES	-	1,196,686	5,043
Fund Balances - Beginning of Year	48,948	14,750,034	102,078
Restatement	-	-	-
Fund Balances - Beginning of Year as Restated	48,948	14,750,034	102,078
FUND BALANCES - END OF YEAR	\$ 48,948	\$ 15,946,720	\$ 107,121

**STATE OF NEW MEXICO
PUBLIC EDUCATION DEPARTMENT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES – GENERAL FUND (CONTINUED)
YEAR ENDED JUNE 30, 2018**

85800

Public School Support Flowthrough	Total General Fund
\$ -	\$ 3,519,659
505,126	3,979,241
<u>505,126</u>	<u>7,498,900</u>
2,585,876,013	2,712,788,405
-	-
-	310,237
<u>2,585,876,013</u>	<u>2,713,098,642</u>
(2,585,370,887)	(2,705,599,742)
2,492,065,341	2,511,955,241
2,493,259	2,493,259
82,341,000	82,341,000
-	102,060,000
14,500,000	25,000,000
-	-
-	-
(6,019,328)	(7,047,983)
-	(114,482)
<u>2,585,380,272</u>	<u>2,716,687,035</u>
9,385	11,087,293
(867,009)	26,192,526
-	409,315
<u>(867,009)</u>	<u>26,601,841</u>
<u>\$ (857,624)</u>	<u>\$ 37,689,134</u>

**STATE OF NEW MEXICO
PUBLIC EDUCATION DEPARTMENT
STATEMENT OF NET POSITION – PUBLIC EDUCATION DEPARTMENT ONLY
(WITHOUT THE DIVISION OF VOCATIONAL REHABILITATION)
JUNE 30, 2018**

	<u>PED Governmental Activities</u>
ASSETS	
Current Assets:	
Investment in State General Fund Investment Pool	\$ 103,557,201
Due from Federal Government	127,383,184
Due from State General Fund	-
Due from Other State Agencies	2,114,495
Due from External Miscellaneous Parties	589,322
Due from Agency Fund	-
Other Assets	12,868
Total Current Assets	<u>233,657,070</u>
Noncurrent Assets:	
Capital Assets	1,354,193
Accumulated Depreciation	(1,020,323)
Total Noncurrent Assets	<u>333,870</u>
TOTAL ASSETS	<u><u>\$ 233,990,940</u></u>
LIABILITIES AND NET POSITION	
Current Liabilities:	
Accounts Payable	\$ 149,413,814
Accrued Payroll and Taxes	754,992
Interest in State General Fund Investment Pool - Overdraft	13,629,575
Due to State General Fund	626,601
Due to Other State Agencies	1,275,280
Due to Federal Government	3,235,917
Due to Local Education Authorities	745,400
Due to Beneficiaries	135,552
Unearned Revenue	423,322
Compensated Absences - Due Within One Year	837,133
Other Current Liabilities	5,004,189
	<u>176,081,775</u>
Net Position:	
Net Investment in Capital Assets	333,870
Restricted	49,878,162
Unrestricted	7,697,133
Total Net Position	<u>57,909,165</u>
TOTAL LIABILITIES AND NET POSITION	<u><u>\$ 233,990,940</u></u>

**STATE OF NEW MEXICO
PUBLIC EDUCATION DEPARTMENT
STATEMENT OF ACTIVITIES – PUBLIC EDUCATION DEPARTMENT ONLY
(WITHOUT THE DIVISION OF VOCATIONAL REHABILITATION)
YEAR ENDED JUNE 30, 2018**

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	PED Governmental Activities
PRIMARY GOVERNMENT					
PED Governmental Activities:					
Education	\$ 3,132,741,720	\$ 7,945,655	\$ 407,129,383	\$ -	\$(2,717,666,682)
Total Primary Government	<u>\$ 3,132,741,720</u>	<u>\$ 7,945,655</u>	<u>\$ 407,129,383</u>	<u>\$ -</u>	<u>(2,717,666,682)</u>
GENERAL REVENUES AND TRANSFERS					
State General Fund - General Appropriations					2,511,955,241
State General Fund - State Equalization Guarantee General Appropriations					2,493,259
State General Fund - Transportation General Appropriations					82,341,000
State General Fund - Special Appropriations					102,060,000
Bond Proceeds Appropriations					42,699,261
Transfers In - Other					6,271
Transfers Out - Other					(2,820,721)
Transfers Out - State General Fund Reversions - FY18					(8,401,052)
Total General Revenues and Transfers					<u>2,730,333,259</u>
CHANGE IN NET POSITION					
					12,666,577
Net Position - Beginning of Year - As Previously Reported					39,164,687
Restatement					<u>6,077,901</u>
Net Position - Beginning of Year, As Restated					<u>45,242,588</u>
NET POSITION - END OF YEAR					
					<u>\$ 57,909,165</u>

**STATE OF NEW MEXICO
PUBLIC EDUCATION DEPARTMENT
COMBINING BALANCE SHEETS – GOVERNMENTAL FUNDS
PUBLIC EDUCATION DEPARTMENT ONLY
(WITHOUT THE DIVISION OF VOCATIONAL REHABILITATION)
JUNE 30, 2018**

	GENERAL FUNDS						
	00500	05700	11420	20160	45800	47000	51300
	Schools in Need of Improvement	PED Operating Fund	K-3 Plus	Educational Technology Deficiency Correction	Adult Basic Education	Charter School Stimulus	Pre-K
ASSETS							
Interest in State General Fund							
Investment Pool	\$ 471	\$ 1,498,899	\$ 19,353,297	\$ 61	\$ 122,564	\$ 14,292	\$ 15,407,712
Due from Federal Government	-	-	-	-	-	-	-
Due from Other State Agencies	-	216	-	-	-	-	-
Due from External Miscellaneous Parties	-	554,322	-	-	-	-	-
Other Assets	-	-	-	-	-	-	-
Total Assets	\$ 471	\$ 2,053,437	\$ 19,353,297	\$ 61	\$ 122,564	\$ 14,292	\$ 15,407,712
LIABILITIES AND FUND BALANCES (DEFICIT)							
Accounts Payable	\$ -	\$ 250,604	\$ 6,145,520	\$ -	\$ -	\$ -	\$ 9,101,992
Accrued Payroll and Taxes	-	422,542	6,401	-	-	-	7,375
Interest in State General Fund							
Investment Pool - Overdraft	-	-	-	-	-	-	-
Due to State General Fund	-	243,870	-	1	122,564	-	198
Due to Other State Agencies	-	-	-	-	-	-	-
Due to Federal Government	-	-	-	-	-	-	-
Due to Local Education Authorities	-	-	-	-	-	-	-
Due to Beneficiaries	-	-	-	-	-	-	-
Unearned Revenue	-	4,000	-	-	-	-	-
Other Liabilities	-	50	-	-	-	-	-
Total Liabilities	-	921,066	6,151,921	1	122,564	-	9,109,565
FUND BALANCES							
Restricted	-	-	13,201,376	-	-	-	-
Committed	471	1,132,371	-	60	-	14,292	6,298,147
Unassigned (Deficit)	-	-	-	-	-	-	-
Total Fund Balances (Deficit)	471	1,132,371	13,201,376	60	-	14,292	6,298,147
TOTAL LIABILITIES AND FUND BALANCES (DEFICIT)	\$ 471	\$ 2,053,437	\$ 19,353,297	\$ 61	\$ 122,564	\$ 14,292	\$ 15,407,712

**STATE OF NEW MEXICO
PUBLIC EDUCATION DEPARTMENT
COMBINING BALANCE SHEETS – GOVERNMENTAL FUNDS
PUBLIC EDUCATION DEPARTMENT ONLY
(WITHOUT THE DIVISION OF VOCATIONAL REHABILITATION) (CONTINUED)
JUNE 30, 2018**

	GENERAL FUNDS						
	63300	63900	66200	72500	79000	85600	85800
	Indian Education Art	Kindergarten Plus	Education Technology	Public Building Energy Efficiency Act	Special Projects	Instructional Materials Flowthrough	Public School Support Flowthrough
ASSETS							
Interest in State General Fund							
Investment Pool	\$ 2,733,245	\$ 87	\$ 156,563	\$ 48,948	\$ 30,702,743	\$ 107,456	\$ -
Due from Federal Government	-	-	-	-	-	-	-
Due from Other State Agencies	-	-	-	-	-	-	-
Due from External Miscellaneous Parties	-	-	-	-	-	-	-
Other Assets	-	-	-	-	1,477	-	-
Total Assets	\$ 2,733,245	\$ 87	\$ 156,563	\$ 48,948	\$ 30,704,220	\$ 107,456	\$ -
LIABILITIES AND FUND BALANCES (DEFICIT)							
Accounts Payable	\$ 1,081,843	\$ -	\$ -	\$ -	\$ 13,961,442	\$ 14	\$ -
Accrued Payroll and Taxes	10,670	-	-	-	20,232	-	-
Interest in State General Fund							
Investment Pool - Overdraft	-	-	-	-	-	-	320,231
Due to State General Fund	-	-	130	-	567	321	-
Due to Other State Agencies	-	-	-	-	36,636	-	-
Due to Federal Government	-	-	-	-	-	-	-
Due to Local Education Authorities	-	-	-	-	738,623	-	-
Due to Beneficiaries	-	-	-	-	-	-	-
Unearned Revenue	-	-	-	-	-	-	-
Other Liabilities	-	-	-	-	-	-	537,393
Total Liabilities	1,092,513	-	130	-	14,757,500	335	857,624
FUND BALANCES							
Restricted	-	87	-	48,948	15,946,720	107,121	-
Committed	1,640,732	-	156,433	-	-	-	-
Unassigned (Deficit)	-	-	-	-	-	-	(857,624)
Total Fund Balances (Deficit)	1,640,732	87	156,433	48,948	15,946,720	107,121	(857,624)
TOTAL LIABILITIES AND FUND BALANCES (DEFICIT)	\$ 2,733,245	\$ 87	\$ 156,563	\$ 48,948	\$ 30,704,220	\$ 107,456	\$ -

**STATE OF NEW MEXICO
PUBLIC EDUCATION DEPARTMENT
COMBINING BALANCE SHEETS – GOVERNMENTAL FUNDS
PUBLIC EDUCATION DEPARTMENT ONLY
(WITHOUT THE DIVISION OF VOCATIONAL REHABILITATION) (CONTINUED)
JUNE 30, 2018**

	MAJOR FUNDS		SPECIAL REVENUE FUNDS				
	67200	67300	20550	30800	33400	39700	56200
	Federal Food Services	Federal Department of Education Flowthrough	School Transportation Training	Private Grants	Family Youth	Educator Certification	Professional Development
ASSETS							
Interest in State General Fund							
Investment Pool	\$ -	\$ 3,031,690	\$ 37,699	\$ 222,363	\$ 1,195	\$ 1,635,975	\$ 81,569
Due from Federal Government	16,022,086	100,880,325	-	-	-	-	-
Due from Other State Agencies	-	-	-	-	-	-	-
Due from External Miscellaneous Parties	-	-	-	35,000	-	-	-
Other Assets	-	-	-	-	-	758	-
Total Assets	\$ 16,022,086	\$ 103,912,015	\$ 37,699	\$ 257,363	\$ 1,195	\$ 1,636,733	\$ 81,569
LIABILITIES AND FUND BALANCES (DEFICIT)							
Accounts Payable	\$ 2,212,498	\$ 97,786,191	\$ -	\$ -	\$ -	\$ 249,288	\$ -
Accrued Payroll and Taxes	-	-	-	-	-	36,744	-
Interest in State General Fund							
Investment Pool - Overdraft	13,309,344	-	-	-	-	-	-
Due to State General Fund	-	-	-	-	-	-	1
Due to Other State Agencies	-	-	-	-	-	-	-
Due to Federal Government	424,246	1,301,469	-	-	-	-	-
Due to Local Education Authorities	6	-	-	-	-	-	-
Due to Beneficiaries	-	21,621	-	-	-	-	-
Unearned Revenue	-	3,344	-	-	-	-	-
Other Liabilities	-	84,202	-	-	-	-	-
Total Liabilities	15,946,094	99,196,827	-	-	-	286,032	1
FUND BALANCES							
Restricted	75,992	4,715,188	37,699	257,363	-	1,350,701	81,568
Committed	-	-	-	-	1,195	-	-
Unassigned (Deficit)	-	-	-	-	-	-	-
Total Fund Balances (Deficit)	75,992	4,715,188	37,699	257,363	1,195	1,350,701	81,568
TOTAL LIABILITIES AND FUND BALANCES (DEFICIT)	\$ 16,022,086	\$ 103,912,015	\$ 37,699	\$ 257,363	\$ 1,195	\$ 1,636,733	\$ 81,569

**STATE OF NEW MEXICO
PUBLIC EDUCATION DEPARTMENT
COMBINING BALANCE SHEETS – GOVERNMENTAL FUNDS
PUBLIC EDUCATION DEPARTMENT ONLY
(WITHOUT THE DIVISION OF VOCATIONAL REHABILITATION) (CONTINUED)
JUNE 30, 2018**

	SPECIAL REVENUE FUNDS						
	56800	57300	66000	67400	84400	88900	89000
	Incentives for School Improvement	Driver Safety Fees	Instructional Materials Adoption	Vocational Education Flowthrough	Federal Department of Education Admin.	Transportation Emergency	PED ARRA Fund
ASSETS							
Interest in State General Fund							
Investment Pool	\$ 82,870	\$ 7,109,087	\$ 535,534	\$ 291,953	\$ 6,799,227	\$ 898,060	\$ 7,486
Due from Federal Government	-	-	-	3,068,557	7,412,216	-	-
Due from Other State Agencies	-	-	-	-	7,684	-	-
Due from External Miscellaneous Parties	-	-	-	-	-	-	-
Other Assets	-	-	-	20	130	10,483	-
Total Assets	\$ 82,870	\$ 7,109,087	\$ 535,534	\$ 3,360,530	\$ 14,219,257	\$ 908,543	\$ 7,486
LIABILITIES AND FUND BALANCES (DEFICIT)							
Accounts Payable	\$ -	\$ -	\$ 215,876	\$ 3,050,439	\$ 6,355,670	\$ -	\$ -
Accrued Payroll and Taxes	-	-	-	-	251,028	-	-
Interest in State General Fund							
Investment Pool - Overdraft	-	-	-	-	-	-	-
Due to State General Fund	-	-	-	-	-	-	-
Due to Other State Agencies	-	-	-	-	9,678	-	-
Due to Federal Government	-	-	-	952,982	549,734	-	7,486
Due to Local Education Authorities	-	-	-	-	-	-	-
Due to Beneficiaries	-	-	-	18,114	95,817	-	-
Unearned Revenue	-	-	-	2,432	413,546	-	-
Other Liabilities	-	-	-	21,577	-	-	-
Total Liabilities	-	-	215,876	4,045,544	7,675,473	-	7,486
FUND BALANCES							
Restricted	82,870	7,109,087	319,658	-	6,543,784	-	-
Committed	-	-	-	-	-	908,543	-
Unassigned (Deficit)	-	-	-	(685,014)	-	-	-
Total Fund Balances (Deficit)	82,870	7,109,087	319,658	(685,014)	6,543,784	908,543	-
TOTAL LIABILITIES AND FUND BALANCES (DEFICIT)	\$ 82,870	\$ 7,109,087	\$ 535,534	\$ 3,360,530	\$ 14,219,257	\$ 908,543	\$ 7,486

**STATE OF NEW MEXICO
PUBLIC EDUCATION DEPARTMENT
COMBINING BALANCE SHEETS – GOVERNMENTAL FUNDS
PUBLIC EDUCATION DEPARTMENT ONLY
(WITHOUT THE DIVISION OF VOCATIONAL REHABILITATION) (CONTINUED)
JUNE 30, 2018**

	CAPITAL PROJECT FUNDS							Total PED Funds
	63400	63500	81300	81600	81800	89200	93100	
	Public School Capital Improvements	Public School Capital Outlay	Special Capital Outlay Severance Tax Bonds 2000	Special Capital Outlay Severance Tax Bonds 2004	Special Capital Outlay - General Fund	STB Capital Outlay	GF Capital Outlay	
ASSETS								
Interest in State General Fund								
Investment Pool	\$ 4,432,949	\$ 1,103,044	\$ 37,097	\$ 246,445	\$ 17,892	\$ 6,810,599	\$ 28,129	\$ 103,557,201
Due from Federal Government	-	-	-	-	-	-	-	127,383,184
Due from Other State Agencies	-	-	-	-	-	2,106,595	-	2,114,495
Due from External Miscellaneous Parties	-	-	-	-	-	-	-	589,322
Other Assets	-	-	-	-	-	-	-	12,868
Total Assets	\$ 4,432,949	\$ 1,103,044	\$ 37,097	\$ 246,445	\$ 17,892	\$ 8,917,194	\$ 28,129	\$ 233,657,070
LIABILITIES AND FUND BALANCES (DEFICIT)								
Accounts Payable	\$ 9,903	\$ -	\$ -	\$ -	\$ -	\$ 8,992,534	\$ -	149,413,814
Accrued Payroll and Taxes	-	-	-	-	-	-	-	754,992
Interest in State General Fund								
Investment Pool - Overdraft	-	-	-	-	-	-	-	13,629,575
Due to State General Fund	55,308	-	-	157,620	17,892	-	28,129	626,601
Due to Other State Agencies	-	1,103,044	37,097	88,825	-	-	-	1,275,280
Due to Federal Government	-	-	-	-	-	-	-	3,235,917
Due to Local Education Authorities	6,771	-	-	-	-	-	-	745,400
Due to Beneficiaries	-	-	-	-	-	-	-	135,552
Unearned Revenue	-	-	-	-	-	-	-	423,322
Other Liabilities	4,360,967	-	-	-	-	-	-	5,004,189
Total Liabilities	4,432,949	1,103,044	37,097	246,445	17,892	8,992,534	28,129	175,244,642
FUND BALANCES								
Restricted	-	-	-	-	-	-	-	49,878,162
Committed	-	-	-	-	-	-	-	10,152,244
Unassigned (Deficit)	-	-	-	-	-	(75,340)	-	(1,617,978)
Total Fund Balances (Deficit)	-	-	-	-	-	(75,340)	-	58,412,428
TOTAL LIABILITIES AND FUND BALANCES (DEFICIT)	\$ 4,432,949	\$ 1,103,044	\$ 37,097	\$ 246,445	\$ 17,892	\$ 8,917,194	\$ 28,129	\$ 233,657,070

**STATE OF NEW MEXICO
PUBLIC EDUCATION DEPARTMENT
RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION – PUBLIC EDUCATION DEPARTMENT ONLY
(WITHOUT THE DIVISION OF VOCATIONAL REHABILITATION)
JUNE 30, 2018**

	<u>PED Governmental Activities</u>
Total Fund Balance - Governmental Funds (Governmental Fund Balance Sheet)	\$ 58,412,428
<p>Amounts reported for governmental activities in the statement of net position are different because:</p> <p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.</p>	
The Cost of Capital Assets is	1,354,193
Accumulated Depreciation is	<u>(1,020,323)</u>
Total Capital Assets	333,870
<p>Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.</p>	
<p>Long-term and other liabilities at year end consist of:</p>	
Compensated Absences - Due Within One Year	<u>(837,133)</u>
Net Position of Governmental Activities (Statement of Net Position)	<u>\$ 57,909,165</u>

**STATE OF NEW MEXICO
PUBLIC EDUCATION DEPARTMENT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE (DEFICIT) – GOVERNMENTAL FUNDS
PUBLIC EDUCATION DEPARTMENT ONLY
(WITHOUT THE DIVISION OF VOCATIONAL REHABILITATION)
YEAR ENDED JUNE 30, 2018**

	GENERAL FUNDS						
	00500 Schools in Need of Improvement	05700 General Fund	11420 K-3 Plus	20160 Educational Technology Deficiency Correction	45800 Adult Basic Education	47000 Charter School Stimulus	51300 Pre-K
REVENUES							
Federal Grants	\$ -	\$ 19,659	\$ -	\$ -	\$ -	\$ -	\$ 3,500,000
Other Revenues	4	2,606,020	35,325	-	-	-	119,632
Total Revenues	4	2,625,679	35,325	-	-	-	3,619,632
EXPENDITURES							
Current:							
Education	-	13,588,395	13,452,211	-	-	-	24,400,192
Health and Welfare	-	-	-	-	-	-	-
Capital Outlay	-	5,400	-	-	-	-	-
Total Expenditures	-	13,593,795	13,452,211	-	-	-	24,400,192
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	4	(10,968,116)	(13,416,886)	-	-	-	(20,780,560)
OTHER FINANCING SOURCES (USES)							
State General Fund - General Appropriations	-	11,065,300	-	-	-	-	-
State General Fund - SEG General Appropriations	-	-	-	-	-	-	-
State General Fund - Transportation General Appropriations	-	-	-	-	-	-	-
State General Fund - Special Appropriations	-	-	23,700,000	-	-	-	21,000,000
Appropriations Funded with State Severance Bond Proceeds	-	-	-	-	-	-	-
Intra-Agency Transfer *	-	-	90,383	-	-	-	-
Transfers In:							
Other	-	-	-	-	-	-	-
Transfers Out:							
Reversions	-	(50,320)	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total Other Financing Sources	-	11,014,980	23,790,383	-	-	-	21,000,000
NET CHANGE IN FUND BALANCES	4	46,864	10,373,497	-	-	-	219,440
Fund Balances - Beginning of Year	467	701,925	2,827,879	60	(25,733)	14,292	6,078,707
Restatement	-	383,582	-	-	25,733	-	-
Fund Balances - Beginning of Year as Restated	467	1,085,507	2,827,879	60	-	14,292	6,078,707
FUND BALANCES - END OF YEAR	\$ 471	\$ 1,132,371	\$ 13,201,376	\$ 60	\$ -	\$ 14,292	\$ 6,298,147

**STATE OF NEW MEXICO
PUBLIC EDUCATION DEPARTMENT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE (DEFICIT) – GOVERNMENTAL FUNDS
PUBLIC EDUCATION DEPARTMENT ONLY
(WITHOUT THE DIVISION OF VOCATIONAL REHABILITATION) (CONTINUED)
YEAR ENDED JUNE 30, 2018**

	GENERAL FUNDS						
	63300	63900	66200	72500	79000	85600	85800
	Indian Education Art	Kindergarten Plus	Education Technology	Public Building Energy Efficiency Act	Special Projects	Instructional Materials Flowthrough	Public School Support Flowthrough
REVENUES							
Federal Grants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Revenues	28,894	783	142,170	-	541,287	-	505,126
Total Revenues	<u>28,894</u>	<u>783</u>	<u>142,170</u>	<u>-</u>	<u>541,287</u>	<u>-</u>	<u>505,126</u>
EXPENDITURES							
Current:							
Education	2,669,690	-	-	-	62,421,429	10,380,475	2,585,876,013
Health and Welfare	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	304,837	-	-
Total Expenditures	<u>2,669,690</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>62,726,266</u>	<u>10,380,475</u>	<u>2,585,876,013</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(2,640,796)	783	142,170	-	(62,184,979)	(10,380,475)	(2,585,370,887)
OTHER FINANCING SOURCES (USES)							
State General Fund - General Appropriations	1,824,600	-	-	-	7,000,000	-	2,492,065,341
State General Fund - SEG General Appropriations	-	-	-	-	-	-	2,493,259
State General Fund - Transportation General Appropriations	-	-	-	-	-	-	82,341,000
State General Fund - Special Appropriations	-	-	-	-	57,360,000	-	-
Appropriations Funded with State							
Severance Bond Proceeds	-	-	-	-	-	10,500,000	14,500,000
Intra-Agency Transfer *	-	(90,383)	-	-	-	-	-
Transfers In:							
Other	-	-	-	-	-	-	-
Transfers Out:							
Reversions	-	-	-	-	(978,335)	-	(6,019,328)
Other	-	-	-	-	-	(114,482)	-
Total Other Financing Sources	<u>1,824,600</u>	<u>(90,383)</u>	<u>-</u>	<u>-</u>	<u>63,381,665</u>	<u>10,385,518</u>	<u>2,585,380,272</u>
NET CHANGE IN FUND BALANCES	(816,196)	(89,600)	142,170	-	1,196,686	5,043	9,385
Fund Balances - Beginning of Year	2,456,928	89,687	14,263	48,948	14,750,034	102,078	(867,009)
Restatement	-	-	-	-	-	-	-
Fund Balances - Beginning of Year as Restated	<u>2,456,928</u>	<u>89,687</u>	<u>14,263</u>	<u>48,948</u>	<u>14,750,034</u>	<u>102,078</u>	<u>(867,009)</u>
FUND BALANCES - END OF YEAR	<u>\$ 1,640,732</u>	<u>\$ 87</u>	<u>\$ 156,433</u>	<u>\$ 48,948</u>	<u>\$ 15,946,720</u>	<u>\$ 107,121</u>	<u>\$ (857,624)</u>

**STATE OF NEW MEXICO
PUBLIC EDUCATION DEPARTMENT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE (DEFICIT) – GOVERNMENTAL FUNDS
PUBLIC EDUCATION DEPARTMENT ONLY
(WITHOUT THE DIVISION OF VOCATIONAL REHABILITATION) (CONTINUED)
YEAR ENDED JUNE 30, 2018**

	MAJOR FUNDS		SPECIAL REVENUE FUNDS				
	67200	67300 Federal Department of Education Flowthrough	20550 School Transportation Training	30800 Private Grants	33400 Family Youth	39700 Educator Certification	56200 Professional Development
REVENUES							
Federal Grants	\$ 147,908,828	\$ 217,574,941	\$ -	\$ -	\$ -	\$ -	\$ -
Other Revenues	5,243	2,456	327	53,474	11	1,473,107	984
Total Revenues	<u>147,914,071</u>	<u>217,577,397</u>	<u>327</u>	<u>53,474</u>	<u>11</u>	<u>1,473,107</u>	<u>984</u>
EXPENDITURES							
Current:							
Education	148,042,081	218,115,505	-	-	-	1,307,440	-
Health and Welfare	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-
Total Expenditures	<u>148,042,081</u>	<u>218,115,505</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,307,440</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(128,010)	(538,108)	327	53,474	11	165,667	984
OTHER FINANCING SOURCES (USES)							
State General Fund - General Appropriations	-	-	-	-	-	-	-
State General Fund - SEG General Appropriations	-	-	-	-	-	-	-
State General Fund - Transportation General Appropriations	-	-	-	-	-	-	-
State General Fund - Special Appropriations	-	-	-	-	-	-	-
Appropriations Funded with State Severance Bond Proceeds	-	-	-	-	-	-	-
Intra-Agency Transfer *	-	-	-	-	-	-	-
Transfers In:							
Other	-	-	-	-	-	-	-
Transfers Out:							
Reversions	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(128,010)	(538,108)	327	53,474	11	165,667	984
Fund Balances - Beginning of Year	204,002	5,253,296	37,372	203,889	1,184	1,185,034	80,584
Restatement	-	-	-	-	-	-	-
Fund Balances - Beginning of Year as Restated	<u>204,002</u>	<u>5,253,296</u>	<u>37,372</u>	<u>203,889</u>	<u>1,184</u>	<u>1,185,034</u>	<u>80,584</u>
FUND BALANCES - END OF YEAR	<u>\$ 75,992</u>	<u>\$ 4,715,188</u>	<u>\$ 37,699</u>	<u>\$ 257,363</u>	<u>\$ 1,195</u>	<u>\$ 1,350,701</u>	<u>\$ 81,568</u>

**STATE OF NEW MEXICO
PUBLIC EDUCATION DEPARTMENT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE (DEFICIT) – GOVERNMENTAL FUNDS
PUBLIC EDUCATION DEPARTMENT ONLY
(WITHOUT THE DIVISION OF VOCATIONAL REHABILITATION) (CONTINUED)
YEAR ENDED JUNE 30, 2018**

	SPECIAL REVENUE FUNDS						
	56800	57300	66000	67400	84400	88900	89000
	Incentives for School Improvement	Driver Safety Fees	Instructional Materials Adoption	Vocational Education Flowthrough	Federal Department of Education Admin.	Transportation Emergency	PED ARRA Fund
REVENUES							
Federal Grants	\$ -	\$ -	\$ -	\$ 6,959,192	\$ 31,166,763	\$ -	\$ -
Other Revenues	718	1,687,641	316,780	-	1,477	258,667	292
Total Revenues	<u>718</u>	<u>1,687,641</u>	<u>316,780</u>	<u>6,959,192</u>	<u>31,168,240</u>	<u>258,667</u>	<u>292</u>
EXPENDITURES							
Current:							
Education	-	-	215,876	6,935,903	26,840,564	639,098	-
Health and Welfare	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	21,693	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>215,876</u>	<u>6,935,903</u>	<u>26,862,257</u>	<u>639,098</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	718	1,687,641	100,904	23,289	4,305,983	(380,431)	292
OTHER FINANCING SOURCES (USES)							
State General Fund - General Appropriations	-	-	-	-	-	-	-
State General Fund - SEG General Appropriations	-	-	-	-	-	-	-
State General Fund - Transportation General Appro	-	-	-	-	-	-	-
State General Fund - Special Appropriations	-	-	-	-	-	-	-
Appropriations Funded with State							
Severance Bond Proceeds	-	-	-	-	-	-	-
Intra-Agency Transfer *	-	-	-	-	-	-	-
Transfers In:							
Other	-	-	-	-	6,271	-	-
Transfers Out:							
Reversions	-	-	-	-	-	-	-
Other	-	-	-	-	(2,706,239)	-	-
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,699,968)</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	718	1,687,641	100,904	23,289	1,606,015	(380,431)	292
Fund Balances - Beginning of Year	82,152	-	218,754	(708,303)	4,690,629	1,288,974	(292)
Restatement	-	5,421,446	-	-	247,140	-	-
Fund Balances - Beginning of Year as Restated	<u>82,152</u>	<u>5,421,446</u>	<u>218,754</u>	<u>(708,303)</u>	<u>4,937,769</u>	<u>1,288,974</u>	<u>(292)</u>
FUND BALANCES - END OF YEAR	<u>\$ 82,870</u>	<u>\$ 7,109,087</u>	<u>\$ 319,658</u>	<u>\$ (685,014)</u>	<u>\$ 6,543,784</u>	<u>\$ 908,543</u>	<u>\$ -</u>

**STATE OF NEW MEXICO
PUBLIC EDUCATION DEPARTMENT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE (DEFICIT) – GOVERNMENTAL FUNDS
PUBLIC EDUCATION DEPARTMENT ONLY
(WITHOUT THE DIVISION OF VOCATIONAL REHABILITATION) (CONTINUED)
YEAR ENDED JUNE 30, 2018**

	CAPITAL PROJECT FUNDS							Total PED Funds
	63400	63500	81300	81600	81800	89200	93100	
	Public School Capital Improvements	Public School Capital Outlay	Special Capital Outlay Severance Tax Bonds 2000	Special Capital Outlay Severance Tax Bonds 2004	Special Capital Outlay - General Fund	STB Capital Outlay	GF Capital Outlay	
REVENUES								
Federal Grants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 407,129,383
Other Revenues	-	-	-	-	158,686	-	6,551	7,945,655
Total Revenues	-	-	-	-	158,686	-	6,551	415,075,038
EXPENDITURES								
Current:								
Education	9,903	-	-	-	-	17,708,401	-	3,132,603,176
Health and Welfare	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	331,930
Total Expenditures	9,903	-	-	-	-	17,708,401	-	3,132,935,106
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(9,903)	-	-	-	158,686	(17,708,401)	6,551	(2,717,860,068)
OTHER FINANCING SOURCES (USES)								
State General Fund - General Appropriations	-	-	-	-	-	-	-	2,511,955,241
State General Fund - SEG General Appropriations	-	-	-	-	-	-	-	2,493,259
State General Fund - Transportation General Appro	-	-	-	-	-	-	-	82,341,000
State General Fund - Special Appropriations	-	-	-	-	-	-	-	102,060,000
Appropriations Funded with State Severance Bond Proceeds	-	-	-	-	-	17,699,261	-	42,699,261
Intra-Agency Transfer *	-	-	-	-	-	-	-	-
Transfers In:								
Other	-	-	-	-	-	-	-	6,271
Transfers Out:								
Reversions	(55,308)	(1,103,044)	(37,097)	(157,620)	-	-	-	(8,401,052)
Other	-	-	-	-	-	-	-	(2,820,721)
Total Other Financing Sources	(55,308)	(1,103,044)	(37,097)	(157,620)	-	17,699,261	-	2,730,333,259
NET CHANGE IN FUND BALANCES	(65,211)	(1,103,044)	(37,097)	(157,620)	158,686	(9,140)	6,551	12,473,191
Fund Balances - Beginning of Year	65,211	1,103,044	37,097	157,620	(158,686)	(66,200)	(6,551)	39,861,336
Restatement	-	-	-	-	-	-	-	6,077,901
Fund Balances - Beginning of Year as Restated	65,211	1,103,044	37,097	157,620	(158,686)	(66,200)	(6,551)	45,939,237
FUND BALANCES - END OF YEAR	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (75,340)	\$ -	\$ 58,412,428

**STATE OF NEW MEXICO
PUBLIC EDUCATION DEPARTMENT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES – PUBLIC EDUCATION DEPARTMENT ONLY
(WITHOUT THE DIVISION OF VOCATIONAL REHABILITATION)
YEAR ENDED JUNE 30, 2018**

	PED Governmental Activities
Net Changes in Fund Balances - Total Governmental Funds (Statement of Revenues, Expenditures, and Changes in Fund Balances)	\$ 12,473,191
 Amounts reported for governmental activities in the statement of activities are different because:	
 In the statement of activities, certain operating expenses (compensated absences payable) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amounts of financial resources used (essentially, the amounts actually paid). The change in the liabilities for the year was:	
Change in Compensated Absences Payable	(26,387)
 Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities, those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities. This is the amount by which capital outlays exceed depreciation for the period.	
Loss on Disposal of Capital Assets	(5,800)
Capital Outlay	331,930
Depreciation expenses	(106,357)
Excess of Capital Outlay over Depreciation	225,573
Change in Net Position of Governmental Activities (Statement of Activities)	\$ 12,666,577

**STATE OF NEW MEXICO
PUBLIC EDUCATION DEPARTMENT
STATEMENT OF NET POSITION –
DIVISION OF VOCATIONAL REHABILITATION ONLY
JUNE 30, 2018**

	<u>DVR Governmental Activities</u>
ASSETS	
Current Assets:	
Investment in State General Fund Investment Pool	\$ 7,659,242
Due from Federal Government	1,728,344
Due from Other State Agencies	-
Other Assets	819,762
Total Current Assets	<u>10,207,348</u>
Noncurrent Assets:	
Capital Assets	1,448,884
Accumulated Depreciation	(1,043,925)
Total Noncurrent Assets	<u>404,959</u>
TOTAL ASSETS	<u>\$ 10,612,307</u>
LIABILITIES AND NET POSITION	
Current Liabilities:	
Accounts Payable	\$ 2,831,960
Accrued Payroll and Taxes	613,118
Interest in State General Fund Investment Pool - Overdraft	69,214
Due to Other State Agencies	-
Due to Federal Government	963,479
Unearned Revenue	1,811,728
Compensated Absences - Due Within One Year	636,960
	<u>6,926,459</u>
Net Position:	
Net Investment in Capital Assets	404,959
Restricted	4,022,271
Unrestricted	(741,382)
Total Net Position	<u>3,685,848</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 10,612,307</u>

**STATE OF NEW MEXICO
PUBLIC EDUCATION DEPARTMENT
STATEMENT OF ACTIVITIES –
DIVISION OF VOCATIONAL REHABILITATION ONLY
YEAR ENDED JUNE 30, 2018**

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	DVR Governmental Activities
PRIMARY GOVERNMENT					
DVR Governmental Activities:					
Health and Welfare	\$ 44,979,909	\$ 34,399	\$ 38,289,096	\$ -	\$ (6,656,414)
Total Primary Government	\$ 44,979,909	\$ 34,399	\$ 38,289,096	\$ -	(6,656,414)
GENERAL REVENUES AND TRANSFERS					
State General Fund - General Appropriations					5,647,600
Transfers In/Out - Other					(63,463)
Reversion					(10,496)
Total General Revenues and Transfers					5,573,641
CHANGE IN NET POSITION					
					(1,082,773)
Net Position - Beginning of Year, as Previously Reported					1,161,542
Restatement					3,607,079
Net Position - Beginning of Year, as Restated					4,768,621
NET POSITION - END OF YEAR					\$ 3,685,848

**STATE OF NEW MEXICO
PUBLIC EDUCATION DEPARTMENT
COMBINING BALANCE SHEETS – GOVERNMENTAL FUNDS
DIVISION OF VOCATIONAL REHABILITATION ONLY
JUNE 30, 2018**

	20570	50000	50100	89000	Total
	Independent Living Services	DVR General Fund	Disability Determination Services	DVR Recovery Act	DVR Funds
ASSETS					
Interest in State General Fund Investment Pool	\$ 56,681	\$ 7,602,561	\$ -	\$ -	\$ 7,659,242
Due from Federal Government	108,718	1,006,532	613,094	-	1,728,344
Due from Other State Agencies	-	-	-	-	-
Other Assets	-	819,762	-	-	819,762
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 165,399</u>	<u>\$ 9,428,855</u>	<u>\$ 613,094</u>	<u>\$ -</u>	<u>\$ 10,207,348</u>
LIABILITIES					
Accounts Payable	\$ 102,758	\$ 2,272,162	\$ 457,040	\$ -	\$ 2,831,960
Accrued Payroll and Taxes	2,952	432,967	177,199	-	613,118
Interest in State General Fund Investment Pool - Overdraft	-	-	69,214	-	69,214
Due to Other State Agencies	-	-	-	-	-
Due to Federal Government	-	949,416	14,063	-	963,479
Unearned Revenue	-	1,811,728	-	-	1,811,728
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	105,710	5,466,273	717,516	-	6,289,499
FUND BALANCES					
Restricted	59,689	3,962,582	-	-	4,022,271
Unassigned	-	-	(104,422)	-	(104,422)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Fund Balances	59,689	3,962,582	(104,422)	-	3,917,849
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities and Fund Balances	<u>\$ 165,399</u>	<u>\$ 9,428,855</u>	<u>\$ 613,094</u>	<u>\$ -</u>	<u>\$ 10,207,348</u>

**STATE OF NEW MEXICO
PUBLIC EDUCATION DEPARTMENT
RECONCILIATION OF THE COMBINING BALANCE SHEETS –
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
DIVISION OF VOCATIONAL REHABILITATION ONLY
JUNE 30, 2018**

	DVR Governmental Activities
Total Fund Balance - Governmental Funds (Governmental Fund Balance Sheet - Division of Vocational Rehabilitation Only)	\$ 3,917,849
 Amounts reported for governmental activities in the statement of net position are different because:	
 Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	
The Cost of Capital Assets is	1,448,884
Accumulated Depreciation is	(1,043,925)
Total Capital Assets	404,959
 Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	
 Long-term and other liabilities at year end consist of:	
Compensated Absences - Due Within One Year	(636,960)
Net Position of Governmental Activities (Statement of Net Position - Division of Vocational Rehabilitation Only)	\$ 3,685,848

**STATE OF NEW MEXICO
PUBLIC EDUCATION DEPARTMENT
COMBINING STATEMENTS OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE (DEFICIT) – GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
DIVISION OF VOCATIONAL REHABILITATION ONLY
YEAR ENDED JUNE 30, 2018**

	20570	50000	50100	89000	Total
	Independent Living Services	DVR Operating Fund	Disability Determination Services	DVR Recovery Act	DVR Funds
REVENUES					
Federal Grants	\$ 706,289	\$ 26,115,367	\$ 11,467,440	\$ -	\$ 38,289,096
Other Revenue	-	34,399	-	-	34,399
Total Revenues	<u>706,289</u>	<u>26,149,766</u>	<u>11,467,440</u>	<u>-</u>	<u>38,323,495</u>
EXPENDITURES					
Current:					
Health and Welfare	1,535,426	31,734,457	11,467,440	-	44,737,323
Capital Outlay	-	5,112	-	-	5,112
Total Expenditures	<u>1,535,426</u>	<u>31,739,569</u>	<u>11,467,440</u>	<u>-</u>	<u>44,742,435</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(829,137)	(5,589,803)	-	-	(6,418,940)
OTHER FINANCING SOURCES (USES)					
State General Fund Appropriations	649,000	4,998,600	-	-	5,647,600
Intra-Agency Transfer	-	184	-	(184)	-
Transfers In:					
Other	-	191,500	-	-	191,500
Transfers Out:					
Reversions	-	(10,496)	-	-	(10,496)
Other	(54,963)	(200,000)	-	-	(254,963)
Total Other Financing Sources	<u>594,037</u>	<u>4,979,788</u>	<u>-</u>	<u>(184)</u>	<u>5,573,641</u>
NET CHANGE IN FUND BALANCES	(235,100)	(610,015)	-	(184)	(845,299)
Fund Balances - Beginning of Year	294,789	965,518	(104,422)	184	1,156,069
Restatement	-	3,607,079	-	-	3,607,079
Fund Balances - Beginning of Year as Restated	<u>294,789</u>	<u>4,572,597</u>	<u>(104,422)</u>	<u>184</u>	<u>4,763,148</u>
FUND BALANCES - END OF YEAR	<u>\$ 59,689</u>	<u>\$ 3,962,582</u>	<u>\$ (104,422)</u>	<u>\$ -</u>	<u>\$ 3,917,849</u>

**STATE OF NEW MEXICO
PUBLIC EDUCATION DEPARTMENT
RECONCILIATION OF COMBINING STATEMENTS OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES (DEFICIT) –
GOVERNMENTAL FUNDS TO THE STATEMENT ACTIVITIES
DIVISION OF VOCATIONAL REHABILITATION ONLY
YEAR ENDED JUNE 30, 2018**

	DVR Governmental Activities
Net Changes in Fund Balances - Total Governmental Funds (Statement of Revenues, Expenditures, and Changes in Fund Balances - Division of Vocational Rehabilitation Only)	\$ (845,299)
 Amounts reported for governmental activities in the statement of activities are different because:	
 In the statement of activities, certain operating expenses (compensated absences payable) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amounts of financial resources used (essentially, the amounts actually paid). The change in the liabilities for the year was:	
Change in Compensated Absences Payable	(53,943)
 Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities, those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities. This is the amount by which capital outlays exceed depreciation for the period.	
Loss on Disposal of Capital Assets	(5,598)
Capital Outlay	5,112
Depreciation expenses	(183,045)
Excess of Depreciation Expense over Capital Outlay	(177,933)
Change in Net Position of Governmental Activities (Statement of Activities - Division of Vocational Rehabilitation Only)	\$ (1,082,773)

**STATE OF NEW MEXICO
PUBLIC EDUCATION DEPARTMENT
COMBINING STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2018**

	61600 Eva Lou Kelly Scholarship	99300 Tutor-Scholars Program	Total Private Purpose Trusts
ASSETS			
Interest in State General Fund			
Investment Pool	\$ 41,254	\$ 4,876	\$ 46,130
Certificate of Deposit	20,000	-	20,000
Total Assets	61,254	4,876	66,130
LIABILITIES AND NET POSITION			
Liabilities:			
Due to External Parties	-	-	-
Total Liabilities	-	-	-
Net Position:			
Restricted for Scholarships	61,254	4,876	66,130
Total Net Position	61,254	4,876	66,130
TOTAL LIABILITIES AND NET POSITION	\$ 61,254	\$ 4,876	\$ 66,130

**STATE OF NEW MEXICO
PUBLIC EDUCATION DEPARTMENT
COMBINING STATEMENT OF CHANGES IN
FIDUCIARY NET POSITION
YEAR ENDED JUNE 30, 2018**

	61600 Eva Lou Kelly Scholarship	99300 Tutor-Scholars Program	Total Private Purpose Trusts
	<u> </u>	<u> </u>	<u> </u>
ADDITIONS			
Investment Earnings - Interest	\$ 479	\$ -	\$ 479
DEDUCTIONS			
Scholarship Expense	<u>-</u>	<u>-</u>	<u>-</u>
CHANGE IN NET POSITION	479	-	479
Net Position - Beginning of Year	<u>60,775</u>	<u>4,876</u>	<u>65,651</u>
NET POSITION - END OF YEAR	<u><u>\$ 61,254</u></u>	<u><u>\$ 4,876</u></u>	<u><u>\$ 66,130</u></u>

**STATE OF NEW MEXICO
PUBLIC EDUCATION DEPARTMENT
NOTES TO TRUST AND AGENCY FUNDS
YEAR ENDED JUNE 30, 2018**

Trust Funds

Private-Purpose Trust Funds are used to report arrangements under which principal or interest benefits specific to individuals, private organizations, or other government (but not the reporting government).

Eva Lou Kelly Scholarship Fund (SHARE Fund 61600)

The Eva Lou Kelly Scholarship fund accounts for assets held in trust for the continuation of “deserving boys and girls”.

Tutor-Scholars Program Fund (SHARE Fund 99300)

The Tutor-Scholars Program fund accounts for donations, primarily corporate, to fund scholarships for academically successful students who tutor at-risk high school students. Tutor-scholars may receive scholarships up to \$3,000 per year for use at any public or private post-secondary school in New Mexico.

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**STATE OF NEW MEXICO
PUBLIC EDUCATION DEPARTMENT
COMBINING STATEMENT OF NET POSITION –
DISCRETELY PRESENTED COMPONENT UNITS
JUNE 30, 2018**

	Academy of Trade and Technology	ACE Leadership High School	AIMS at UNM	Albuquerque School of Excellence	Albuquerque Sign Language Academy
ASSETS					
Cash and Cash Equivalents	\$ 248,714	\$ 2,380,722	\$ 3,237,815	\$ 1,685,389	\$ 1,136,428
Restricted Cash and Cash Equivalents	-	-	-	-	-
Investments	-	-	-	-	75,639
Taxes Receivables	42	-	4,702	7,699	-
Intergovernmental Receivables	-	-	-	-	24,747
Due from Primary Government	27,274	106,803	-	62,948	110,123
Other Receivables	1,030	665	2,139	-	15,453
Due from Component Unit	-	-	-	-	-
Prepaid Expenses and Other Assets	-	5,381	23,977	-	-
Capital Assets Not Being Depreciated:					
Land and Land Improvements	-	1,204,998	-	1,436,300	-
Construction in Process	-	-	-	-	9,917
Capital Assets, Net of Accumulated Depreciation:					
Building and Building Improvements	-	3,467,023	-	6,303,304	-
Leasehold Improvements	-	-	-	-	-
Vehicles	-	6,186	-	-	-
Furniture, Fixtures, and Equipment	-	21,872	24,962	85,017	7,257
Total Assets	<u>277,060</u>	<u>7,193,650</u>	<u>3,293,595</u>	<u>9,580,657</u>	<u>1,379,564</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred Outflows of Resources Related to Pension Amounts	-	2,470,146	2,678,003	2,694,010	2,488,027
Deferred Outflows of Resources Related to OPEB Amounts	-	33,074	33,192	34,785	27,221
Total Deferred Outflows of Resources	<u>-</u>	<u>2,503,220</u>	<u>2,711,195</u>	<u>2,728,795</u>	<u>2,515,248</u>
LIABILITIES					
Accrued Liabilities	6,316	665	122,573	279,052	68,124
Accounts Payable	3,615	-	14,407	32,122	2,889
Intergovernmental Payable	-	-	-	-	-
Due to Primary Government	-	-	-	-	-
Due to Component Unit	-	-	-	-	-
Unearned Revenue	-	-	175,000	-	-
Accrued Interest Payable	-	-	-	-	-
Noncurrent Liabilities:					
Compensated Absences	-	-	-	-	-
Long-Term Debt - Due Within One Year	-	150,633	-	124,167	-
Long-Term Debt - Due in More Than One Year	-	3,728,755	-	7,740,833	-
Net Pension Liability	-	6,859,233	7,014,821	5,887,915	5,942,371
Net OPEB Liability	-	1,854,814	1,897,411	1,725,661	1,607,384
Total Liabilities	<u>9,931</u>	<u>12,594,100</u>	<u>9,224,212</u>	<u>15,789,750</u>	<u>7,620,768</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred Inflows of Resources Related to Pension Amounts	-	316,467	109,032	91,517	92,363
Deferred Inflows of Resources Related to OPEB Amounts	-	422,152	431,847	392,757	365,837
Total Deferred Inflows of Resources	<u>-</u>	<u>738,619</u>	<u>540,879</u>	<u>484,274</u>	<u>458,200</u>
NET POSITION					
Net Investment in Capital Assets	-	820,691	24,962	(40,379)	17,174
Restricted for:					
Instructional Materials	8,263	92,055	27,540	8,022	3,259
Food Services	1,256	6,291	-	20,158	478
Capital Projects	45,161	819,586	1,455,090	948,693	211,179
Other Purposes	83,401	119,375	-	-	305,582
Unrestricted	129,048	(5,493,847)	(5,267,893)	(4,901,066)	(4,721,828)
Total Net Position	<u>\$ 267,129</u>	<u>\$ (3,635,849)</u>	<u>\$ (3,760,301)</u>	<u>\$ (3,964,572)</u>	<u>\$ (4,184,156)</u>

**STATE OF NEW MEXICO
PUBLIC EDUCATION DEPARTMENT
COMBINING STATEMENT OF NET POSITION –
DISCRETELY PRESENTED COMPONENT UNITS (CONTINUED)
JUNE 30, 2018**

Aldo Leopold High School	Alma d'Arte Charter High School	Amy Biehl Charter School	Anthony Charter School	ASK Academy	Carinos de los Ninos Charter	Cesar Chavez Community School	Coral Community Charter School
\$ 519,979	\$ 165,552	\$ 1,906,688	\$ 307,157	\$ 573,323	\$ 257,998	\$ 1,384,849	\$ 234,322
-	-	-	-	705,540	-	-	-
-	-	14,404	-	-	-	-	-
23,423	-	6,098	-	-	3,824	2,699	-
-	-	-	20,556	-	8,434	-	-
114,157	39,464	59,656	2,907	137,526	14,162	49,381	115,792
-	-	2,991	-	-	1,697	-	-
-	-	-	-	-	-	-	-
432	-	500	-	-	-	13,000	-
-	-	-	-	647,989	-	-	354,229
-	-	-	-	-	-	-	-
21,671	-	2,809,360	603,939	4,417,204	-	-	1,325,955
-	-	-	-	42,435	-	-	-
120,124	-	-	-	-	-	-	-
-	2,905	59,885	6,885	90,013	-	54,068	11,373
799,786	207,921	4,859,582	941,444	6,614,030	286,115	1,503,997	2,041,671
2,187,846	1,431,850	3,373,789	-	3,257,008	-	1,147,754	2,438,110
26,444	20,070	45,027	-	39,488	-	18,466	22,384
2,214,290	1,451,920	3,418,816	-	3,296,496	-	1,166,220	2,460,494
263,502	48,819	3,392	20,405	244,034	41,807	119,350	16,322
3,394	22,012	2,523	5,461	17,896	521	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
33,255	-	-	-	-	-	-	-
-	-	-	-	100,000	-	-	61,134
-	-	-	-	6,361,714	-	-	1,499,284
4,991,059	4,323,139	8,877,438	-	7,227,088	-	3,432,950	4,714,333
1,343,188	1,013,735	2,401,334	-	2,036,534	-	976,576	1,288,808
6,634,398	5,407,705	11,284,687	25,866	15,987,266	42,328	4,528,876	7,579,881
120,268	121,573	137,983	-	112,331	-	297,496	73,276
305,706	230,724	546,538	-	463,510	-	222,267	293,330
425,974	352,297	684,521	-	575,841	-	519,763	366,606
141,795	2,905	2,869,245	610,824	(570,694)	-	54,068	131,139
15,062	-	7,102	1,396	15,531	7,402	547	1,238
1,835	4,923	-	-	-	15,062	6,203	1,289
145,544	-	1,060,798	-	146,304	28,281	491,300	246,008
9,113	11,363	13,939	658	2,971	24,419	102,747	48,214
(4,359,645)	(4,119,352)	(7,641,894)	302,700	(6,246,693)	168,623	(3,033,287)	(3,872,210)
\$ (4,046,296)	\$ (4,100,161)	\$ (3,690,810)	\$ 915,578	\$ (6,652,581)	\$ 243,787	\$ (2,378,422)	\$ (3,444,322)

**STATE OF NEW MEXICO
PUBLIC EDUCATION DEPARTMENT
COMBINING STATEMENT OF NET POSITION –
DISCRETELY PRESENTED COMPONENT UNITS (CONTINUED)
JUNE 30, 2018**

	Cottonwood Classical Preparatory School	Dream Dine Charter School	Dzit Diti'ooi School of Empowerment, Action and Perseverance (DEAP)	Estancia Valley Classical Academy	Explore Academy
ASSETS					
Cash and Cash Equivalents	\$ 810,620	\$ 332,144	\$ 95,037	\$ 306,087	\$ 515,177
Restricted Cash and Cash Equivalents	1,319,527	-	-	5,278,425	3,693,000
Investments	-	-	-	-	-
Taxes Receivables	-	-	-	-	1,822
Intergovernmental Receivables	-	-	4,458	-	-
Due from Primary Government	26,212	27,575	20,668	283,563	33,413
Other Receivables	1,240	18,884	30	-	-
Due from Component Unit	-	-	-	-	-
Prepaid Expenses and Other Assets	61,020	-	-	39,285	-
Capital Assets Not Being Depreciated:					
Land and Land Improvements	3,172,430	-	-	337,921	1,678,831
Construction in Process	-	-	28,850	6,184,547	204,180
Capital Assets, Net of Accumulated Depreciation:					
Building and Building Improvements	5,048,869	60,283	-	-	3,059,268
Leasehold Improvements	-	-	-	63	-
Vehicles	-	-	-	-	-
Furniture, Fixtures, and Equipment	121,427	6,725	6,195	4,523	9,499
Total Assets	<u>10,561,345</u>	<u>445,611</u>	<u>155,238</u>	<u>12,434,414</u>	<u>9,195,190</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred Outflows of Resources Related to Pension Amounts	4,577,904	476,162	473,753	2,142,793	2,486,640
Deferred Outflows of Resources Related to OPEB Amounts	59,071	5,484	4,838	32,840	28,830
Total Deferred Outflows of Resources	<u>4,636,975</u>	<u>481,646</u>	<u>478,591</u>	<u>2,175,633</u>	<u>2,515,470</u>
LIABILITIES					
Accrued Liabilities	384,571	41,706	20,362	212,186	297,353
Accounts Payable	15,245	-	8,015	940,116	141,968
Intergovernmental Payable	-	-	-	-	-
Due to Primary Government	-	-	-	-	-
Due to Component Unit	-	-	-	-	-
Unearned Revenue	-	-	-	-	-
Accrued Interest Payable	51,058	-	-	413,794	82,101
Noncurrent Liabilities:					
Compensated Absences	-	-	-	-	-
Long-Term Debt - Due Within One Year	190,000	-	-	-	-
Long-Term Debt - Due in More Than One Year	9,910,000	-	-	11,235,000	9,590,000
Net Pension Liability	11,203,487	867,962	712,373	5,931,258	4,849,918
Net OPEB Liability	3,212,503	233,381	192,596	1,738,803	1,465,090
Total Liabilities	<u>24,966,864</u>	<u>1,143,049</u>	<u>933,346</u>	<u>20,471,157</u>	<u>16,426,430</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred Inflows of Resources Related to Pension Amounts	174,137	13,491	11,073	110,530	109,688
Deferred Inflows of Resources Related to OPEB Amounts	731,158	53,117	43,835	395,748	333,450
Total Deferred Inflows of Resources	<u>905,295</u>	<u>66,608</u>	<u>54,908</u>	<u>506,278</u>	<u>443,138</u>
NET POSITION					
Net Investment in Capital Assets	(494,392)	67,008	35,045	(243,600)	(956,016)
Instructional Materials	52,186	-	2,207	1,635	16,421
Food Services	-	4,924	3,659	-	-
Capital Projects	648,335	-	6,830	80,764	183,522
Other Purposes	133,494	106,054	66,344	-	8,136
Unrestricted	(11,013,462)	(460,386)	(468,510)	(6,206,187)	(4,410,971)
Total Net Position	<u>\$ (10,673,839)</u>	<u>\$ (282,400)</u>	<u>\$ (354,425)</u>	<u>\$ (6,367,388)</u>	<u>\$ (5,158,908)</u>

**STATE OF NEW MEXICO
PUBLIC EDUCATION DEPARTMENT
COMBINING STATEMENT OF NET POSITION –
DISCRETELY PRESENTED COMPONENT UNITS (CONTINUED)
JUNE 30, 2018**

Gilbert L. Sena Charter High School	GREAT Academy	Health Leadership High School	Horizon Academy West	J. Paul Taylor Academy	La Academia Dolores Huerta	La Promesa Early Learning Center	La Tierra Montessori School of the Arts and Sciences
\$ 762,868	\$ 680,266	\$ 1,513,579	\$ 682,264	\$ 173,272	\$ 378,392	\$ 1,951,482	\$ 113,212
58,014	-	-	1,026,728	-	-	-	-
-	-	-	-	-	-	-	-
2,325	-	-	-	-	1,056	5,548	-
-	-	6,485	-	-	-	4,508	-
117,609	63,738	36,882	193,439	32,226	82,569	151,369	176,356
-	-	-	-	-	-	1,379	-
-	-	-	-	-	-	-	-
-	10,394	120,600	-	-	4,278	-	6,000
426,985	397,010	-	276,000	-	-	1,402,136	-
-	-	-	-	-	-	-	-
1,539,816	1,039,975	-	5,021,510	-	-	7,288,720	66,305
-	-	-	-	-	-	-	-
-	64,362	22,115	-	-	-	-	-
23,067	16,489	24,171	111,951	-	20,122	43,255	2,601
2,930,684	2,272,234	1,723,832	7,311,892	205,498	486,417	10,848,397	364,474
1,450,410	1,489,281	2,101,112	2,580,679	954,799	1,410,287	3,087,451	937,555
21,310	15,483	26,556	38,376	18,086	18,095	36,103	10,544
1,471,720	1,504,764	2,127,668	2,619,055	972,885	1,428,382	3,123,554	948,099
142,655	21,661	106,377	247,903	7,368	48,503	262,693	69,195
20,048	26,520	6,181	-	-	5,478	15,645	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
40,980	-	-	126,863	-	-	238,215	-
-	-	-	12,783	-	-	-	-
19,900	34,325	-	95,000	-	-	-	-
2,160,900	1,033,043	-	6,315,000	-	-	7,260,212	-
4,104,204	3,783,025	4,943,271	7,308,217	2,822,821	3,681,892	8,030,592	2,172,683
1,212,676	1,024,158	1,334,125	1,977,169	763,587	991,983	2,222,786	587,758
7,701,363	5,922,732	6,389,954	16,082,935	3,593,776	4,727,856	18,030,143	2,829,636
196,078	87,804	76,834	113,593	224,817	57,228	124,821	33,770
276,002	233,096	303,644	449,999	173,790	225,773	505,901	133,772
472,080	320,900	380,478	563,592	398,607	283,001	630,722	167,542
(173,898)	450,468	46,286	(198,614)	-	20,122	1,473,899	68,906
4,149	17,394	23,889	2,302	34,649	21,151	16,147	1,451
-	-	353	19,480	22,611	-	121,652	-
470,127	74,975	348,319	335,028	-	170,600	1,206,875	38,318
58,014	-	46,008	222,457	1,184	26,692	16,892	13,707
(4,129,431)	(3,009,471)	(3,383,787)	(7,096,233)	(2,872,444)	(3,334,623)	(7,524,379)	(1,806,987)
\$ (3,771,039)	\$ (2,466,634)	\$ (2,918,932)	\$ (6,715,580)	\$ (2,814,000)	\$ (3,096,058)	\$ (4,688,914)	\$ (1,684,605)

**STATE OF NEW MEXICO
PUBLIC EDUCATION DEPARTMENT
COMBINING STATEMENT OF NET POSITION –
DISCRETELY PRESENTED COMPONENT UNITS (CONTINUED)
JUNE 30, 2018**

	Las Montanas Charter School	MASTERS Program	McCurdy Charter School	Media Arts Collaborative Charter School	Mission Achievement and Success
ASSETS					
Cash and Cash Equivalents	\$ 139,940	\$ 1,253,844	\$ 708,494	\$ 698,964	\$ 2,087,094
Restricted Cash and Cash Equivalents	-	-	-	-	-
Investments	-	-	-	-	-
Taxes Receivables	-	-	3,089	3,423	6,718
Intergovernmental Receivables	1,320	-	-	-	12,426
Due from Primary Government	55,701	11,504	399,569	90,688	284,827
Other Receivables	-	-	-	-	-
Due from Component Unit	-	-	-	-	-
Prepaid Expenses and Other Assets	-	2,355	-	-	-
Capital Assets Not Being Depreciated:					
Land and Land Improvements	-	-	-	410,000	-
Construction in Process	-	80,075	-	-	-
Capital Assets, Net of Accumulated Depreciation:					
Building and Building Improvements	-	-	-	1,177,976	-
Leasehold Improvements	-	12,732	83,108	-	-
Vehicles	1,868	-	74,613	18,020	-
Furniture, Fixtures, and Equipment	49,979	36,962	83,427	54,230	157,991
Total Assets	<u>248,808</u>	<u>1,397,472</u>	<u>1,352,300</u>	<u>2,453,301</u>	<u>2,549,056</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred Outflows of Resources Related to Pension Amounts	1,152,252	1,384,466	2,931,353	2,140,968	6,738,354
Deferred Outflows of Resources Related to OPEB Amounts	20,848	20,258	39,039	28,926	68,598
Total Deferred Outflows of Resources	<u>1,173,100</u>	<u>1,404,724</u>	<u>2,970,392</u>	<u>2,169,894</u>	<u>6,806,952</u>
LIABILITIES					
Accrued Liabilities	61,163	156,748	363,435	190,107	340,088
Accounts Payable	4,152	505	154,320	2,708	49,579
Intergovernmental Payable	-	-	-	-	-
Due to Primary Government	-	-	-	-	-
Due to Component Unit	-	-	-	-	-
Unearned Revenue	-	-	-	-	-
Accrued Interest Payable	-	-	-	-	-
Noncurrent Liabilities:					
Compensated Absences	-	7,985	-	-	-
Long-Term Debt - Due Within One Year	-	-	-	83,209	-
Long-Term Debt - Due in More Than One Year	-	-	-	416,430	-
Net Pension Liability	3,438,507	3,800,806	8,320,654	5,584,518	13,219,470
Net OPEB Liability	953,464	1,028,237	2,250,882	1,510,407	3,726,395
Total Liabilities	<u>4,457,286</u>	<u>4,994,281</u>	<u>11,089,291</u>	<u>7,787,379</u>	<u>17,335,532</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred Inflows of Resources Related to Pension Amounts	446,882	169,280	171,178	86,801	205,471
Deferred Inflows of Resources Related to OPEB Amounts	217,006	234,024	512,295	343,764	848,119
Total Deferred Inflows of Resources	<u>663,888</u>	<u>403,304</u>	<u>683,473</u>	<u>430,565</u>	<u>1,053,590</u>
NET POSITION					
Net Investment in Capital Assets	51,847	129,769	241,148	1,160,587	157,991
Instructional Materials	4,437	8,715	3,596	7,054	9,793
Food Services	8,841	-	68,182	407	16,095
Capital Projects	59,619	295,739	244,609	399,092	872,821
Other Purposes	10,272	-	55,089	9,663	64,330
Unrestricted	(3,834,282)	(3,029,612)	(8,062,696)	(5,171,552)	(10,154,144)
Total Net Position	<u>\$ (3,699,266)</u>	<u>\$ (2,595,389)</u>	<u>\$ (7,450,072)</u>	<u>\$ (3,594,749)</u>	<u>\$ (9,033,114)</u>

**STATE OF NEW MEXICO
PUBLIC EDUCATION DEPARTMENT
COMBINING STATEMENT OF NET POSITION –
DISCRETELY PRESENTED COMPONENT UNITS (CONTINUED)
JUNE 30, 2018**

Monte del Sol Charter School	Montessori Elementary School	New America School	New America School of Las Cruces	New Mexico Connections Academy	New Mexico School for the Arts	North Valley Academy	Red River Valley Charter School
\$ 1,577,170	\$ 1,212,459	\$ 1,452,835	\$ 1,200,379	\$ 679,010	\$ 1,958,526	\$ 1,009,202	\$ 133,304
63,257	-	-	-	-	-	-	-
-	-	4,500	1,941	-	4,576	4,006	-
-	-	-	-	-	-	-	-
140,693	-	45,877	188,636	310,031	103,992	208,678	34,710
20,788	-	-	-	-	6,483	-	-
-	-	-	-	-	-	-	-
790	-	-	-	-	15,458	-	-
425,000	-	-	-	-	-	1,813,950	-
-	-	-	-	-	-	-	-
2,530,375	-	2,050,537	-	-	-	3,944,520	20,640
6,582	451,252	-	20,858	-	-	-	167,021
-	108,857	2,735	2,422	-	-	-	-
46,718	135,317	17,122	13,554	-	14,220	3,510	5,523
4,811,373	1,907,885	3,573,606	1,427,790	989,041	2,103,255	6,983,866	361,198
2,089,057	2,306,497	1,734,440	1,544,875	5,688,934	1,632,833	3,077,262	695,836
34,884	30,211	24,877	20,912	65,025	25,447	37,658	8,495
2,123,941	2,336,708	1,759,317	1,565,787	5,753,959	1,658,280	3,114,920	704,331
432,315	76,080	134,944	120,478	235,471	169,267	231,352	45,654
45,651	-	2,000	2,711	24,912	12,225	-	4,835
10,000	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
15,702	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
22,373	-	-	-	-	-	-	-
95,312	-	267,668	-	-	-	70,611	-
2,098,802	-	1,840,625	-	-	-	5,679,389	-
6,232,433	6,051,283	4,824,357	4,288,687	10,505,562	4,696,552	8,001,697	1,810,384
1,684,423	1,639,559	1,395,302	1,277,025	2,895,286	1,271,134	2,594,836	489,874
10,637,011	7,766,922	8,464,896	5,688,901	13,661,231	6,149,178	16,577,885	2,350,747
852,557	94,056	111,262	196,210	163,289	258,334	124,372	118,525
383,371	373,160	317,567	290,648	658,961	289,307	590,579	111,494
1,235,928	467,216	428,829	486,858	822,250	547,641	714,951	230,019
814,561	695,426	(37,899)	36,834	-	14,220	11,980	193,184
21,490	20,121	-	23,110	4,747	-	6	10,755
-	-	-	15,070	-	9,646	19,787	9,795
549,175	1,115,014	833,985	639,132	-	1,238,222	560,188	-
174,162	-	982	19,379	-	210,887	-	8,305
(6,497,013)	(5,820,106)	(4,357,870)	(3,915,707)	(7,745,228)	(4,408,259)	(7,786,011)	(1,737,276)
\$ (4,937,625)	\$ (3,989,545)	\$ (3,560,802)	\$ (3,182,182)	\$ (7,740,481)	\$ (2,935,284)	\$ (7,194,050)	\$ (1,515,237)

**STATE OF NEW MEXICO
PUBLIC EDUCATION DEPARTMENT
COMBINING STATEMENT OF NET POSITION –
DISCRETELY PRESENTED COMPONENT UNITS (CONTINUED)
JUNE 30, 2018**

	Roots and Wings Community School	Sage Montessori Charter School	Sandoval Academy of Bilingual Education	School of Dreams Academy	Six Directions Indigenous School
ASSETS					
Cash and Cash Equivalents	\$ 87,522	\$ -	\$ 60,558	\$ 384,202	\$ 423,759
Restricted Cash and Cash Equivalents	-	-	-	-	-
Investments	-	-	-	-	-
Taxes Receivables	-	-	-	-	-
Intergovernmental Receivables	-	-	-	-	-
Due from Primary Government	34,454	-	13,826	92,031	9,291
Other Receivables	-	-	-	-	-
Due from Component Unit	-	-	-	-	-
Prepaid Expenses and Other Assets	-	-	-	15,000	-
Capital Assets Not Being Depreciated:					
Land and Land Improvements	82,724	-	-	-	-
Construction in Process	-	-	-	-	-
Capital Assets, Net of Accumulated Depreciation:					
Building and Building Improvements	16,594	-	-	1,890,837	-
Leasehold Improvements	-	-	-	-	-
Vehicles	-	-	-	116,281	-
Furniture, Fixtures, and Equipment	1,801	-	-	611,969	-
Total Assets	<u>223,095</u>	<u>-</u>	<u>74,384</u>	<u>3,110,320</u>	<u>433,050</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred Outflows of Resources Related to Pension Amounts	550,683	-	1,113,847	4,417,385	732,114
Deferred Outflows of Resources Related to OPEB Amounts	6,127	-	7,050	46,013	7,119
Total Deferred Outflows of Resources	<u>556,810</u>	<u>-</u>	<u>1,120,897</u>	<u>4,463,398</u>	<u>739,233</u>
LIABILITIES					
Accrued Liabilities	42,353	-	50,218	-	28,894
Accounts Payable	4,347	-	8,540	1,265,090	18,349
Intergovernmental Payable	-	-	-	-	-
Due to Primary Government	-	-	40,000	-	-
Due to Component Unit	-	-	-	-	-
Unearned Revenue	-	-	-	-	-
Accrued Interest Payable	-	-	-	-	-
Noncurrent Liabilities:					
Compensated Absences	-	-	-	21,775	-
Long-Term Debt - Due Within One Year	-	-	-	2,491,504	-
Long-Term Debt - Due in More Than One Year	-	-	-	-	-
Net Pension Liability	1,321,391	-	1,723,699	9,041,918	936,865
Net OPEB Liability	357,549	-	491,233	2,445,744	256,493
Total Liabilities	<u>1,725,640</u>	<u>-</u>	<u>2,313,690</u>	<u>15,266,031</u>	<u>1,240,601</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred Inflows of Resources Related to Pension Amounts	25,717	-	26,791	164,891	14,562
Deferred Inflows of Resources Related to OPEB Amounts	81,378	-	111,804	556,646	58,377
Total Deferred Inflows of Resources	<u>107,095</u>	<u>-</u>	<u>138,595</u>	<u>721,537</u>	<u>72,939</u>
NET POSITION					
Net Investment in Capital Assets	101,119	-	-	127,583	-
Instructional Materials	3,379	-	8,374	78	5,348
Food Services	-	-	3,033	12,282	-
Capital Projects	-	-	6,584	395,648	-
Other Purposes	1,491	-	-	5,135	107,733
Unrestricted	(1,158,819)	-	(1,274,995)	(8,954,576)	(254,338)
Total Net Position	<u>\$ (1,052,830)</u>	<u>\$ -</u>	<u>\$ (1,257,004)</u>	<u>\$ (8,413,850)</u>	<u>\$ (141,257)</u>

**STATE OF NEW MEXICO
PUBLIC EDUCATION DEPARTMENT
COMBINING STATEMENT OF NET POSITION –
DISCRETELY PRESENTED COMPONENT UNITS (CONTINUED)
JUNE 30, 2018**

South Valley Preparatory School	Southwest Aeronautics, Mathematics, and Science Academy	Southwest Preparatory Learning Center	Southwest Secondary Learning Center	Student Athlete Headquarters Academy	Taos Academy Charter School	Taos Integrated School of the Arts	Taos International Charter School
\$ 89,207	\$ 872,576	\$ 895,461	\$ 3,682,157	\$ 61,421	\$ 517,082	\$ 81,879	\$ 350,955
-	-	-	-	-	-	-	-
-	-	1,396	5,140	-	73,796	52,154	-
-	-	2,616	-	-	-	-	-
64,234	24,704	57,079	15,857	51,169	119,454	221,210	29,123
2,907	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	33,130	781	21,280
143,390	-	-	-	-	450,000	726,917	-
-	-	-	-	-	-	-	-
1,076,232	201,933	47,417	-	-	3,041,340	-	-
-	-	-	-	-	-	-	-
-	122,139	-	-	-	-	-	-
30,910	325,488	21,469	222,817	-	178,451	76,633	43,195
1,406,880	1,546,840	1,025,438	3,925,971	112,590	4,413,253	1,159,574	444,553
991,286	1,685,953	573,285	1,435,034	-	1,886,903	1,312,243	1,979,770
14,534	22,459	13,881	22,915	-	24,827	14,377	21,249
1,005,820	1,708,412	587,166	1,457,949	-	1,911,730	1,326,620	2,001,019
43,407	124,169	93,181	151,306	38,155	117,190	134,651	215,758
10,170	49,575	13,484	47,196	6,066	-	-	25,517
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
1,872	-	-	-	-	-	-	-
103,866	-	-	-	-	21,236	-	-
-	-	-	-	-	2,042,258	-	-
2,857,273	3,914,164	1,490,316	3,691,894	-	4,752,119	2,976,187	3,258,469
812,529	1,106,635	448,636	1,057,239	-	1,285,636	804,825	958,902
3,829,117	5,194,543	2,045,617	4,947,635	44,221	8,218,439	3,915,663	4,458,646
61,437	60,838	207,686	176,620	-	73,863	46,259	50,647
184,930	251,868	102,108	240,625	-	292,608	183,176	218,244
246,367	312,706	309,794	417,245	-	366,471	229,435	268,891
1,146,666	649,560	68,886	222,817	-	1,606,297	803,550	43,195
1,346	32,766	2,160	76,924	1	1	3,965	-
-	-	-	-	-	191	-	36,425
24,625	376,612	560,147	2,283,761	-	156,962	157,168	-
30,562	70,662	7,957	3,267	-	62,626	7,025	7,097
(2,865,983)	(3,381,597)	(1,381,957)	(2,567,729)	68,368	(4,086,004)	(2,630,612)	(2,368,682)
\$ (1,662,784)	\$ (2,251,997)	\$ (742,807)	\$ 19,040	\$ 68,369	\$ (2,259,927)	\$ (1,658,904)	\$ (2,281,965)

**STATE OF NEW MEXICO
PUBLIC EDUCATION DEPARTMENT
COMBINING STATEMENT OF NET POSITION –
DISCRETELY PRESENTED COMPONENT UNITS (CONTINUED)
JUNE 30, 2018**

	Technology Leadership High School	Tierra Adentro of New Mexico	Tierra Encantada Charter School	Turquoise Trail Charter School	Uplift Community School
ASSETS					
Cash and Cash Equivalents	\$ 1,156,570	\$ 576,585	\$ 1,334,697	\$ 1,748,828	\$ -
Restricted Cash and Cash Equivalents	-	-	-	-	-
Investments	-	-	-	-	-
Taxes Receivables	-	2,405	6,051	9,748	-
Intergovernmental Receivables	-	-	-	-	-
Due from Primary Government	32,931	90,217	88,701	143,870	-
Other Receivables	-	-	-	8,853	-
Due from Component Unit	-	-	-	-	-
Prepaid Expenses and Other Assets	5,417	25,700	-	28,196	-
Capital Assets Not Being Depreciated:					
Land and Land Improvements	-	-	-	-	-
Construction in Process	-	359,793	-	-	-
Capital Assets, Net of Accumulated Depreciation:					
Building and Building Improvements	102,923	-	7,717	81,941	-
Leasehold Improvements	-	-	-	-	-
Vehicles	-	-	-	-	-
Furniture, Fixtures, and Equipment	371	21,012	191,422	20,466	-
Total Assets	<u>1,298,212</u>	<u>1,075,712</u>	<u>1,628,588</u>	<u>2,041,902</u>	<u>-</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred Outflows of Resources Related to Pension Amounts	2,173,458	2,421,621	2,667,060	2,904,781	-
Deferred Outflows of Resources Related to OPEB Amounts	23,551	28,448	33,364	46,724	-
Total Deferred Outflows of Resources	<u>2,197,009</u>	<u>2,450,069</u>	<u>2,700,424</u>	<u>2,951,505</u>	<u>-</u>
LIABILITIES					
Accrued Liabilities	20,122	155,865	41,350	402,265	-
Accounts Payable	-	88,582	9,247	147,589	-
Intergovernmental Payable	-	-	-	-	-
Due to Primary Government	-	-	-	-	-
Due to Component Unit	-	-	-	-	-
Unearned Revenue	-	-	-	-	-
Accrued Interest Payable	-	-	-	-	-
Noncurrent Liabilities:					
Compensated Absences	-	-	-	6,420	-
Long-Term Debt - Due Within One Year	-	-	-	-	-
Long-Term Debt - Due in More Than One Year	-	-	-	-	-
Net Pension Liability	3,248,467	6,127,966	6,934,804	8,692,955	-
Net OPEB Liability	838,360	1,751,492	1,876,566	2,351,485	-
Total Liabilities	<u>4,106,949</u>	<u>8,123,905</u>	<u>8,861,967</u>	<u>11,600,714</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred Inflows of Resources Related to Pension Amounts	50,492	95,248	115,189	391,471	-
Deferred Inflows of Resources Related to OPEB Amounts	190,808	398,635	427,103	535,193	-
Total Deferred Inflows of Resources	<u>241,300</u>	<u>493,883</u>	<u>542,292</u>	<u>926,664</u>	<u>-</u>
NET POSITION					
Net Investment in Capital Assets	103,294	380,805	199,139	102,407	-
Instructional Materials	12,003	12,470	33,591	5,795	-
Food Services	-	-	33,955	13,783	-
Capital Projects	115,871	-	1,181,304	768,169	-
Other Purposes	28,449	405	-	131,756	-
Unrestricted	(1,112,645)	(5,485,687)	(6,523,236)	(8,555,881)	-
Total Net Position	<u>\$ (853,028)</u>	<u>\$ (5,092,007)</u>	<u>\$ (5,075,247)</u>	<u>\$ (7,533,971)</u>	<u>\$ -</u>

**STATE OF NEW MEXICO
PUBLIC EDUCATION DEPARTMENT
COMBINING STATEMENT OF NET POSITION –
DISCRETELY PRESENTED COMPONENT UNITS (CONTINUED)
JUNE 30, 2018**

<u>Walatowa High Charter School</u>	<u>Total Charter Schools</u>
\$ 1,956,345	\$ 50,744,361
-	12,144,491
-	90,043
-	238,181
50,473	136,023
28,983	5,077,852
-	84,539
-	-
-	432,974
-	15,386,810
-	6,867,362
-	58,264,184
12,613	796,664
48,944	708,666
-	3,118,819
<u>2,097,358</u>	<u>154,090,969</u>
652,719	108,950,638
10,490	1,384,073
<u>663,209</u>	<u>110,334,711</u>
5,603	7,318,483
-	3,281,406
-	10,000
-	40,000
-	-
-	190,702
-	953,011
38,264	144,727
-	3,908,565
-	78,912,245
1,903,737	263,329,184
514,798	73,177,006
<u>2,462,402</u>	<u>431,265,329</u>
70,370	7,436,468
117,167	16,654,918
<u>187,537</u>	<u>24,091,386</u>
61,557	13,243,467
27,053	720,076
-	477,666
17,241	22,013,325
252,698	2,690,696
(247,921)	(230,076,265)
<u>\$ 110,628</u>	<u>\$ (190,931,035)</u>

**STATE OF NEW MEXICO
PUBLIC EDUCATION DEPARTMENT
COMBINING STATEMENT OF ACTIVITIES –
DISCRETELY PRESENTED COMPONENT UNITS
JUNE 30, 2018**

	Program Revenues				Net Revenues (Expenses) and Changes to Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
CHARTER SCHOOLS					
Academy of Trades and Technology	\$ 2,260,859	\$ -	\$ 133,308	\$ 107,970	\$ (2,019,581)
ACE Leadership High School	4,193,990	2,970	232,745	284,193	(3,674,082)
AIMS @ UNM	4,243,684	296	25,616	220,670	(3,997,102)
Albuquerque School of Excellence	5,070,578	97,443	325,137	302,309	(4,345,689)
Albuquerque Sign Language Academy	3,888,094	15,477	609,117	80,597	(3,182,903)
Aldo Leopold High School	3,323,982	25,189	247,261	65,464	(2,986,068)
Alma d'Arte Charter High School	2,799,229	4,013	171,666	138,239	(2,485,311)
Amy Biehl Charter High School	5,405,710	26,046	240,082	247,706	(4,891,876)
Anthony Charter School	1,522,108	-	52,788	45,224	(1,424,096)
ASK Academy	5,583,454	18,245	127,814	387,245	(5,050,150)
Carinos De Los Ninos Charter School	1,414,428	39,824	290,302	5,018	(1,079,284)
Cesar Chavez Community School	2,763,440	-	225,651	219,282	(2,318,507)
Cien Aguas International School	-	-	-	-	-
Coral Community Charter School	3,394,282	20,132	673,178	147,802	(2,553,170)
Cottonwood Classical Preparatory School	7,789,038	7,310	464,781	544,832	(6,772,115)
Dream Dine Charter School	887,289	1,191	252,100	19,903	(614,095)
Dzil Ditt'ooi School of Empowerment	760,246	-	143,297	16,934	(600,015)
Estancia Valley Classical Academy	5,570,055	865	278,966	348,894	(4,941,330)
Explore Academy	4,942,601	28,592	226,813	133,998	(4,553,198)
Gilbert L. Sena Charter High School	2,762,494	2,049	120,870	191,938	(2,447,637)
GREAT Academy	2,700,524	7,225	72,452	124,532	(2,496,315)
Health Leadership High School	3,814,869	7,208	189,038	144,835	(3,473,788)
Horizon Academy West	5,161,792	107,074	681,773	341,862	(4,031,083)
International School at Mesa Del Sol	-	-	-	-	-
J. Paul Taylor Academy	2,011,269	26,760	156,369	147,644	(1,680,496)
La Academia Dolores Huerta	2,239,361	12,663	253,429	117,121	(1,856,148)
La Jicirita Community School	-	-	-	-	-
La Promesa Early Learning Center	5,797,735	13,131	1,164,589	282,412	(4,337,603)
La Resolana Leadership Academy	-	-	-	-	-
La Tierra Montessori School	1,774,034	5,000	180,656	85,776	(1,502,602)
Las Montanas Charter School	2,402,254	9,727	219,815	134,251	(2,038,461)
MASTERS Program	2,611,638	-	61,721	265,654	(2,284,263)
McCurdy Charter School	5,784,199	54,253	498,472	483,862	(4,747,612)
Media Arts Collaborative Charter School	3,857,310	22,771	260,483	268,040	(3,306,016)
Mission Achievement and Success Charter School	11,384,513	-	2,556,217	560,004	(8,268,292)
Monte Del Sol Charter School	4,682,089	160,435	441,841	513,171	(3,566,642)
Montessori Elementary School	4,309,425	336,000	88,232	365,062	(3,520,131)
New America School	3,662,201	99	258,188	234,289	(3,169,625)
New America School of Las Cruces	3,360,941	-	183,649	185,168	(2,992,124)
New Mexico Connections Academy	15,542,013	-	754,322	70,196	(14,717,495)
New Mexico School for the Arts	3,129,001	26,595	71,420	315,211	(2,715,775)
North Valley Academy	5,169,147	45,874	567,758	350,891	(4,204,624)
Red River Valley Charter School	1,297,487	224	231,490	78,312	(987,461)
Roots and Wings Community School	807,131	9,757	32,495	30,228	(734,651)
Sage Montessori Charter School	-	-	-	-	-
Sandoval Academy of Bilingual Education	1,363,020	27,525	37,882	60,347	(1,237,266)
School of Dreams Academy	6,817,295	15,406	643,856	253,688	(5,904,345)
Six Directions Indigenous School	1,109,649	-	195,376	36,813	(877,460)
South Valley Preparatory School	1,961,914	13,905	243,607	101,041	(1,603,361)
Southwest Aeronautics, Mathematics and Science	3,682,567	7,185	295,095	199,275	(3,181,012)
Southwest Intermediate Learning Center	-	-	-	-	-
Southwest Preparatory Learning Center	1,753,567	6,789	29,104	158,469	(1,559,205)
Southwest Secondary Learning Center	3,554,274	61,327	85,703	205,930	(3,201,314)
Student Athlete Headquarters Academy	937,463	600	53,842	73,625	(809,396)
Taos Academy Charter School	3,720,558	7,738	329,623	150,474	(3,232,723)
Taos Integrated School of the Arts	2,238,678	-	122,510	106,020	(2,010,148)
Taos International Charter School	3,249,843	915	362,821	126,502	(2,759,605)
Technology Leadership High School	2,919,983	8,900	151,844	125,961	(2,633,278)
Tierra Adentro	4,033,841	11,294	240,432	195,209	(3,586,906)
Tierra Encantada Charter School	4,396,535	39,512	212,073	411,412	(3,733,538)
Turquoise Trail Charter School	6,256,560	40,363	837,963	677,523	(4,700,711)
Uplift Community School	-	-	-	-	-
Walatowa High Charter School	1,369,846	-	526,561	42,347	(800,938)
William W. & Josephine Dorn Charter School	-	-	-	-	-
Total governmental activities	\$ 209,440,087	\$ 1,375,897	\$ 18,134,193	\$ 11,531,375	\$ (178,398,622)

**STATE OF NEW MEXICO
PUBLIC EDUCATION DEPARTMENT
COMBINING STATEMENT OF ACTIVITIES –
DISCRETELY PRESENTED COMPONENT UNITS (CONTINUED)
JUNE 30, 2018**

General Revenues						Beginning
State	Property		Total	Special	Change in	Balance
Equalization	Taxes	Other	General	Items	Net Position	6/30/2017
Guarantee			Revenue			(Deficit)
\$ 1,280,601	\$ 112,384	\$ 6,422	\$ 1,399,407	\$ 2,287,409	\$ 1,667,235	\$ (250,852)
3,133,860	331,956	24,135	3,489,951	-	(184,131)	(1,248,492)
3,077,764	230,498	1,167	3,309,429	-	(687,673)	(818,804)
3,450,052	401,630	45	3,851,727	-	(493,962)	(1,420,799)
2,129,391	93,058	74,431	2,296,880	-	(886,023)	(1,388,815)
1,854,377	113,794	1,003	1,969,174	-	(1,016,894)	(1,433,905)
1,958,926	-	13,152	1,972,078	-	(513,233)	(2,382,770)
3,334,784	296,534	82,893	3,714,211	-	(1,177,665)	339,256
1,219,231	13,606	5,958	1,238,795	1,888,756	1,703,455	(87,557)
3,399,341	115,448	78,163	3,592,952	-	(1,457,198)	(2,636,312)
1,167,503	29,835	26,021	1,223,359	2,405,524	2,549,599	(1,322,894)
2,053,607	199,090	2,934	2,255,631	-	(62,876)	(1,155,526)
-	-	-	-	-	-	(1,849,973)
1,270,874	193,919	33,477	1,498,270	-	(1,054,900)	(976,461)
4,691,617	670,120	52,751	5,414,488	-	(1,357,627)	(5,500,269)
307,163	-	51,725	358,888	-	(255,207)	250,022
272,286	2,990	92,156	367,432	-	(232,583)	106,932
2,733,643	167,888	118,962	3,020,493	-	(1,920,837)	(2,381,133)
2,298,440	136,962	12,670	2,448,072	-	(2,105,126)	(1,239,716)
1,864,019	171,487	10,199	2,045,705	-	(401,932)	(1,774,645)
1,603,053	107,902	4,142	1,715,097	-	(781,218)	(468,875)
2,067,134	176,968	4,446	2,248,548	-	(1,225,240)	(108,961)
2,952,479	435,935	83,260	3,471,674	-	(559,409)	(3,807,606)
-	-	-	-	-	-	(1,637,780)
1,332,014	-	76,065	1,408,079	-	(272,417)	(1,634,562)
1,360,518	114,442	-	1,474,960	-	(381,188)	(1,536,554)
-	-	-	-	326,404	326,404	(326,404)
2,986,020	377,706	17,957	3,381,683	651,573	(304,347)	(1,552,352)
-	-	-	-	-	-	(902,849)
1,081,803	30,360	78	1,112,241	-	(390,361)	(596,078)
1,748,574	72,757	2,200	1,823,531	-	(214,930)	(2,351,774)
1,941,095	116,372	10,575	2,068,042	-	(216,221)	(1,157,784)
3,348,049	137,805	45,749	3,531,603	-	(1,216,009)	(3,560,374)
2,239,511	244,237	24,629	2,508,377	-	(797,639)	(1,002,989)
5,623,711	504,696	13,091	6,141,498	-	(2,126,794)	(2,479,959)
2,919,822	478,045	30,068	3,427,935	-	(138,707)	(2,798,092)
2,386,952	406,305	-	2,793,257	-	(726,874)	(1,315,137)
2,424,572	312,275	12,131	2,748,978	-	(420,647)	(1,482,762)
2,149,558	206,648	66,817	2,423,023	-	(569,101)	(1,096,179)
12,218,742	-	4,710	12,223,452	-	(2,494,043)	(1,807,300)
2,151,535	299,453	16,594	2,467,582	-	(248,193)	(1,177,187)
3,180,553	297,566	13,889	3,492,008	-	(712,616)	(3,399,178)
757,765	-	3,294	761,059	-	(226,402)	(706,940)
457,428	-	31,470	488,898	-	(245,753)	(382,362)
-	-	-	-	1,297,514	1,297,514	(1,297,514)
786,336	-	1,198	787,534	-	(449,732)	(223,764)
3,692,170	232,824	17,186	3,942,180	-	(1,962,165)	(2,299,446)
821,708	-	36,935	858,643	-	(18,817)	182,232
1,188,784	151,542	2,595	1,342,921	826,091	565,651	(1,263,279)
2,175,220	242,516	2,857	2,420,593	-	(760,419)	(177,076)
-	-	-	-	(55,947)	(55,947)	55,947
1,554,947	94,710	24,403	1,674,060	-	114,855	(324,752)
2,462,126	277,987	60,500	2,800,613	976,146	575,445	699,425
877,765	-	-	877,765	-	68,369	-
2,100,582	142,913	88,812	2,332,307	-	(900,416)	167,621
1,210,509	100,909	90,871	1,402,289	-	(607,859)	(95,043)
1,696,435	-	8,310	1,704,745	-	(1,054,860)	(88,080)
1,867,239	68,371	20,000	1,955,610	-	(677,668)	820,476
2,704,870	183,853	11,697	2,900,420	-	(686,486)	(2,325,029)
2,511,571	396,457	49,544	2,957,572	-	(775,966)	(2,070,218)
3,286,889	639,066	191,681	4,117,636	-	(583,075)	(4,173,194)
-	-	-	-	1,188,871	1,188,871	(1,188,871)
542,442	-	5,000	547,442	-	(253,496)	975,624
-	-	-	-	-	-	(402,249)
\$ 127,907,960	\$ 10,131,819	\$ 1,761,018	\$ 139,800,797	\$ 11,792,341	\$ (26,805,484)	\$ (77,489,941)

**STATE OF NEW MEXICO
PUBLIC EDUCATION DEPARTMENT
COMBINING STATEMENT OF ACTIVITIES –
DISCRETELY PRESENTED COMPONENT UNITS (CONTINUED)
JUNE 30, 2018**

	Restatements (OPEB)	Restatements (Correction of Errors)	Inclusion of Foundation	Transfers To District	Beginning Balance, Restated 6/30/2017 (Deficit)	Ending Balance 6/30/2018 (Deficit)
CHARTER SCHOOLS						
Academy of Trades and Technology	\$ (1,149,254)	\$ -	\$ -	\$ -	(1,400,106)	267,129
ACE Leadership High School	(2,203,226)	-	-	-	(3,451,718)	(3,635,849)
AIMS @ UNM	(2,253,824)	-	-	-	(3,072,628)	(3,760,301)
Albuquerque School of Excellence	(2,049,811)	-	-	-	(3,470,610)	(3,964,572)
Albuquerque Sign Language Academy	(1,909,318)	-	-	-	(3,298,133)	(4,184,156)
Aldo Leopold High School	(1,595,497)	-	-	-	(3,029,402)	(4,046,296)
Alma d'Arte Charter High School	(1,204,158)	-	-	-	(3,586,928)	(4,100,161)
Amy Biehl Charter High School	(2,852,401)	-	-	-	(2,513,145)	(3,690,810)
Anthony Charter School	(700,320)	-	-	-	(787,877)	915,578
ASK Academy	(2,419,080)	(139,991)	-	-	(5,195,383)	(6,652,581)
Carinos De Los Ninos Charter School	(982,918)	-	-	-	(2,305,812)	243,787
Cesar Chavez Community School	(1,160,020)	-	-	-	(2,315,546)	(2,378,422)
Cien Aguas International School	-	-	-	1,849,973	-	-
Coral Community Charter School	(1,530,903)	-	117,942	-	(2,389,422)	(3,444,322)
Cottonwood Classical Preparatory School	(3,815,943)	-	-	-	(9,316,212)	(10,673,839)
Dream Dine Charter School	(277,215)	-	-	-	(27,193)	(282,400)
Dzil Ditt'ooi School of Empowerment	(228,774)	-	-	-	(121,842)	(354,425)
Estancia Valley Classical Academy	(2,065,418)	-	-	-	(4,446,551)	(6,367,388)
Explore Academy	(1,740,297)	(73,769)	-	-	(3,053,782)	(5,158,908)
Gilbert L. Sena Charter High School	(1,440,468)	-	(153,994)	-	(3,369,107)	(3,771,039)
GREAT Academy	(1,216,541)	-	-	-	(1,685,416)	(2,466,634)
Health Leadership High School	(1,584,731)	-	-	-	(1,693,692)	(2,918,932)
Horizon Academy West	(2,348,565)	-	-	-	(6,156,171)	(6,715,580)
International School at Mesa Del Sol	-	-	-	1,637,780	-	-
J. Paul Taylor Academy	(907,021)	-	-	-	(2,541,583)	(2,814,000)
La Academia Dolores Huerta	(1,178,316)	-	-	-	(2,714,870)	(3,096,058)
La Jicirita Community School	-	-	-	-	(326,404)	-
La Promesa Early Learning Center	(2,640,314)	(191,901)	-	-	(4,384,567)	(4,688,914)
La Resolana Leadership Academy	-	-	-	902,849	-	-
La Tierra Montessori School	(698,166)	-	-	-	(1,294,244)	(1,684,605)
Las Montanas Charter School	(1,132,562)	-	-	-	(3,484,336)	(3,699,266)
MASTERS Program	(1,221,384)	-	-	-	(2,379,168)	(2,595,389)
McCurdy Charter School	(2,673,689)	-	-	-	(6,234,063)	(7,450,072)
Media Arts Collaborative Charter School	(1,794,121)	-	-	-	(2,797,110)	(3,594,749)
Mission Achievement and Success Charter School	(4,426,361)	-	-	-	(6,906,320)	(9,033,114)
Monte Del Sol Charter School	(2,000,826)	-	-	-	(4,798,918)	(4,937,625)
Montessori Elementary School	(1,947,534)	-	-	-	(3,262,671)	(3,989,545)
New America School	(1,657,393)	-	-	-	(3,140,155)	(3,560,802)
New America School of Las Cruces	(1,516,902)	-	-	-	(2,613,081)	(3,182,182)
New Mexico Connections Academy	(3,439,138)	-	-	-	(5,246,438)	(7,740,481)
New Mexico School for the Arts	(1,509,904)	-	-	-	(2,687,091)	(2,935,284)
North Valley Academy	(3,082,256)	-	-	-	(6,481,434)	(7,194,050)
Red River Valley Charter School	(581,895)	-	-	-	(1,288,835)	(1,515,237)
Roots and Wings Community School	(424,715)	-	-	-	(807,077)	(1,052,830)
Sage Montessori Charter School	-	-	-	-	(1,297,514)	-
Sandoval Academy of Bilingual Education	(583,508)	-	-	-	(807,272)	(1,257,004)
School of Dreams Academy	(2,905,150)	(1,247,089)	-	-	(6,451,685)	(8,413,850)
Six Directions Indigenous School	(304,672)	-	-	-	(122,440)	(141,257)
South Valley Preparatory School	(965,156)	-	-	-	(2,228,435)	(1,662,784)
Southwest Aeronautics, Mathematics and Science	(1,314,502)	-	-	-	(1,491,578)	(2,251,997)
Southwest Intermediate Learning Center	-	-	-	-	55,947	-
Southwest Preparatory Learning Center	(532,910)	-	-	-	(857,662)	(742,807)
Southwest Secondary Learning Center	(1,255,830)	-	-	-	(556,405)	19,040
Student Athlete Headquarters Academy	-	-	-	-	-	68,369
Taos Academy Charter School	(1,527,132)	-	-	-	(1,359,511)	(2,259,927)
Taos Integrated School of the Arts	(956,002)	-	-	-	(1,051,045)	(1,658,904)
Taos International Charter School	(1,139,025)	-	-	-	(1,227,105)	(2,281,965)
Technology Leadership High School	(995,836)	-	-	-	(175,360)	(853,028)
Tierra Adentro	(2,080,492)	-	-	-	(4,405,521)	(5,092,007)
Tierra Encantada Charter School	(2,229,063)	-	-	-	(4,299,281)	(5,075,247)
Turquoise Trail Charter School	(2,793,193)	-	15,491	-	(6,950,896)	(7,533,971)
Uplift Community School	-	-	-	-	(1,188,871)	-
Walatowa High Charter School	(611,500)	-	-	-	364,124	110,628
William W. & Josephine Dorn Charter School	-	-	-	402,249	-	-
Total governmental activities	\$ (89,755,150)	\$ (1,652,750)	\$ (20,561)	\$ 4,792,851	\$ (164,125,551)	\$ (190,931,035)

**STATE OF NEW MEXICO
PUBLIC EDUCATION DEPARTMENT
SUPPLEMENTAL SCHEDULE OF CASH AND CASH EQUIVALENTS
JUNE 30, 2018**

Agency/Fund	Account Name	General Ledger Balance
General Fund Components:		
924-05700	Public Education Department (PED) Operating Fund	\$ 1,498,899
924-00500	Schools in Need of Improvement	471
924-11420	K-3 Plus	19,353,297
924-20160	Ed Tech Deficiency Correction Fund	61
924-45800	Adult Basic Education	122,564
924-47000	Charter School Stimulus	14,292
924-51300	Pre-Kindergarten	15,407,712
924-63300	Indian Education Act	2,733,245
924-63900	Kindergarten Plus	87
924-66200	Education Technology	156,563
924-72500	Public Building Energy Efficiency Act	48,948
924-79000	Special Projects	30,702,743
924-85600	Instructional Materials Flowthrough	107,456
924-85800	Public School Support Flowthrough	(320,231)
General Fund Total		69,826,107
Special Revenue and Capital Outlay Funds:		
644-20570	Independent Living Services	56,681
644-50000	Division of Vocational Rehabilitation (DVR) - Operating Fund	7,602,561
644-50100	Disability Determination Services	(69,214)
644-89000	DVR ARRA Fund	
924-20550	School Transportation Training	37,699
924-30800	Private Grants	222,363
924-33400	Family Youth	1,195
924-39700	Educator Certification	1,635,975
924-56200	Professional Development	81,569
924-56800	Incentive for School Improvement	82,870
924-57300	Driver Safety Fees	7,109,087
924-63400	Public School Capital Improvements	4,432,949
924-63500	Public School Capital Outlay	1,103,044
924-66000	Instructional Materials Adoption	535,534
924-67200	Federal Food Services	(13,309,344)
924-67300	Federal Department of Education Flowthrough	3,031,690
924-67400	Federal Vocational Education Flowthrough	291,953
924-81300	Special Capital Outlay Severance Tax Bonds 2000	37,097
924-81600	Special Capital Outlay Severance Tax Bonds 2004	246,445
924-81800	Special Capital Outlay - General Fund	17,892
924-81800	Special Capital Outlay	-
924-84400	Federal Department of Education Admin	6,799,227
924-88900	Transportation Emergency	898,060
924-89000	PED ARRA Fund	7,486
924-89200	STB Capital Outlay	6,810,599
924-93100	GF Capital Outlay	28,129
	Total Special Revenue and Capital Outlay Funds	<u>27,691,547</u>
	Total General Fund, Special Revenue, and Capital Outlay Funds	<u>97,517,654</u>

STATE OF NEW MEXICO
PUBLIC EDUCATION DEPARTMENT
SUPPLEMENTAL SCHEDULE OF CASH AND CASH EQUIVALENTS (CONTINUED)
JUNE 30, 2018

<u>Agency/Fund</u>	<u>Account Name</u>	<u>General Ledger Balance</u>
Trust and Agency Funds:		
924-61600	Eva Lou Kelly Scholarship	\$ 41,254
924-61600	Eva Lou Kelly Scholarship - Certificate of Deposit	
924-99300	Tutor Scholars Program	4,876
	Total Trust and Agency Funds	<u>46,130</u>
	Total Cash and Investments, Net of Overdrafts	<u><u>\$ 97,563,784</u></u>

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**STATE OF NEW MEXICO
PUBLIC EDUCATION DEPARTMENT
SCHEDULE OF SPECIAL APPROPRIATIONS
YEAR ENDED JUNE 30, 2018**

Fund	Dept. Code	Description	Law	Appropriation Period
79000	S2470	Teachers Pursuing Excellence	Laws 2017, Chapter 135, Sec. 4	2017-2018
79000	S6087	Breakfast for elementary students	Laws 2017, Chapter 135, Sec. 4	2017-2018
79000	S6143	After-school and summer enrichment programs	Laws 2017, Chapter 135, Sec. 4	2017-2018
79000	S6106	Regional Education Cooperatives Operations	Laws 2017, Chapter 135, Sec. 4	2017-2018
51300	S0705	Public pre-kindergarten fund	Laws 2017, Chapter 135, Sec. 4	2017-2018
79000	S6015	Graduation, reality and dual-role skills program	Laws 2017, Chapter 135, Sec. 4	2017-2018
79000	S6003	Advanced Placement	Laws 2017, Chapter 135, Sec. 4	2017-2018
11420	S6120	K-3 Plus Fund	Laws 2017, Chapter 135, Sec. 4	2017-2018
79000	S2200	Early Reading indicative	Laws 2017, Chapter 135, Sec. 4	2017-2018
79000	S2640	Science, Technology, Engineering and math initiative	Laws 2017, Chapter 135, Sec. 4	2017-2018
79000	S2430	Teacher and school leader preparation	Laws 2017, Chapter 135, Sec. 4	2017-2018
79000	S2450	Teacher and administrator evaluation system	Laws 2017, Chapter 135, Sec. 4	2017-2018
79000	S2630	College preparation, career readiness and dropout prevention	Laws 2017, Chapter 135, Sec. 4	2017-2018
79000	S2710	Interventions and support for students, struggling schools, parents and teachers	Laws 2017, Chapter 135, Sec. 4	2017-2018
79000	S2480	Stipends for teachers in hard-to-staff areas	Laws 2017, Chapter 135, Sec. 4	2017-2018
79000	ZB0533	Emergency support to school districts experiencing shortfalls	Laws 2017, Chapter 135, Sec. 5	2017-2018
79000	ZB0534	Emergency support to school districts experiencing shortfalls FY18	Laws 2017, Chapter 135, Sec. 5	2017-2018
79000	ZB0536	Legal Fees related to defending the state in Martinez v. State of NM	Laws 2017, Chapter 135, Sec. 5	2017-2018
79000	ZB0538	Public school support - state equalization guarantee distribution	Laws 2017, Chapter 135, Sec. 5	2018-2019
79000	ZC5618	To purchase equipment and software for automated text messaging systems in school districts or state chartered schools statewide that notify parents of high school students absences and tests.	Laws 2018, Chapter 73, Sec. 5	2018-2019
79000	ZC5610	For advanced placement tests	Laws 2018, Chapter 73, Sec. 5	2018-2019
79000	ZC5611	Emergency support to school districts experiencing shortfalls	Laws 2018, Chapter 73, Sec. 5	2018-2019
79000	ZC5613	For implementation of new science, technology, engineering and mathematics science standards	Laws 2018, Chapter 73, Sec. 5	2018-2019
79000	ZC5614	For legal fees related to defending the state in Martinez v. State of New Mexico and Yazzie v. State of New Mexico	Laws 2018, Chapter 73, Sec. 5	2018-2019
79000	ZC5615	For New Mexico grown fresh fruits and vegetables.	Laws 2018, Chapter 73, Sec. 5	2018-2019

**STATE OF NEW MEXICO
PUBLIC EDUCATION DEPARTMENT
SCHEDULE OF SPECIAL APPROPRIATIONS (CONTINUED)
YEAR ENDED JUNE 30, 2018**

Reversion Date	Appropriation Amount	Appropriations Received in Current Year	Appropriations Received in Prior Year	Current Year Expenditures	Prior Year Expenditures	Current Year Reversions/Transfers	Balance as of 6/30/2018
6/30/2018	\$ 900,000	\$ 900,000	\$ -	\$ (886,581)	\$ -	\$ (13,419)	\$ -
6/30/2018	1,600,000	1,600,000	-	(1,485,344)	-	(114,656)	-
6/30/2018	325,000	325,000	-	(313,300)	-	(11,700)	-
6/30/2018	935,000	935,000	-	(935,000)	-	-	-
6/30/2018	21,000,000	21,000,000	-	(21,000,000)	-	-	-
6/30/2018	200,000	200,000	-	(200,000)	-	-	-
6/30/2018	825,000	825,000	-	(796,284)	-	(28,716)	-
6/30/2018	23,700,000	23,700,000	-	(13,452,211)	-	-	10,247,789
6/30/2018	12,500,000	12,500,000	-	(12,498,012)	-	(1,988)	-
6/30/2018	1,900,000	1,900,000	-	(1,853,006)	-	(46,994)	-
6/30/2018	2,100,000	2,100,000	-	(2,099,929)	-	(71)	-
6/30/2018	4,000,000	4,000,000	-	(3,997,222)	-	(2,778)	-
6/30/2018	2,200,000	2,200,000	-	(2,051,921)	-	(148,079)	-
6/30/2018	15,000,000	15,000,000	-	(14,942,307)	-	(57,693)	-
6/30/2018	1,000,000	1,000,000	-	(751,953)	-	(248,047)	-
6/30/2018	1,000,000	-	1,000,000	(1,000,000)	-	-	-
6/30/2018	2,000,000	2,000,000	-	(1,873,222)	-	(126,778)	-
6/30/2018	1,250,000	-	1,250,000	(733,591)	(516,409)	-	-
6/30/2019	8,550,000	8,550,000	-	(8,550,000)	-	-	-
6/30/2019	300,000	300,000	-	-	-	-	300,000
6/30/2019	100,000	100,000	-	-	-	-	100,000
6/30/2019	1,000,000	1,000,000	-	-	-	-	1,000,000
6/30/2019	500,000	500,000	-	-	-	-	500,000
6/30/2019	1,200,000	1,200,000	-	(518,711)	-	-	681,289
6/30/2019	225,000	225,000	-	-	-	-	225,000
	<u>\$ 104,310,000</u>	<u>\$ 102,060,000</u>	<u>\$ 2,250,000</u>	<u>\$ (89,938,594)</u>	<u>\$ (516,409)</u>	<u>\$ (800,919)</u>	<u>\$ 13,054,078</u>

**STATE OF NEW MEXICO
PUBLIC EDUCATION DEPARTMENT
SCHEDULE OF MULTI-YEAR BUDGETED SPECIAL CAPITAL OUTLAY FUND
STB CAPITAL OUTLAY (FUND 89200)
YEAR ENDED JUNE 30, 2018**

Authority/Chapter	Expiration	SHARE Fund	Total Appropriation	Unaudited Appropriations Received in Previous Years	Appropriations Received in Current Year	Unaudited Prior Year Expenditures	Current Year Expenditures	Reversion Amount	Unencumbered Balance
Laws of 2016, CH2 Section 2N (SSTB17SD 0002)		85600	\$ 10,500,000	\$ -	\$ 10,500,000	\$ -	\$ 10,500,000	\$ -	\$ -
Subtotal		85600	10,500,000	-	10,500,000	-	10,500,000	-	-
Laws of 2016, CH2 Section 2N (SSTB17SD 0002)		85800	14,500,000	-	14,500,000	-	14,500,000	-	-
Subtotal		85800	14,500,000	-	14,500,000	-	14,500,000	-	-
Laws of 2001, CH 338 SB9 (SSTB 2010-2011) A-101320		89200	18,800,000	18,716,833	-	16,683,344	84,437	-	1,949,052
Laws of 2001, CH 338 SB9 (SSTB 2011-2012) A-11004		89200	19,200,000	16,766,587	-	16,510,041	88,614	-	167,932
Laws of 2001, CH 338 (SSTB 2011-2012) Reauthorization		89200	15,500,000	7,861,018	7,183,711	1,397,471	5,175,347	-	8,471,911
Laws of 2001, CH 338 (SSTB 2011-2012) Reauthorization		89200	7,000,000	6,994,699	-	6,994,699	-	-	-
Laws of 2001, CH 338 SB9 (SSTB 2012-2013) A-120023		89200	19,600,000	9,564,294	124,646	10,109,905	220,259	-	(641,224)
Reauthorization A-150003		89200	25,200,000	23,066,797	4,127,095	22,219,225	4,228,672	-	745,995
Laws of 2012, CH 54 (GOB 2012-2013)		89200	3,000,000	2,726,730	-	1,004,299	-	-	1,722,431
Laws of 2012, CH 64 (STB 2012-2013)									
Reauthorization (A-083044, A-083045, A-083048)		89200	708,067	707,776	-	707,776	-	-	-
Laws of 2012, CH 64 (STB 2012-2013)		89200	7,157,500	5,152,936	196,653	5,315,805	196,653	-	(162,869)
Laws of 2012, CH 64 (STB 2012-2013)									
Reauthorization (A-13-1366, A-13-1619)		89200	200,167	87,379	-	87,379	-	-	-
Laws of 2013, CH 226 (STB 2012-2013)		89200	26,721,102	17,207,610	406,047	14,912,081	259,736	-	2,441,840
Laws of 2013, CH 226 & 338 (SSTB 2012-2013)		89200	15,500,000	12,305,479	-	11,559,107	-	-	746,372
Laws of 2013, CH 226 & 338 (SSTB 2012-2013)									
Reauthorization (A-13-1798)		89200	50,000	44,351	5,598	44,351	5,598	-	-
Laws of 2013, CH 226 & 338 (SSTB 2012-2013)		89200	39,800,000	34,841,515	339,946	35,437,101	2,082,906	-	(2,338,546)
Laws of 2014, CH 65 (GOB 2014-2015)		89200	3,500,000	2,702,079	576,397	2,746,550	576,397	-	(44,471)
Laws of 2014, CH 66 (2013-2014)		89200	14,895,000	14,868,518	315,152	14,895,000	315,152	-	(26,482)
Laws of 2014, CH 66 (2013-2014) Reauthorization		89200	982,000	627,334	-	803,284	-	-	(175,950)
Laws of 2015, CH 3 (2014-2015)		89200	13,322,036	9,135,735	1,057,525	9,709,014	1,057,525	-	(573,279)
Laws of 2015, CH 3 (STB 2014-2015)		89200	350,000	-	250,000	-	250,000	-	-
Laws of 2015, CH 3 (GOB 2014-2015)		89200	5,000,000	4,356,537	-	4,356,537	-	-	-
Laws of 2016, CH 81 (SSTB 2014-2015)		89200	11,768,973	9,242,534	1,284,070	9,242,534	1,290,932	-	(6,862)
Laws of 2016, CH 2 (STB 2015-2016)		89200	12,500,000	12,500,000	-	12,500,000	-	-	-
Laws of 2016, CH 82 (GOB 2015-2016)		89200	3,000,000	-	1,304,175	-	1,314,175	-	(10,000)
Law of 2017, CH1, Sec 2 (STB17A 17-0001A)		89200	18,400,000	-	528,548	-	562,000	-	(33,452)
Adjustment		89200	-	-	-	400,105	-	-	(400,105)
Subtotal		89200	282,154,845	209,476,741	17,699,563	197,635,608	17,708,403	-	11,832,293
Total			\$ 307,154,845	\$ 209,476,741	\$ 42,699,563	\$ 197,635,608	\$ 42,708,403	\$ -	\$ 11,832,293