NOTICE

ROSWELL INDEPENDENT SCHOOL DISTRICT, NEW MEXICO

\$7,000,000¹ - General Obligation School Bonds, Series 2020

Preliminary Official Statement, subject to completion, dated March 5, 2020

The Preliminary Official Statement, dated March 5, 2020 (the "Preliminary Official Statement") relating to the above-described bonds (the "Bonds") of the Roswell Independent School District (the "Issuer"), has been posted on the internet as a matter of convenience. Paper copies of the Preliminary Official Statement are available from the Issuer by contacting the financial advisor, RBC Capital Markets, LLC, Regina Gaysina at (505) 872-5999. The posted version of the Preliminary Official Statement has been formatted in Adobe Portable Document Format (Adobe Acrobat XI). Although this format should replicate the Preliminary Official Statement available from the Issuer, its appearance may vary for a number of reasons, including electronic communication difficulties or particular user software or hardware. Using software other than Adobe Acrobat XI may cause the Preliminary Official Statement that you view or print to differ in format from the Preliminary Official Statement.

The Preliminary Official Statement and the information contained therein are subject to completion or amendment or other change without notice. Under no circumstances shall the Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Bonds in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

For purposes of Rule 15c2-12 promulgated by the Securities and Exchange Commission, the Preliminary Official Statement alone, and no other document or information on the internet, constitutes the "Official Statement "that the Issuer has deemed "final" as of its date in respect of the Bonds, except for certain pertinent information permitted to be omitted therefrom.

No person has been authorized to give any information or to make any representations other than those contained in the Preliminary Official Statement in connection with the offer and sale of the Bonds, and, if given or made, such information or representations must not be relied upon as having been authorized. The information and expressions of opinion in the Preliminary Official Statement are subject to change without notice and neither the delivery of the Official Statement nor any sale made thereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer since the date of the Preliminary Official Statement.

By choosing to proceed and view the electronic version of the Preliminary Official Statement, you acknowledge that you have read and understand this Notice.

Preliminary	, Official	Statement	datad	March 5	2020
Premminary	/ Oniciai	Statement	uateu	warch 5	. ZUZU

¹ Preliminary, subject to change.

PRELIMINARY OFFICIAL STATEMENT DATED MARCH 5, 2020

ROSWELL INDEPENDENT SCHOOL DISTRICT Chaves County, New Mexico \$7,000,000¹ - General Obligation School Bonds, Series 2020

NEW ISSUE Bank Qualified
Book-Entry Only Moody's Rating: Aa2 Underlying / Aa3 Enhanced

PURPOSES

Proceeds of the Bonds will be used for the purposes of 1) erecting, remodeling, making additions to and furnishing school buildings within the district, purchasing or improving school grounds, purchasing computer software and hardware for student use in public schools, and providing matching funds for capital outlay projects funded pursuant to the Public School Capital Outlay Act or any combination of these purposes; 2) paying costs of issuance.

THE SERIES 2020 BONDS

The Bonds are issuable as fully registered bonds and when initially issued will be registered in the name of Cede & Co., as nominee of the Depository Trust Company, New York, New York ("DTC"). Purchases of the Bonds will be made in bookentry-only form, in the principal amount of \$5,000 or any integral multiple thereof, through brokers and dealers who are, or who act through a DTC Participant. Beneficial owners of the Bonds will not be entitled to receive physical delivery of bond certificates so long as DTC or a successor securities depository acts as the securities depository with respect to the Bonds. Interest on the Bonds is payable on each August 1 and February 1, commencing August 1, 2020. As long as DTC or its nominee is the registered owners of the Bonds, reference in this Official Statement to registered owner will mean Cede & Co., and payments of principal of and interest on the Bonds will be made directly to DTC by the Paying Agent. Disbursements of such payments to DTC Participants is the responsibility of DTC. See "Book-Entry Only System" in Appendix C. BOKF, NA dba Bank of Albuquerque (or successor) is the Registrar and Paying Agent for the Bonds.

OPTIONAL PRIOR REDEMPTION

The Series 2020 Bonds are subject to redemption prior to maturity as provided herein. See "THE BONDS."

SECURITY

The Bonds are general obligations of the Roswell Independent School District, Chaves County, New Mexico, payable solely out of general (ad valorem) property taxes that is required to be levied against all taxable property in the District without limitation as to rate or amount.

BOND AND TAX OPINION

In the opinion of Modrall, Sperling, Roehl, Harris & Sisk, P.A., Bond Counsel, under existing law and assuming continuous compliance with certain covenants in the documents relating to the Bonds and requirements of the Internal Revenue Code of 1986, as amended, (the "Code") interest on the Bonds is excludable from gross income for federal income tax purposes, and the interest on the Bonds is not treated as an item of tax preference for purposes of the alternative minimum tax imposed on individuals and corporations. Bond Counsel is further of the opinion that interest on the Bonds is excludable from net income for purposes of certain New Mexico taxes imposed on individuals, estates, trusts and corporations. Delivery of the Series 2020 Bonds is also subject to the delivery of an approving opinion of the Attorney General of the State of New Mexico. Bond Counsel expresses no opinion regarding other federal income tax consequences relating to the accrual or receipt of interest on the Bonds. (See "TAX EXEMPTION" herein.) The District has designated the Bonds as "Qualified Tax Exempt Obligations" for the purposes of Section 265(b)(3)(B) of the Internal Revenue Code of 1986 (see "Financial Institution Interest Deduction" herein.)

DELIVERY

When, as and if issued, through DTC's facilities, on or about April 14, 2020.

DATED DATE

Day of delivery

DUE DATE

August 1, as shown on the following page:

Electronic sealed bids will be opened at 10:00 AM, prevailing Mountain Time, March 12, 2020
See "Official Notice of Bond Sale" enclosed.

¹ Preliminary. Subject to change.

General Obligation School Bonds, Series 2020 ⁽¹⁾									
				Cusip#					Cusip#
Year	Principal	Interest Rate	Yield	778550	Year	Principal	Interest Rate	Yield	778550
2020	\$60,000				2027	\$695,000			
2021	70,000				2028	695,000			
2022	450,000				2029	695,000			
2023	250,000				2030	695,000			
2024	695,000				2031	695,000			
2025	695,000				2032	610,000			
2026	695,000								

⁽¹⁾ Preliminary and subject to change.

ISSUER

Roswell Independent School District Chaves County, New Mexico 300 N. Kentucky P.O. Box 1838 Roswell, New Mexico 88201 (575) 627-2500 (575) 625-2534 - Fax

BOARD OF EDUCATION

President: Alan Gedde
Vice-President: James Edwards
Secretary: Hope Morales
Member: Mona Kirk
Member: Hilda Sanchez

FINANCIAL ADVISOR

RBC Capital Markets, LLC 6301 Uptown Blvd. NE, Suite 110 Albuquerque, New Mexico 87110 (505) 872-5999

PAYING AGENT/REGISTRAR

BOKF, N.A. 100 Sun Avenue NE. Suite 500 Albuquerque, New Mexico 87109 (505) 222-8447

DISTRICT ADMINISTRATION

Interim Superintendent: Mike Gottlieb
Assistant Superintendent for Finance & Operations:
Chad Cole

BOND COUNSEL

Modrall, Sperling, Roehl, Harris & Sisk, P.A. 500 Fourth Street NW, Suite 1100 Bank of America Centre Albuquerque, New Mexico 87102 (505) 848-1800

ELECTRONIC BID PROVIDER

i-Deal LLC BidComp/Parity 1359 Broadway – 2nd Floor New York, New York 10018 (212) 849-5021

A FEW WORDS ABOUT OFFICIAL STATEMENTS

Official statements for independent securities issues – like this one – contain the only "official" information about the issues. This Official Statement is not an offer or solicitation for the Bonds, and no unlawful offer, solicitation or sale of the Bonds may occur through this Official Statement or otherwise. This Official Statement is not a contract and provides no investment advice. Investors should consult their advisors and legal counsel with their questions about this Official Statement, the Bonds or anything else related to this issue.

MARKET STABILIZATION

In connection with this Official Statement, the Underwriter may over-allot or effect transactions which stabilize and maintain the market price of the Bonds at a level above that which might otherwise prevail in the open market. The Underwriter is not obligated to do this and is free to discontinue it at any time.

The estimates, forecasts, projections and opinions in this Official Statement are not hard facts, and no one, including the District, guarantees them.

The information set forth or included in this Official Statement has been provided by the District and from other sources believed by the District to be reliable. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale hereunder shall create any implication that there has been no change in the financial condition or operations of the District described herein since the date hereof. This Official statement contains, in part, estimates and matters of opinion that are not intended as statements of fact, and no representation or warranty is made as to the correctness of such estimates and opinions or that they will be realized.

Bond Counsel, Modrall, Sperling, Roehl, Harris & Sisk, P.A., Albuquerque, New Mexico was not requested and did not take part in the preparation of the Official Statement nor has such firm undertaken to independently verify any of the information contained herein. Such firm has no responsibility for the accuracy or completeness of any information furnished in connection with any offer or sale of the Bonds in the Official Statement or otherwise. The legal fees to be paid to bond counsel for services rendered in connection with the issuance of the Bonds is contingent, in part, upon the sale and delivery of such Bonds and all legal fees will be paid from bond proceeds.

Any part of this Official Statement may change at any time, without prior notice. Also, important information about the District and other relevant matters may change after the date of this Official Statement.

All document summaries are just that – they are not complete or definitive, and they may omit relevant information. Such documents are qualified in their entirety to the complete documents. Any investor who wishes to review the full text of documents may request them at no cost from the District or the Financial Advisor as follows:

District

Roswell Independent School District 300 N. Kentucky P.O. Box 1437 Roswell, New Mexico 88201 (575) 627-2400 Attn: Chad Cole

Financial Advisor

RBC Capital Markets, LLC 6301 Uptown Blvd. NE, Suite 110 Albuquerque, NM 87110 (505) 872-5999 Attn: Regina Gaysina

TABLE OF CONTENTS

INTRODUCTION	1
THE FINANCIAL ADVISOR	1
Security	
LIMITED ROLE OF AUDITORS	
PLAN OF FINANCE	
SELECTED DEBT RATIOS.	
THE BONDS	
GENERAL TERMS	
BOND REGISTRAR AND PAYING AGENT	
NEW MEXICO SCHOOL DISTRICT ENHANCEMENT PROGRAM	
NEW MEXICO SCHOOL DISTRICT ENHANCEMENT PROGRAM	3
DEBT AND OTHER FINANCIAL OBLIGATIONS	6
GENERAL OBLIGATION DEBT	6
OUTSTANDING DEBT	7
DEBT SERVICE REQUIREMENTS TO MATURITY	
STATEMENT OF ESTIMATED DIRECT AND OVERLAPPING DEBT	8
TAX BASE	9
ANALYSIS OF ASSESSED VALUATION	9
HISTORY OF ASSESSED VALUATION.	
MAJOR TAXPAYERS	
TAX RATES	11
SCHOOL TAX RATES	12
YIELD CONTROL LIMITATIONS	
DEVELOPMENTS LIMITING RESIDENTIAL PROPERTY TAX INCREASES	12
TAXATION OF OIL AND NATURAL GAS PRODUCTION	
TAXATION OF OIL AND NATURAL GAS EQUIPMENT	
TAX COLLECTIONS	
Interest on Delinquent Taxes	
PENALTY FOR DELINQUENT TAXES	
REMEDIES AVAILABLE FOR NON-PAYMENT OF TAXES	
TAX COLLECTION ON OIL AND GAS PRODUCTION	
TAX COLLECTION ON OIL AND GAS EQUIPMENT	
THE DISTRICT	
SCHOOL DISTRICT POWERS	15
MANAGEMENT	15
Insurance	
INTERGOVERNMENTAL AGREEMENTS	
SCHOOL PROPERTY	
ENROLLMENT	
ACCREDITATION	17
FINANCES OF THE DISTRICT	18
Sources of Revenues for General Fund.	
STATE EQUALIZATION GUARANTEE	
DISTRICT BUDGET PROCESS	
STATEMENT OF NET ASSETS	
STATEMENT OF ACTIVITIES	
BALANCE SHEET – GENERAL FUND	
STATEMENT OF REVENUES & EXPENDITURES - (JENERAL FUNI)	7.4

DEBT SERVICE	25
CAPITAL PROJECTS	25
TAX EXEMPTION	28
FINANCIAL INSTITUTION INTEREST DEDUCTION	29
ORIGINAL ISSUE DISCOUNT	29
ORIGINAL ISSUE PREMIUM	29
LITIGATION	29
RATINGS	29
LEGAL MATTERS	30
RECENT EVENTS	
CONTINUING DISCLOSURE UNDERTAKING	30
ADDITIONAL MATTERS	32
A LAST WORD	32

APPENDICES:

- A. ECONOMIC & DEMOGRAPHIC INFORMATION
- B. June 30, 2019 Audited Financial Statements
- C. BOOK-ENTRY-ONLY SYSTEM
- D. FORM OF BOND COUNSEL OPINION
- E. CONTINUING DISCLOSURE UNDERTAKING
- F. BID FORM & NOTICE OF SALE

\$7,000,000¹ - General Obligation School Bonds, Series 2020

Roswell Independent School District Chaves County, New Mexico

INTRODUCTION

This Official Statement is furnished to prospective purchasers of Roswell Independent School District, New Mexico, General Obligation School Bonds, Series 2020 (the "Bonds" or "Series 2020 Bonds"), issued in the aggregate principal amount of \$7,000,000 by Roswell Independent School District (the "District"). The offering of the Bonds is made only by way of this Preliminary Official Statement and the Official Notice of Meeting and Sale dated March 5, 2020, which supersedes any other information or materials used in connection with the offer or sale of the Bonds. Additional information concerning the District, the Bonds, and other aspects of this offering may be obtained either from the District, or RBC Capital Markets, LLC (the "Financial Advisor") at the address set forth in the section entitled "ADDITIONAL MATTERS."

The following material is qualified in its entirety by the more complete information contained throughout this Official Statement, and detachment or other use of this "INTRODUCTION" without the entire Official Statement, including the cover page and the appendices, is not authorized.

All terms used in this Preliminary Official Statement that are not defined herein shall have the meanings given such terms in Resolution authorizing issuance of the Bonds to be adopted by the Board of Education of the District (the "Board") on February 11, 2020 (the "Bond Resolution").

The Financial Advisor

The Issuer has retained RBC Capital Markets, LLC as financial advisor (the "Financial Advisor") in connection with the preparation, authorization and issuance of the Bonds. The Financial Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information contained in the Preliminary Official Statement. The fee of the Financial Advisor for services with respect to the Bonds is contingent upon the issuance and sale of the Bonds.

The District

The District is a political subdivision of the State of New Mexico (the "State") organized for the purpose of operating and maintaining an educational program for the school-age children residing within its boundaries. The District encompasses approximately 3,150 square miles, which includes the City of Roswell (the "City") and unincorporated portions of Chaves County (the "County") in the southeastern or Pecos River Valley area of the State.

Security

The Bonds are general obligations of the District and payable from ad valorem taxes that are levied against all taxable property within the District. Neither the State nor the County has any responsibility to pay the debt service on the Bonds.

Limited Role Of Auditors

Except for the audited financial statements of the District for the year ended June 30, 2019, contained in Appendix B, this Official Statement presents unaudited financial and statistical information from District records and other sources.

Plan of Finance

Proceeds of the Series 2020 Bonds will be used for the purposes of 1) erecting, remodeling, making additions to and furnishing school buildings within the district, purchasing or improving school grounds, purchasing computer software

¹ Preliminary, subject to change.

and hardware for student use in public schools, and providing matching funds for capital outlay projects funded pursuant to the Public School Capital Outlay Act or any combination of these purposes; and 2) paying costs of issuance.

Selected Debt Ratios

2019 Assessed Valuation	\$1,095,150,948
2019 Estimated Actual Valuation (1)	\$3,681,059,808
District Not Dobt on a Demonstrate of	
District Net Debt as a Percentage of	
Assessed Valuation	3.62%
Estimated Actual Valuation	1.08%
Direct and Overlapping Debt as a % of	
Assessed Valuation	4.62%
Estimated Actual Valuation	1.37%
Estimated Population	46,891
District General Obligation Net Debt Outstanding (Including the Bonds)	\$41,375,000
Estimated Direct & Overlapping General Obligation Debt	\$50,603,772
District Net Debt Per Capita	\$882.37
Direct and Overlapping Debt Per Capita	\$1,079.18

⁽¹⁾ Estimated actual valuation is computed by adding TY 2019 exemptions to the assessed valuation and multiplying the result by three.

THE BONDS

New Mexico law enables the District to issue the Bonds (Section 6-15-1 through Section 6-15-22, NMSA, 1978). Pursuant to Section 22-18-9, NMSA 1978, the New Mexico Attorney General will provide a written approving opinion with respect to the Bonds. A portion of the Bonds is also subject to the approval of the New Mexico Department of Finance and Administration.

General Terms

The Bonds will bear interest at the rates and mature in the amounts and on the dates shown on the front cover of this Official Statement. All Bonds are fully registered in denominations of \$5,000 or integral multiples thereof in conformance with the Constitution and laws of the State and pursuant to the Bond Resolution. Bond payments will go to the Depository Trust Company ("DTC") and DTC will then remit the payments to its participants for disbursement to Bond Investors. See "Book-Entry-Only System" in Appendix C.

Bond Registrar and Paying Agent

BOKF, NA (or successor) will serve as Paying Agent and Registrar for the Bonds.

Payment of Principal and Interest; Record Date

The principal of the Bonds is payable to the registered owners of the Bonds at the principal office of the Paying Agent. Interest on the Bonds is payable by check or draft of the Paying Agent mailed on or before each interest payment date to the registered owners of the Bonds as of the close of business on the 15th day of the calendar month preceding the interest payment date (the "Regular Record Date") at the addresses appearing in the registration books maintained by the Registrar; but any such interest not so timely paid or duly provided for shall cease to be payable to the person who is the registered owner thereof at the close of business on the Regular Record Date and shall be payable to the person who is the registered owner thereof at the close of business on the date to be fixed by Registrar whenever moneys become available for the payment of defaulted interest (the "Special Record Date").

Optional Prior Redemption

The Series 2020 Bonds maturing on or after August 1, 2028 may be redeemed prior to their scheduled maturities on August 1, 2027¹, or on any date thereafter, in whole or in part, at the option of the District, with funds derived from any available and lawful source, at the redemption price of par, plus accrued interest to the date fixed for redemption. If the District redeems only part of the Bonds of a given maturity, the Registrar will select those Bonds by lot.

With respect to any optional redemption of the Bonds, unless certain prerequisites to such redemption have been met and moneys sufficient to pay the principal of and interest on the Bonds to be redeemed shall have been received by the Paying Agent/Registrar prior to the giving of such notice of redemption, such notice shall state that said redemption may, at the option of the District, be conditional upon the satisfaction of such prerequisites and receipt of such moneys by the Paying Agent/Registrar on or prior to the date fixed for such redemption, or upon any prerequisite set forth in such notice of redemption. If a conditional notice of redemption is given and such prerequisites to the redemption and sufficient moneys are not received, such notice shall be of no force and effect, the District shall not redeem such Bonds and the Paying Agent/Registrar shall give notice, in the manner in which the notice of redemption was given, to the effect that the Bonds have not been redeemed.

Redemption Notices

The Registrar must, by first class mail, give redemption notices to the registered owners of the affected bonds and to various securities depositories and information services not less than 30 days prior to the redemption date. *Please note that failure to give notice or any defect in such notice will not affect the validity of the redemption for Bonds which notice was properly given.* No transfer of Bonds called for redemption shall be made within 45 days of the date of redemption.

¹ Preliminary, subject to change.

While the Bonds remain under the Book-Entry-Only System, the Paying Agent/Registrar will send notices only to DTC. Any problems from DTC through its system to the beneficial owners of the Bonds will not affect the validity of the Bond redemption or any other action based on the Paying Agent/Registrar's notice. Investors in the Bonds might consider arranging to receive redemption notices or other communications from DTC which affect them, including notice of interest payments. See "Book-Entry Only System" in Appendix C.

If the Paying Agent/Registrar gives proper redemption notice and the Paying Agent/Registrar holds money to pay the redemption price of the affected Bonds, then on the redemption date the Bonds called for redemption will become due and payable. Thereafter, no interest will accrue on those Bonds, and their owners' only right will be to receive payment of the redemption price upon surrender of those Bonds to the Registrar.

Transfers and Exchanges

Registered Bond owners may surrender and transfer their Bonds, in person or by duly authorized attorney, at the office of the Paying Agent/Registrar. They must complete an approved transfer form and pay any taxes or governmental charges which apply to the transfer. As explained in Appendix C, while DTC is the securities depository for the Bonds, it will be the sole registered owner of the Bonds.

Limited Book-Entry Responsibilities

While a book-entry-only system is used for the Bonds, the Paying Agent/Registrar will send redemption and other notices only to DTC. Any failure of DTC to advise any DTC Participant, or of any DTC Participant to notify any Beneficial Owner, of any notice and its content or effect will not affect the validity of sufficiency of the proceedings relating to the Bond redemption or any other action based on the notice.

The District and the Financial Advisor have no responsibility or liability for any aspects of the records relating to or payments made on account of beneficial ownership, or for maintaining, supervising or reviewing any records relating to beneficial ownership of interests in the Bonds.

The District and the Financial Advisor cannot and do not give any assurances that DTC will distribute payments to DTC Participants or that DTC Participants or others will distribute payments with respect to the Bonds received by DTC or its nominees as the holder or any redemption notices or other notices to the beneficial holders, or that they will do so on a timely basis, or that DTC will serve and act in the manner described in this Official Statement. See Appendix C.

SECURITY AND REMEDIES

The Bonds are general obligations of the District payable from general (ad valorem) property taxes that may be levied against all taxable property within the District without limitation of rate or amount.

The District must use all of the property taxes collected for debt service, and any other legally available money, to pay the debt service on the Bonds and other outstanding debt.

Various New Mexico laws and constitutional provisions apply to the assessment and collection of ad valorem property taxes. There is no guarantee that there will not be any changes that would have a material effect on the District.

Limitations of Remedies

There is no provision for acceleration of maturity of the principal of the Bonds in the event of a default in the payment of principal of or interest on the Bonds. Consequently, remedies available to the owners of the Bonds may need to be enforced from year to year.

The enforceability of the rights and remedies of the owners of the Bond, and the obligations incurred by the District in issuing the Bond, are subject to the following: the federal bankruptcy code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditor's rights generally, now or hereafter in effect; usual equity principles that may limit the specific enforcement under State law of certain remedies; the exercise by the United States of America of the powers delegated to it by the federal Constitution; and the reasonable and necessary exercise, in certain exceptional situations, of the police power inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose. Bankruptcy proceedings, or the exercise of powers by the federal or State government, if initiated, could subject the owners of the

Note to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation, or modification of their rights.

SOURCES AND USES OF FUNDS

It is anticipated that the proceeds of the Bonds will be applied as follows:

Sources:		Series 2020
	Par Amount of Bonds	
	Net Premium	
	Total	
Uses:		
	Project Fund	
	Costs of Issuance	
	Underwriter's Discount	
	Total	

NEW MEXICO SCHOOL DISTRICT ENHANCEMENT PROGRAM

The New Mexico legislature amended NMSA 1978, Sections 22-18-1 et. seq. in the first session of 2003 by adding Section 22-18-13 which became effective July 1, 2003. Section 22-18-13 was further amended in 2007 and provides that, if a school district indicates that it will not make the payment by the date on which it is due, the New Mexico Department of Finance and Administration ("DFA") shall forward the amount in immediately available funds necessary to make the payment due on the bonds to the paying agent from the current fiscal year's undistributed State Equalization Guarantee ("SEG") distribution to that school district and, if not otherwise repaid by the school district from other legally available funds, withhold the distributions from the school district until the amount has been recouped by the DFA, provided that, if the amount of the undistributed SEG distribution in the current fiscal year is less than the payment due on the bond, the DFA shall:

- (1) forward in immediately available funds to the paying agent an amount equal to the total amount of the school district's undistributed SEG distribution and, if not otherwise repaid by the school district from other legally available funds, withhold all distributions to the school district for the remainder of the fiscal year; and
- (2) on July 1 of the following fiscal year, forward in immediately available funds an amount equal to the remaining amount due to the paying agent from that year's SEG distribution and, if not otherwise repaid by the school district from other legally available funds, withhold an equal amount from the distribution to the school district until the amount paid has been recouped in full.

This provision applies to all New Mexico school districts.

Withholding of the SEG distribution may affect the District's ability to continue to operate.

The New Mexico School District Enhancement Program was initially put on watch list for possible downgrade on May 15, 2007 after the State adopted new legislation that altered the mechanics of the program. After a review of the law and policies regarding the implementation of the law, program ratings were bifurcated, with one rating applying to bonds issued prior to the March 30, 2007 effective date of the legislation and a second rating applying to bonds issued on or after the March 30, 2007 effective date. Under the new law, the State cannot immediately advance more than the remaining undistributed SEG payments for the fiscal year of default. As a result, those school districts with principal and interest payments that fall in the latter part of the fiscal year or that are significant in amount relative to the district's total annual SEG distribution may not have sufficient undistributed SEG payments to cover debt service payments in the event of a default.

Moody's downgraded the New Mexico School District Enhancement Program (Pre and Post-Default) to Aa2 from Aa1, and assigned a negative outlook on November 1, 2016. On June 18, 2018, Moody's further downgraded the enhancement rating from "Aa2" to "Aa3" and assigned a stable outlook.

By request, Moody's will assign a rating to school district bonds upon verification of a requirement in the authorizing Bond Resolution that an independent, third-party paying agent will be appointed and maintained. The District has qualified the Bonds under the New Mexico School District Enhancement Program and received a rating of "Aa3" on the Bonds.

DEBT AND OTHER FINANCIAL OBLIGATIONS

General Obligation Debt

Article IX, Section 11 of the New Mexico Constitution limits the powers of a district to incur general obligation debt extending beyond the fiscal year. The district can incur such debt for the purpose of erecting, remodeling, making additions to and furnishing school buildings, purchasing or improving school grounds, purchasing computer software or hardware for student use in public school classrooms or any combination of these purposes but only after the proposition to create any such debt has been submitted to a vote of the qualified electors of the district, and a majority of those voting on the question vote in favor of creating the debt. The total indebtedness of the district may not exceed 6% of the assessed valuation of the taxable property within the district as shown by the last preceding general assessment. The district also may create a debt by entering into a lease-purchase arrangement to acquire education technology equipment without submitting the proposition to a vote of the qualified electors of the district, but any such debt is subject to the 6% debt limitation. The issuance of refunding bonds does not have to be submitted to a vote of the qualified electors of the district.

The most recent certified assessed valuation of taxable property within the District is \$1,095,150,948 for tax year 2019 as approved by the State of New Mexico Taxation and Revenue Department, Property Tax Division. Therefore, the maximum general obligation debt may not exceed \$65,709,056.

After the Bonds are issued, the ratio of total outstanding general obligation debt of the District to the 2019 assessed valuation will be no greater than 3.62% as summarized below:

2019 Assessed Valuation	\$1,095,150,948
Bonded Debt:	
Current Total Outstanding	\$34,375,000
Series 2020 Bonds	7,000,000
Less Debt Service Fund Balance (1)	(1,695,933)
NET DEBT	\$ <u>39,679,067</u>
Ratio of Estimated Net Debt to 2019 Assessed Valuation	3.62%

⁽¹⁾ The cash balance for the debt service fund was \$2,151,791 as of 2/10/2020.

The amount attributable to principal reduction is 78.81%.

Outstanding Debt

The District has never defaulted in the payment of any of its debt or other obligations. Listed below is the District's total general obligation debt outstanding including the Bonds.

Series	Original Amount Issued	Final Maturity	Principal Outstanding
2010	8,000,000	08/01/2022	4,150,000
2011	9,500,000	08/01/2023	6,500,000
2013	6,500,000	08/01/2028	5,275,000
2015A	8,000,000	08/01/2029	7,075,000
2015B	5,675,000	08/01/2020	750,000
2017A	3,730,000	08/01/2032	3,525,000
2017B	5,670,000	08/01/2023	2,920,000
2018	4,210,000	08/01/2033	4,180,000
2019	7,000,000	08/01/2032	7,000,000
	58,285,000		41,375,000

⁽¹⁾ Preliminary, subject to change.

Debt Service Requirements to Maturity

The District schedules principal and interest payments at the time of the bond sales with constraints being general obligation debt capacity and expected property tax revenues and computed at the desired tax rate. Below is a summary of the currently scheduled principal and interest on the District's outstanding debt as well as the proposed principal and interest payments on the Bonds.

Year	Curre	ent Requirements		;	Series 2020 ⁽¹⁾		Total Requirements		nts
	Principal	Interest	Total	Principal	Coupon	Interest	Principal	Interest	Total
2020	4,735,000	1,092,185	5,827,185	60,000	4.75%	109,910	4,795,000	1,202,095	5,997,095
2021	4,940,000	936,085	5,876,085	70,000	4.75%	329,650	5,010,000	1,265,735	6,275,735
2022	4,450,000	778,035	5,228,035	450,000	4.75%	326,325	4,900,000	1,104,360	6,004,360
2023	4,485,000	639,935	5,124,935	250,000	4.75%	304,950	4,735,000	944,885	5,679,885
2024	2,320,000	488,435	2,808,435	695,000	4.75%	293,075	3,015,000	781,510	3,796,510
2025	2,320,000	409,835	2,729,835	695,000	4.75%	260,063	3,015,000	669,898	3,684,898
2026	2,320,000	327,735	2,647,735	695,000	4.75%	227,050	3,015,000	554,785	3,569,785
2027	2,320,000	259,135	2,579,135	695,000	4.75%	194,038	3,015,000	453,173	3,468,173
2028	2,320,000	189,793	2,509,793	695,000	4.75%	161,025	3,015,000	350,818	3,365,818
2029	1,625,000	119,198	1,744,198	695,000	4.75%	128,013	2,320,000	247,210	2,567,210
2030	725,000	72,795	797,795	695,000	4.75%	95,000	1,420,000	167,795	1,587,795
2031	725,000	52,845	777,845	695,000	4.75%	61,988	1,420,000	114,833	1,534,833
2032	725,000	32,713	757,713	610,000	4.75%	28,975	1,335,000	61,688	1,396,688
2033	365,000	11,498	376,498			· · · · · · · · · · · · · · · · · · ·	365,000	11,498	376,498
Total	\$34,375,000	\$5,410,220	\$39,785,220	\$7,000,000		\$2,520,060	\$41,375,000	\$7,930,280	\$49,305,280

⁽¹⁾ Preliminary, subject to change. Interst rate shown is for illustrational purposes only.

Statement of Estimated Direct and Overlapping Debt

The following is a calculation which is useful to investors in assessing the debt load and per capita debt of the District payable from property taxes. In addition to the outstanding debt of the District, the calculation takes into account debt attributable to taxing entities, which is the responsibility of taxpayers within the boundaries of the District.

	2019 Assessed Valuation	G/O Debt Outstanding	Percent Applicable	Amount
State of New Mexico	\$66,382,974,295	\$490,910,000	1.65%	\$8,098,772
Chaves County	1,289,735,911	-	84.91%	-
Eastern NM University - Roswell Branch	1,272,255,502	-	86.08%	-
City of Roswell	762,646,741	1,130,000	100.00%	1,130,000
Roswell Schools	1,095,150,948	41,375,000	100.00%	41,375,000
Total Direct & Overlapping				\$50,603,772

⁽¹⁾ Preliminary, subject to change.

Ratio of Direct & Overlapping Debt to 2019 Assessed Valuation	4.62%
Ratio of Direct & Overlapping Debt to 2019 Estimated Actual Valuation	1.37%
Per Capital Direct & Overlapping Debt	\$1,079.18
Population	46,891

TAX BASE

Analysis of Assessed Valuation

Assessed valuation of property within the District is calculated as follows: Of the total estimated actual valuation of all taxable property in the District, 33 1/3% is legally subject to ad valorem taxes. This means the assessment ratio is 33 1/3%. After deduction of certain personal exemptions, the 2019 assessed valuation is \$1,095,150,948. The actual value of personal property within the District (see "Assessments" below) is determined by the County Assessor.

The actual value of certain corporate property within the District (see "Centrally Assessed" below) is determined by the State of New Mexico, Taxation and Revenue Department, Property Tax Division. The actual value of Oil and Gas Production and Equipment (see "Oil and Gas" below) is determined by the Oil and Gas Accounting Commission. Oil and Gas totals are certified in March of the year following production. The analysis of assessed valuation for the previous five years follows.

	2015	2016	2017	2018	2019
Assessments					_
Value of Land	\$130,155,551	\$133,210,589	\$137,092,093	\$142,007,590	\$151,503,737
Improvements	743,830,266	766,044,718	776,180,456	805,496,735	852,462,795
Personal Property	29,981,355	30,130,383	33,300,816	33,340,349	35,029,940
Mobile Homes	14,986,685	16,487,204	16,905,805	16,851,229	17,580,378
Livestock	22,463,585	27,421,251	22,149,848	16,718,252	14,776,767
Assessor's Total Valuation	\$941,417,442	\$973,294,145	\$985,629,018	\$1,014,414,155	\$1,071,353,617
Less Exemptions					
Head of Family	\$14,842,770	\$14,522,094	\$14,152,939	\$13,867,518	\$13,380,407
Veterans	14,786,343	15,135,913	15,094,420	15,400,738	15,349,968
Other	60,567,382	63,907,086	63,367,036	79,231,480	103,138,613
Total Exemptions	\$90,196,495	\$93,565,093	\$92,614,395	\$108,499,736	\$131,868,988
Assessor's Net Valuation	\$851,220,947	\$879,729,052	\$893,014,623	\$905,914,419	\$939,484,629
Central Assessed	135,051,988	145,629,848	137,669,369	163,689,119	144,957,226
Oil and Gas (1)	29,808,135	13,594,903	9,662,908	12,038,935	10,709,093
Total Assessed Valuation	1,016,081,070	1,038,953,803	1,040,346,900	1,081,642,473	1,095,150,948
	2015	2016	2017	2018	2019
Residential	\$ 577,271,875	\$ 596,861,626	\$ 608,038,794	\$ 629,055,037	\$ 654,576,670
Non-Residential	409,001,060	428,497,274	422,645,198	440,548,501	429,865,185
Oil and Gas (1)	29,808,135	13,594,903	9,662,908	12,038,935	10,709,093
	\$1,016,081,070	\$1,038,953,803	\$1,040,346,900	\$1,081,642,473	\$1,095,150,948

⁽¹⁾ Reflects oil and gas from previous calendar year.

Source: Chaves County Assessor's Office

History of Assessed Valuation

Listed below is a 10-year history of assessed valuation for the District compared with the City of Roswell and Chaves County.

Tax Year	Roswell School District	City of Roswell	Chaves County
2019	\$1,095,150,948	\$762,646,741	\$1,289,735,911
2018	1,081,642,473	733,834,339	1,271,982,899
2017	1,040,346,900	714,616,101	1,215,256,720
2016	1,038,953,803	706,561,956	1,232,147,155
2015	1,016,081,070	688,585,449	1,229,814,629
2014	973,526,880	669,328,803	1,177,033,863
2013	927,985,815	648,098,757	1,147,871,669
2012	907,982,540	628,049,448	1,130,231,375
2011	913,139,992	628,102,200	979,844,743
2010	892,362,790	611,117,364	967,820,752
2009	925,767,437	464,160,228	927,471,109

Source: Chaves County Assessor's Office

Major Taxpayers

The following is a list of the top ten largest taxpayers along with the 2019 assessed valuation for each. This table is useful in assessing the concentration risk of the tax base. The largest taxpayers represent 12.08% of the total 2019 assessed valuation.

Taxpayer	Business	2019 AV	%
Southwestern Public Service	Electric Utility	\$36,658,102	3.35%
Mid America Pipeline	Pipeline	23,951,295	2.19%
BN & SF Railway	Railroad	21,798,706	1.99%
Roswell Hospital	Healthcare	11,037,020	1.01%
Cortez Pipeline	Pipeline	9,774,120	0.89%
El Paso Natural Gas	Pipeline	7,914,902	0.72%
Central Valley Electric	Electric Utility	6,133,749	0.56%
Transwestern Pipeline	Pipeline	5,434,353	0.50%
Gas Company of New Mexico	Gas Utility	4,966,388	0.45%
Spring River Apartments	Apartment Complex	4,649,584	0.42%
Total		\$132,318,219	12.08%

Source: Chaves County Assessor's Office.

Tax Rates

Article VIII, Section 2, of the New Mexico Constitution limits the total ad valorem taxes for operational purposes levied by all overlapping governmental units within the District to \$20.00 per \$1,000 of assessed value. This limitation does not apply to levies for public debt and levies for additional taxes if authorized at an election by a majority of the qualified voters of the jurisdiction voting on the question. The following table summarizes the tax situation on residential property for the 2019 tax year and the previous four years. A high level of taxation may impact the District's ability to repay bonds

With In 20 Mill Limit For General Purposes							
	2015	2016	2017	2018	2019		
State of New Mexico	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000		
Chaves County	5.433	5.305	5.326	5.416	5.417		
City of Roswell	6.763	6.608	6.663	6.775	6.797		
Roswell Schools	0.267	0.261	0.262	0.266	0.267		
Total	\$13.334	\$13.025	\$13.118	\$13.339	\$13.363		

Over 20 Mill Limit - Interest, Principal, Judgement, ect.							
	2015	2016	2017	2018	2019		
State of New Mexico	\$1.360	\$1.360	\$1.360	\$1.360	\$1.360		
Chaves County	0.000	0.000	0.000	0.000	0.000		
City of Roswell	0.532	0.546	0.554	0.554	0.526		
Roswell Schools	7.581	7.535	7.543	7.581	7.632		
Eastern New Mexico University - Roswell	1.906	0.851	0.867	0.000	0.000		
Total	\$11.379	\$10.292	\$10.324	\$9.495	\$9.518		

Total Levy							
	2015	2016	2017	2018	2019		
State of New Mexico	\$1.360	\$1.360	\$1.360	\$1.360	\$1.360		
Chaves County	5.433	5.305	5.326	5.416	5.417		
City of Roswell	7.295	7.154	7.217	7.329	7.323		
Roswell Schools	7.848	7.796	7.805	7.847	7.899		
Eastern New Mexico University - Roswell	1.906	0.851	0.867	0.882	0.882		
Total Residential	\$23.842	\$22.466	\$22.575	\$22.834	\$22.881		
Total Non-Residential	\$28.993	\$27.668	\$28.312	\$28.861	\$29.018		
Total Residential in Unincorporated County	\$17.547	\$16.312	\$16.358	\$16.505	\$16.558		
Total Non-Residential in Unincorporated							
County	\$21.811	\$20.472	\$21.108	\$21.657	\$21.842		

Source: State of New Mexico, Department of Finance & Administration.

School Tax Rates

The following table shows the historical school tax levies on property within the District since the 2010 tax year (2010-11 fiscal year.) The Two Mill Levy is renewed every six years, most recently in February 2019.

Tax Year Operational		itional	Two Mill Levy		Debt	То	tal
Tax Teal	Resid.	Non-Resid.	Resid.	Non-Resid.	Service	Resid.	Non-Resid.
2010	0.273	0.500	1.947	2.000	5.696	7.916	8.196
2011	0.272	0.500	1.937	2.000	5.623	7.832	8.123
2012	0.279	0.500	1.986	2.000	5.641	7.906	8.141
2013	0.274	0.500	2.000	2.000	5.680	7.954	8.180
2014	0.271	0.500	1.973	2.000	5.635	7.879	8.135
2015	0.267	0.500	1.945	2.000	5.636	7.848	8.136
2016	0.261	0.493	1.901	1.972	5.634	7.796	8.099
2017	0.262	0.500	1.911	2.000	5.632	7.805	8.132
2018	0.266	0.500	1.942	2.000	5.639	7.847	8.139
2019	0.267	0.500	2.000	2.000	5.632	7.899	8.132

Source: New Mexico Department of Finance & Administration.

Yield Control Limitations

State law limits property tax increases from the prior property tax year. Specifically, no taxing entity may set a rate or impose a tax (excluding oil and gas production ad valorem and oil and gas production equipment ad valorem taxes) or assessment that will produce revenues that exceed the prior year's tax revenues from residential and non-residential property multiplied by a "growth control factor." The growth control factor is the percentage equal to the sum of (a) "percent change I" plus (b) the prior property tax year's total taxable property value plus "net new value," as defined by Statute, divided by such prior property tax year's total taxable property value. However, if that percentage is less than 100%, the growth control factor is (a) "percent change I" plus (b) 100%. "Percent change I" is based upon the annual implicit price deflator index for state and local government purchases of goods and services (as published in the United States Department of Commerce monthly publication, "Survey of Current Business," or any successor publication) and is a percent (not to exceed 5%) that is derived by dividing the increase in the prior calendar year (unless there was a decrease, in which case zero is used) by the index for such calendar year next preceding the prior calendar year. The growth control factor applies to authorized operating levies and to any capital improvements levies but does not apply to levies for paying principal and interest on public general obligation debt.

Developments Limiting Residential Property Tax Increases

In an effort to limit large annual increases in residential property taxes in some areas of the State (particularly the Santa Fe and Taos areas which have experienced large increases in residential property values in recent years), an amendment to the uniformity clause (Article VIII, Section 1) of the New Mexico Constitution was proposed during the 1997 Legislative Session. The amendment was submitted to voters of the State at the general election held on November 3, 1998 and was approved by a wide margin.

The amendment directs the Legislature to provide for valuation of residential property in a manner that limits annual increases in valuation. The limitation may be applied to classes of residential property taxpayers based on occupancy, age or income. Further, the limitations may be authorized statewide or at the option of a local jurisdiction and may include conditions for applying the limitations.

Bills implementing the constitutional amendment were enacted in 2001 and were codified as Sections 7-36-21.2 NMSA 1978 and 7-36-21.3 NMSA 1978.

Section 7-36-21.2 NMSA 1978 establishes a statewide limitation on residential property valuation increases beginning in tax year 2001 (the "Statutory Valuation Cap on Residential Increases"). Annual valuation increases are limited to 3% over the prior year's valuation or 6.1% over the valuation from two years prior. Subject to certain exceptions, these limitations do not apply:

- 1. To property that is being valued for the first time;
- 2. To physical improvements made to the property in the preceding year;
- 3. When the property is transferred to a person other than a spouse, or a child who occupies the property as his principal residence and who qualifies for the head of household exemption on the property under the Property Tax Code:
- 4. When a change occurs in the zoning or use of the property; and
- 5. To property that is subject to the valuation limitations under Section 7-36-21.3 NMSA 1978.
- 6. On March 28, 2012, the New Mexico Court of Appeals upheld the constitutionality of a law capping residential valuation increases until a home changes ownership. The plaintiff appealed the case to the New Mexico Supreme Court which upheld the constitutionality of the law. The New Mexico Legislature has brought up the issue of the disparity in valuations in the past several years, but has not enacted any of the bills into law. To the extent that court or legislative action is taken or a further constitutional amendment is passed amending the valuation provisions, it could have a material impact on the valuation of residential property in the District.

Section 7-36-21.3 NMSA 1978 places a limitation on the increase in value for property taxation purposes for single-family dwellings occupied by low-income owners who are 65 years of age or older or who are disabled. The statute fixes the valuation of the property to the valuation in the year that the owner turned 65 or became disabled. The Section 7-36-21.3 limitation does not apply:

- 1. To property that is being valued for the first time;
- 2. To a change in valuation resulting from physical improvements made to the property in the preceding year; and
- 3. To a change in valuation resulting from a change in the zoning or permitted use of the property in the preceding year.

Taxation of Oil and Natural Gas Production

Unlike other property taxes, oil and gas production taxes are determined monthly based on the current month's taxable value of product multiplied by the mill levy certified by the Department of Finance and Administration. The certified mill levy is based on the preceding calendar year's taxable value of product with possible adjustment for current market conditions.

The taxable value of products which are severed and sold from each production unit is an amount equal to one hundred fifty percent (150%) of the value of the output after deducting royalties paid to the United States, the state of New Mexico or any Indian tribe, Indian pueblo or Indian. This net value is then multiplied by the standard assessment ratio (presently 33.3%) to determine the taxable value of products.

Any person engaged in the severance of an oil or gas product from a production unit must file a return on or before the twenty-fifth day of the second month after the month for which a return is required. All taxes due or to be remitted by the operator must accompany the return. Interest penalties are imposed on any overdue taxes.

Taxation of Oil and Natural Gas Equipment

The taxable value of equipment of each production unit is an amount equal to twenty-seven percent (27%) of the cumulative net value of product of a production unit for the preceding calendar year. The net value of equipment so determined is then multiplied by the appropriate assessment ratio and tax rate to determine the amount of equipment taxes due. The producer is billed by the New Mexico Taxation and Revenue Department on or before October 15 of each year for payment by November 30th. Interest penalties are imposed on any overdue taxes.

Tax Collections

General (ad valorem) taxes for all units of government are collected by the county treasurer and distributed monthly to the various political subdivisions to which they are due.

Property taxes are due in two installments. The first half installment is due on November 10 and becomes delinquent on December 10. The second half installment is due on April 10 and becomes delinquent on May 10.

Collection statistics for all political subdivisions for which each county treasurer collects taxes are presented below:

Tax Year	Fiscal Year	Net Taxes Charged to Treasurer	Current Tax Collections ⁽¹⁾	Current Collections as a %of Net Levied	Current/ Delinquent Tax Collections ⁽²⁾	Current/Delinquent Collections as a %of Net Levied
2019	19/20	\$34,287,671	\$21,035,361	61.35%	\$21,035,361	61.35%
2018	18/19	33,635,998	32,318,988	96.08%	32,870,964	97.73%
2017	17/18	32,274,809	31,253,663	96.84%	32,308,086	100.10%
2016	16/17	31,843,958	30,587,435	96.05%	31,821,688	99.93%
2015	15/16	31,784,408	29,407,031	92.52%	30,838,178	97.02%
2014	14/15	31,399,642	30,453,525	96.99%	31,624,952	100.72%
2013	13/14	29,215,895	28,388,349	97.17%	29,441,172	100.77%
2012	12/13	28,291,667	27,421,479	96.92%	28,468,664	100.63%
2011	11/12	28,178,714	27,151,705	96.36%	28,311,422	100.47%
2010	10/11	28,158,112	26,818,847	95.24%	28,032,072	99.55%

⁽¹⁾ As of June 30 of each year, except for tax year 2019 (as of 2/18/2020)

Source: Chaves County Treasurer's Office.

Interest on Delinquent Taxes

Pursuant to Section 7-38-49, NMSA 1978, if property taxes are not paid for any reason within 30 days after the date they are due, interest on the unpaid taxes shall accrue from the 30th day after they are due until the date they are paid. Interest accrues at the rate of 1% per month or any fraction of a month.

Penalty for Delinquent Taxes

Pursuant to Section 7-38-50, NMSA 1978, if property taxes become delinquent, a penalty of 1% of the delinquent tax for each month, or any portion of a month, they remain unpaid must be imposed, but the total penalty shall not exceed 5% of the delinquent taxes. The minimum penalty imposed is \$5.00. A county can suspend application of the minimum penalty requirement for any tax year.

If property taxes become delinquent because of an intent to defraud by the property owner, 50% of the property tax due or \$50.00, whichever is greater, shall be added as a penalty.

Remedies Available for Non-Payment of Taxes

Pursuant to Section 7-38-47, NMSA 1978, property taxes are the personal obligation of the person owning the property on the date upon which the property was subject to valuation for property taxation purposes. A personal judgment may be rendered against the taxpayer for payment of taxes that are delinquent, together with any penalty and interest on the delinquent taxes.

Taxes on real property are a lien against the real property. Pursuant to Section 7-38-65, NMSA 1978, delinquent taxes on real property may be collected by selling the real property on which taxes are delinquent.

Pursuant to Section 7-38-53, NMSA 1978, delinquent property taxes on personal property may be collected by asserting a claim against the owner(s) of the personal property upon which taxes are delinquent.

⁽²⁾ As of 2/18/2020.

Tax Collection on Oil and Gas Production

The producer of oil and gas products is required by law to report the value of his production within 65 days after the end of the month in which the products are produced. Payment must be made at the time of reporting. The value upon which the tax levy is imposed (at the prevailing tax rate) is equal to 50% of the well-head price after transaction costs and royalties have been deducted. Interest penalties are imposed on any overdue taxes, although the Oil & Gas Accounting Division of the New Mexico Taxation & Revenue Department experiences few, if any, delinquencies.

Tax Collection on Oil and Gas Equipment

The assessed value of oil and gas equipment is calculated by multiplying the prior calendar year's sales of oil and gas products by .09 (9%). The assessed value determined by this method is then multiplied by the prevailing tax rate. The producer is billed by the Oil and Gas Accounting Division of the New Mexico Taxation & Revenue Department on October 15 of each year. The taxes are payable by November 30 of each year. Interest penalties are imposed on any overdue taxes, although the Division experiences few, if any, delinquencies.

THE DISTRICT

The District is a political subdivision of the State of New Mexico (the "State") organized for the purpose of operating and maintaining an educational program for the school-age children residing within its boundaries. The District encompasses approximately 3,150 square miles, which includes the City of Roswell (the "City") and unincorporated portions of Chaves County (the "County") in the southeastern or Pecos River Valley area of the State.

With an enrollment of over 10,100 students, the Roswell Independent School District is the 12th largest district in the State. The District includes one early literacy center, twelve elementary schools, four junior high schools, one alternative junior-senior high school, one early college-high school and two high schools. The educational program also includes vocational, technical and occupational training.

The District has over 1,100 employees and is the largest employer in Chaves County.

School District Powers

The District's powers are subject to regulations adopted by the New Mexico Public Education Department ("PED"). Pursuant to an amendment to Article XII, Section 6 of the New Mexico Constitution, adopted at a special election held September 23, 2003, the Secretary of Education (the "Secretary") is the governing authority and has control, management, and direction of all public schools pursuant to power provided by law. The Secretary further exercises supervision and authority over the PED. Generally, the powers of the Secretary and the PED include determining policy regarding operations of all public schools, designating courses of instruction, adopting regulations, determining qualifications for teachers, counselors and their assistants, and prescribing minimum educational standards. The Secretary may order the creation or consolidation of school districts.

Management

The District Board (the "Board"), subject to regulations of the Secretary, develops educational policies for the District. The local school Board shall have the following powers or duties: 1) subject to the rules of the department, develop educational policies for the school; 2) employ a superintendent of schools and fix the superintendent's salary; 3) review and approve the annual school budget; 4) acquire, lease and dispose of property; 5) have the capacity to sue and be sued; 6) acquire property by eminent domain; 7) issue general obligation bonds of the school district; 8) provide for the repair of and maintain all school property; 9) subpoena witnesses and documents in connection with a hearing concerning powers of the school board; 10) except for expenditures for salaries, contract for expenditure of money; 11) adopt rules pertaining to the administration of all powers or duties of the school board; 12) accept or reject any charitable gift, grant, devise or bequest; 13) offer and pay rewards for information leading to the arrest and conviction of offenders in case of theft, defacement or destruction of school property; and 14) give prior approval for any educational program in a public school that is to be conducted, sponsored, carried on or caused to be carried on by

a private organization. Members serve without compensation for four-year terms of office in non-partisan elections held every two years on the first Tuesday in February.

Alan Gedde, President Term expires December 31, 2021

James Edwards, Vice President Term expires December 31, 2021

Hope Morales, Secretary Term expires December 31, 2024 Mona Kirk, Member Term expires December 31, 2021 Hilda Sanchez, Member Term expires December 31, 2024

The Superintendent of Schools is selected by and serves at the discretion of the Board. All other staff members are selected by the Superintendent. The current Administrative Staff is:

Mike Gottlieb, Interim Superintendent. Mike Gottlieb is a native New Mexican, born in Albuquerque and raised in the Cubero area of New Mexico. Mike attended high school and two years of junior college at the New Mexico Military Institute (NMMI), then graduated with both his Bachelor's and Master's Degrees in Education and Administration, respectively, from Eastern New Mexico University. Mike served as a Migrant Teacher for one year, in Morton, TX, before beginning his career with Roswell Independent School District, where he served as a Teacher at Missouri Avenue Elementary School; an Interim Principal at Edgewood Elementary School; the school Principal at Military Heights Elementary School, the district's Director of Instruction, the district's Assistant Superintendent of Instruction and finally, as Superintendent of Schools for the final eight years of his career, before retiring from service. Mike served the Roswell Schools for 31 years, before retiring, and he has more recently agreed to return to service with the district as the district's Interim Superintendent of Schools.

Chad Cole, Assistant Superintendent for Finance & Operations. Mr. Cole has been an employee of the District since 2005 and assumed the position of Assistant Superintendent for Financial Operations in 2009. In 2014 his title changed to Assistant Superintendent for Finance and Operations. Prior to this position, he was the Business Office Supervisor. Mr. Cole has extensive accounting experience having worked in the accounting industry since 1999. Mr. Cole has a Master's Degree in Business Administration from Regis University College and a Bachelors of Business Administration from Eastern New Mexico University.

Insurance

The District is a member of the New Mexico State Public School Insurance Authority (the "Insurance Authority"), which was established to provide a comprehensive insurance program for school districts, board members and retirees and public school employees and retirees with the State. The Insurance Authority provides risk related insurance to the District such as worker's compensation, property and casualty insurance, general automobile and fire insurance and general liability insurance for the District, its property, its board members and employees. The Insurance Authority also provides health, dental and vision insurance to the District.

Intergovernmental Agreements

The District has entered into various joint powers agreements with other governmental entities in the State that permit them to provide equipment purchases and other services jointly. In addition, the District has entered into agreements with the City to lease certain property to the City for the City's Parks and Recreation program and for the City to provide school crossing guards. The District entered into a joint powers agreement with Eastern New Mexico University – Roswell Branch to coordinate vocational training opportunities.

School Property

Currently, the District operates and maintains a variety of facilities in meeting its obligations to provide an educational program for the school-aged children residing within its boundaries. The District operates 21 school sites - two senior high schools, four middle schools, twelve elementary schools, one early literacy center (Pre-Kindergarten and Special Needs Kindergarten), one alternative early high school and one early college-high school. The District also uses several portable classrooms, and a section of Eastern New Mexico University campus classrooms, in its educational program.

In addition to the regular educational programs offered for grades kindergarten through 12, the District also provides early literacy education services that are dedicated to pre-kindergarten and special needs kindergarten student populations, at its Early Literacy Center facility. The district has also implemented a dual credit course work program, which aligns high school graduation requirements along a parallel and simultaneous pathway to the requirements for the completion of a college level Associate's Degree, within the students' four year education plan. The district's alternative and early college high schools employ a hybrid model that serves the needs of students that may be experiencing difficulty in traditional high school setting, as well as those that demonstrate an ability and desire to accelerate through high school/college level dual credit course work and Associates degree plans, which are offered in close partnership with Eastern New Mexico University – Roswell. The District also offers a kindergarten through third grade extended school year program, as well as Special Education Services, Title I supplementary Reading and Math enrichment education and bilingual education in grades kindergarten through 12.

The capacity of the school facilities is estimated at 11,500 students (FTE basis).

In addition to the school buildings and their contents, the District owns over 200 acres of land upon which school buildings and facilities are located, approximately 50 acres of additional vacant property, the District Administration Building, a Maintenance Shop and Central Receiving Warehouse. The District also owns 52 acres of water rights. The value of all school facilities and equipment, net of accumulated depreciation, is \$146.3 million.

Enrollment

Set forth below is the District's enrollment for school years 2015/16 through 2019/20 including special education and bilingual students. For a discussion of the relationship between student enrollment and amounts of financial support provided by the State for public schools, see "FINANCES OF THE EDUCATIONAL PROGRAM - SOURCES OF REVENUES".

	2015-16	2016-17	2017-18	2018-19	2019-20
Elementary	5,245	5,198	5,056	4,955	5,438
Middle School	2,295	2,376	2,362	2,449	2,210
High School	2,732	2,735	2,704	2,727	2,724
Total	10,272	10,309	10,122	10,131	10,372

Note: Includes Charter School Enrollment.

Source: New Mexico Public Education Department.

Accreditation

The Roswell Independent School District is accredited in accordance with the laws and administrative authority of the State of New Mexico and the New Mexico Public Education Department.

FINANCES OF THE DISTRICT

The basic format for the financial operation of the District is provided by the PED through the School Budget Planning Division, which is directed by State law to supervise and control the preparation of all budgets of all school districts. The District receives revenue from a variety of local, state and federal sources, the most important of which are described below. New Mexico's public school finance laws are subject to review and examination through both the judicial and legislative processes. As a result, the District cannot anticipate with certainty all of the factors that may influence the financing of its future activities. There is no assurance that there will not be any change in, interpretation of or additions to the applicable laws, provisions and regulations that would have a material effect, directly or indirectly, on the affairs of the District.

Sources of Revenues for General Fund

The General Fund is used to account for resources of the operational fund, student activity funds and other resources not accounted for in another fund. The sources of revenue for the District's General Fund are:

<u>Local Revenues</u> - Local revenues are a minor source of revenue to the District composed, in part, by a property tax annually levied on and against all of the taxable property within the District for operational purposes. The levy is limited by State law to a rate of 50 cents for each \$1,000 of net taxable value of taxable property. Other sources of local revenues include interest income earned on the District's investments, rentals and sale of property. In fiscal year 2019, the District received \$1,306,837 from local sources.

<u>Federal Revenues</u> - Another minor source of annual revenue for the District's General Fund is derived from indirect costs of direct federal grant funds related to vocational, special education, and various other programs. In fiscal year 2019, the District received \$514,087 in federal revenues for its General Fund.

<u>State Revenues</u> - The District's largest source of annual revenue is derived from the SEG distribution described below. During fiscal year 2019, the District received \$76,079,175 from state sources. Such payments represented approximately 98% of actual fiscal year 2019 General Fund Revenues.

State Equalization Guarantee

The State Legislature enacted New Mexico's current public school funding formula in 1974. Designed to distribute operational funds to local school districts in an objective manner, the funding formula is based upon the educational needs of individual students and costs of the programs designed to meet those needs. Program cost differentials are based upon nationwide data regarding the relative costs of various school programs, as well as data specific to New Mexico. The objectives of the formula are (1) to equalize educational opportunity statewide (by crediting certain local and federal support and then distributing state support in a objective manner) and (2) to retain local autonomy in actual use of funds by allowing funds to be used in local districts at the discretion of local policy making bodies. The formula is divided into three basic parts:

- 1. Educational program units that reflect the different costs of identified programs;
- 2. Training and experience units that attempt to provide additional funds so that districts may hire and retain better educated and more experienced instructional staff; and
- Size adjustment units that recognize local school and community needs, economies of scale, types of students, marginal costs increases for growth in enrollment from one year to the next, and adjustments for the creation of new districts.

SEG payments are made monthly and prior to June 30 each fiscal year. The calculation of the distribution is also based on the local and federal revenues received from July 1 of the previous fiscal year through May 31 of the fiscal year for which the State distribution is being computed. In the event that a district receives more SEG funds than its entitlement, the district must make a refund to the State's general fund.

SEG payments are made monthly and prior to June 30 each fiscal year. The calculation of the distribution is also based on the local and federal revenues received from July 1 of the previous fiscal year through May 31 of the fiscal year for which the State distribution is being computed. In the event that a district receives more SEG funds than its entitlement, the district must make a refund to the State's general fund.

Even though the current public school funding formula has been in place for many decades, some districts have indicated a concern about the fact that some districts receive less revenue per pupil compared to others. In response to these concerns, the Legislature, the Governor, and the State Board of Education authorized an independent, comprehensive study of the formula that was conducted in 1996. In its principal finding the independent consultant concluded,". . .When evaluated on the basis of generally accepted standards of equity, the New Mexico public school funding formula is a highly equitable formula. . . .[S]pending disparities are less than in other states and statistically insignificant."

Despite the acknowledged equity of the formula, the independent consultant pointed out a strong perception of unfairness in the so-called "density" factor and in the training and experience computations of some districts. As a result, the Legislature enacted the following changes to the funding formula:

- Required that special education students be counted with regular students with "add-on" weights assigned depending upon the severity of the disability;
- Changed weights for special education ancillary services and included diagnosticians in ancillary services computations; and
- Repealed the so-called "density" factor and replaced it with an at-risk factor that is available to all school districts. SEG payments for the current and previous four fiscal years are as follows:

	Program	Number of	
Year	Unit Value	Units	Amount
2015-2016	\$4,027.75	17,916.97	\$72,165,056
2016-2017	3,979.63	17,464.09	69,500,616
2017-2018	4,053.55	17,409.79	70,571,470
2018-2019	4,159.23	18,011.37	74,913,430
2019-2020	4,565.00	19,850.42	90,617,181

Note: Includes Charter School SEG Payments.
Source: New Mexico Public Education Department.

The PED receives Federal mineral-leasing funds from which it makes annual allocations to the school district for purchasing textbooks. In 2019, the District used \$364,672 of cash for textbook purchases.

The District is also reimbursed by the State for the costs of transporting pupils to and from school. These payments are based upon a formula consisting of the number of students per square mile that are transported. In 2019 the District received \$3,010,758 for transportation purposes.

District Budget Process

Each year, the school district budget process begins with the educational appropriations passed by the Legislature and signed into law by the Governor. The actual budget process follows specific steps set forth in the Public School Finance Act:

- Before April 15 of each year, the District must submit an estimated budget for the next school year to PED. If the District fails to submit a budget, PED must prepare a District budget for the ensuing year.
- Before July 12, of each year, the District Board must hold a public hearing to fix the estimated budget for the next school year.
- On or before July 1 of each year, PED must approve and certify an approved operating budget for use by the District board.

No school board, officer or employee of a school district may make an expenditure or incur any obligation for the expenditure of public funds unless that expenditure is made in accordance with an operating budget approved by PED. This requirement, however, does not prohibit the transfer of funds between line items within a series of a budget. Final budgets may not be altered or amended after approval by PED except upon the District's request to PED. An instance

in which such requests will be approved include a change within the budget that does not increase the total amount of the budget. Additional budget items may also be approved if the District is to receive unanticipated revenues. Finally, if it becomes necessary to increase the District's budget by more than \$1,000 for any reason other than those listed above, PED may order a special public hearing to consider the requested increase.

Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, and Debt Service Fund with appropriations lapsing at year end. Total expenditures of any function category may not exceed categorical appropriations.

To conform to PED's requirements, budgets for all funds of the District are adopted on the cash basis of accounting except for state instructional material credit. State instructional material funds provide for free textbooks from PED. As a result, budgets are not prepared in conformity with generally accepted accounting principles (GAAP), and budgetary comparisons are presented on the (Non-GAAP) basis of accounting.

[THE REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

Statement of Net Assets

The following is a history of the District's Statement of Net Assets. See financial statements for the fiscal year ending June 30, 2019 attached as Appendix B. The complete audit report for the fiscal year ending June 30, 2019 and the last four years can be downloaded from the State Auditor's website using the following link http://www.saonm.org/audit_reports.

	2015	2016	2017	2018	2019
	Governmental	Governmental	Governmental	Governmental	Governmental
Assets	Activities	Activities	Activities	Activities	Activities
Current Assets					
Cash and cash equivalents	\$33,753,017	\$36,627,086	\$35,130,070	\$40,736,613	\$41,251,413
Taxes receivable	5,212,015	5,307,573	5,285,586	4,712,811	8,462,803
Other receivables	-	-	134,671	912,199	567,217
Prepaid Assets	337,109	413,433	358,439	485,148	252,182
Inventories	506,304	813,848	382,578	700,674	669,823
Bond costs	-	-	115,376	102,725	90,074
Capital assets			223,772,128	226,802,302	231,486,813
Land & land improvements	9,774,327	9,418,020			
Buildings & building improvements	116,689,115	130,405,589			
Equipment, fixtures & furniture	2,520,216	2,721,093			
Intangibles	291,370	206,353			
Construction in progress	18,241,302	3,576,301			
Less: Accumulated depreciation			(76,218,956)	(81,219,083)	(88,548,843)
Total capital assets	147,516,330	146,327,356	147,553,172	145,583,219	142,937,970
Total Assets	\$ <u>187,324,775</u>	\$ <u>189,489,296</u>	\$188,959,892	\$193,233,389	\$ <u>194,231,482</u>
Deferred outflows related to pensions	\$ <u>7,579,912</u>	\$ <u>11,075,362</u>	\$ <u>17,464,929</u>	\$ <u>67,744,868</u>	\$ <u>53,451,698</u>
Liabilities					
Accounts payable & accrued expenses	\$6,038,344	\$6,481,933	\$7,317,404	\$6,868,030	\$7,338,110
Deferred revenue	118,834	118,834	-		
Bond premiums, net of amortization	1,349,567	1,165,026	1,203,324	1,497,613	1,272,925
Compensated absences	470,778	490,883	56,228	87,458	111,729
Long-term liabilities					
Due within one year					
Bonds, capital leases and contracts	4,425,000	4,195,000	4,640,000	4,815,000	4,760,000
Due in more than one year					
Bonds, capital leases and contracts	45,255,000	41,060,000	36,310,000	34,925,000	34,375,000
Net Pension Liability	96,959,779	109,733,292	121,891,033	246,708,258	254,087,764
Total Liabilities	\$154,617,302	\$163,244,968	\$171,417,989	\$294,901,359	\$301,945,528
Deferred inflows	\$ <u>10,469,798</u>	\$3,022,479	\$ <u>1,548,630</u>	\$ <u>15,711,403</u>	\$19,966,429
Net Position					
Invested in capital assets, net of related debt	\$107,407,789	\$108,917,624	\$111,506,460	\$113,104,576	\$113,976,281
Restricted for:					
Capital projects	-	-	2,628,975	2,912,425	2,336,879
Debt service	6,225,127	6,040,566	5,608,950	8,366,678	6,107,894
Special Revenue	-	-	7,479,588	9,458,820	7,710,876
Unrestricted	(83,814,501)	(80,660,980)	(93,765,771)	(183,477,004)	(204,360,347)
Total Net Position	<u>\$29,818,415</u>	\$34,297,210	\$33,458,202	(\$49,634,505)	(\$74,228,417)
TOTAL LIABILITIES AND NET POSITION	<u>\$194,905,515</u>	\$200,564,658	\$206,424,821	\$260,978,257	\$247,683,540

Source: The figures above have been extracted from the District's audited financial statements. Such figures are excerpts only and do not purport to be complete.

A portion of the independent audit report for year ended June 30, 2019 is attached in Appendix B.

Statement of Activities

The following is a history of the District's Statement of Activities. See financial statements for the fiscal year ending June 30, 2019 attached as Appendix B. The complete audit report for the fiscal year ending June 30, 2019 and the last four years can be downloaded from the State Auditor's website using the following link http://www.saonm.org/audit_reports.

	2015	2016	2017	2018	2019
	Governmental	Governmental	Governmental	Governmental	Governmental
	Activities	Activities	Activities	Activities	Activities
Direct Instruction	(\$47,718,337)	(\$48,657,043)	(\$46,790,994)	(\$61,742,767)	(\$64,249,359)
Support services - students	(7,296,870)	(7,633,189)	(9,149,469)	(11,909,001)	(13,465,340)
Support services - instruction	(1,917,240)	(1,493,689)	(1,248,971)	(1,601,541)	(1,820,239)
Support services - general administration	(1,557,287)	(1,502,555)	(1,622,193)	(3,763,477)	(3,411,820)
Support services - school administration	(4,741,476)	(5,111,719)	(4,486,442)	(6,389,311)	(7,418,263)
Central services	(2,919,388)	(3,456,459)	(2,665,285)	(3,688,256)	(4,077,218)
Operation/maintenance of plant	(8,740,793)	(9,181,442)	(8,880,006)	(10,597,184)	(9,538,588)
Transportation services	(170,565)	(200,401)	(347,283)	(243,488)	(320,137)
Food services	407,574	656,360	(853,525)	(1,067,775)	(1,789,455)
Other support services	(259,578)	(15,231)	(8,106)	(8,394)	(7,779)
Facilities acquisition and construction	2,842,480	1,661,375	-	-	-
Interest on long-term debt	(1,500,836)	(1,255,708)	(1,275,513)	(925,993)	(969,303)
Compnent Unit				(874,358)	(846,064)
Total governmental activities	(\$73,572,496)	(<u>\$76,189,701</u>)	(\$77,327,787)	(\$102,811,545)	(\$107,913,565)
General Revenues:					
Property Taxes / Oil & Gas Taxes levied for:					
General purposes	365,083	367,974	376,654	374,271	387,998
Capital projects	1,966,040	2,339,762	2,116,998	5,906,229	2,104,833
Debtservice	5,542,764	5,652,319	5,920,017	2,135,631	6,037,466
Oil and Gas Taxes				104,119	73,923
New Mexico State Equalization Grant	71,580,763	71,927,902	67,547,830	71,537,406	73,354,790
Unrestricted investment earnings	30,180	42,049	111,698	403,948	687,980
Miscellaneous	320,483	461,363	428,401	1,470,729	542,749
Special item - gain (loss) on sale of assets	-	(122,873)	-		-
Transfers					
Subtotal, general revenues	79,805,313	80,668,496	76,501,598	81,932,333	83,189,739
Changes in net assets	6,232,817	4,478,795	(826,189)	(20,879,212)	(24,723,826)
Net assets, beginning	122,896,776	29,818,415	34,297,210	33,107,921	(50,664,097)
Prior Period Restatment (Note 17)	(99,311,178)	-	-	(62,892,806)	-
Nets assets, ending	\$ <u>29,818,415</u>	\$ <u>34,297,210</u>	\$ <u>33,471,021</u>	(<u>\$50,664,097</u>)	(\$75,387,923)

Source: The figures above have been extracted from the District's audited financial statements. Such figures are excerpts only and do not purport to be complete.

A portion of the independent audit report for year ended June 30, 2019 is attached in Appendix B.

Balance Sheet - General Fund

The following is a history of the District's General Fund Balance Sheet. The General Fund includes Operational, Transportation and Instructional Materials. See financial statements for the fiscal year ending June 30, 2019 attached as Appendix B. The complete audit report for the fiscal year ending June 30, 2019 and the last four years can be downloaded from the State Auditor's website using the following link http://www.saonm.org/audit_reports.

	2015	2016	2017	2018	2019
Assets:		·	·		
Cash	\$10,759,767	\$13,526,953	\$ 5,528,079	\$12,402,328	\$12,485,578
Investments	1,059	1,062	1,067	1,081	1,105
Property taxes receivables	17,917	19,784	21,181	23,580	22,778
Due from other governments	-	32	-	-	-
Interfund receivable	4,888,482	5,492,615	11,540,225	6,411,273	6,615,591
Other recievables	40,522	8,840	61,159	906,735	567,217
Prepaid expenses	66,996	93,588	108,305	234,800	136,598
Inventory	309,242	526,422	196,136	467,235	441,165
Total	\$16,083,985	\$19,669,296	\$17,456,152	\$20,447,032	\$20,270,032
Liabilities:					
Accounts payable	\$ 278,897	\$ 134,962	\$ 295,284	\$ 268,334	\$ 132,321
Accrued expenses	4,155,061	4,391,373	4,651,166	4,748,060	4,894,161
Interfund Payables	637				
Total	\$ 4,434,595	\$ 4,526,335	\$ 4,946,450	\$ 5,016,394	\$ 5,026,482
Deferred Inflows of Resources:					
Unavailable revenue - delinquent					
property taxes	\$ 10,344	\$ 13,208	\$ 16,968	\$ 16,771	\$ 16,149
Fund Equity:					
Nonspendable	\$ 5,264,720	\$ 6,112,625	\$ 304,441	\$ 702,035	\$ 577,763
Restricted by grantor	475,472	488,163	300,844	278,260	514,392
Assigned	3,442,167	3,680,158	5,322,501	541,036	5,459,717
Undesignated	2,456,687	4,848,807	6,564,948	13,892,536	8,675,529
Total	\$11,639,046	\$15,129,753	\$12,492,734	\$15,413,867	\$15,227,401
Total Liabilities and Fund Equity	\$16,083,985	\$19,669,296	\$17,456,152	\$20,447,032	\$20,270,032

Source: The figures above have been extracted from the District's audited financial statements. Such figures are excerpts only and do not purport to be complete.

A portion of the independent audit report for year ended June 30, 2019 is attached in Appendix B.

Statement of Revenues & Expenditures – General Fund

The following is a history of the District's General Fund Statement of Statement of Revenues, Expenditures & Changes in Fund Balances. The General Fund includes Operational, Transportation and Instructional Materials. See financial statements for the fiscal year ending June 30, 2019 attached as Appendix B. The complete audit report for the fiscal year ending June 30, 2019 and the last four years can be downloaded from the State Auditor's website using the following link http://www.saonm.org/audit_reports.

	2015	2016	2017	2018	2019
Revenues:					
Local Sources	\$ 845,536	\$ 703,786	\$ 385,188	\$ 418,046	\$ 406,198
State Sources	72,439,194	72,663,329	68,574,121	71,593,465	73,068,417
Federal Sources	276,009	272,409	414,499	488,430	514,087
Transportation distribution	2,378,360	2,643,257	2,272,787	2,700,407	3,010,758
Charges for services	64,600	-	66,486	36,825	32,596
Investmentincome	17,406	23,874	60,246	194,274	325,294
Miscellaneous	381,276	352,125	428,401	1,470,729	542,749
Total	\$ 76,402,381	\$ 76,658,780	\$ 72,201,728	\$ 76,902,176	\$ 77,900,099
Expenditures:					
Direct Instruction	45,344,057	45,228,121	46,121,057	44,280,708	45,799,217
Support services - students	6,329,741	6,497,810	7,125,688	6,876,674	8,187,831
Support services - instruction	1,782,482	1,363,284	1,331,799	1,335,833	1,552,352
Support services - general administration	1,361,426	1,277,405	1,398,803	1,304,265	1,328,190
Support services - school administration	4,370,759	4,587,502	4,644,695	4,645,128	5,704,732
Central services	2,712,237	3,156,667	2,924,525	2,883,533	3,398,865
Plant operation & maintenance	8,134,447	8,432,385	8,804,823	9,490,570	8,991,368
Non-instructional	242,300	14,161	9,369	8,651	8,102
Transporation services	2,376,880	2,642,987	2,394,969	2,703,639	3,027,517
Facilities acquisition & construction	222,372	186,738	106,595	467,665	88,700
Total	\$ 72,876,701	\$ 73,387,060	\$ 74,862,323	\$ 73,996,666	\$ 78,086,874
Excess Revenues over Expenditures	\$ 3,525,680	\$ 3,271,720	\$ (2,660,595)	\$ 2,905,510	\$ (186,775)
Fund Balance Beginning of Year	\$ 8,055,109	\$ 11,639,046	\$ 15,129,753	\$ 12,492,734	\$ 15,413,867
Other sources	\$ -	\$ -	\$ 23,576	\$ 15,623	\$ 309
Transfers in (out)	\$ 363,795	\$ -	\$ -	\$ -	\$ -
Change in inventory	(305,538)	218,987			-
Fund Balance Restated	8,113,366	11,858,033	15,153,329	12,508,357	15,414,176
Fund Balance at End of Year	\$ 11,639,046	\$ 15,129,753	\$ 12,492,734	\$ 15,413,867	\$ 15,227,401
Fund Balance as % of Revenues	15.23%	19.74%	17.30%	20.04%	19.55%

Source: The figures above have been extracted from the District's audited financial statements.

Such figures are excerpts only and do not purport to be complete.

A portion of the independent audit report for year ended June 30, 2019 is attached in Appendix B.

Debt Service

Debt service funds are used to account for accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs. The County remits property taxes collected on locally assessed and centrally assessed property to the District as one lump sum and does not break down the amounts as to principal or interest reduction in accordance with instructions from the PED.

The Oil and Gas Accounting Commission remits taxes on oil and gas production and equipment to the District in a similar manner but the receipts are distributed on a monthly basis.

Capital Projects

This fund provides the financing for the construction of buildings, the purchase of equipment, and the acquisition and improvement of land. Funding is provided by the issuance of general obligation bonds that have been approved by the voters of the School District, special Legislative appropriations, education technology notes, and special grants from the federal and state government.

Major Funds Maintained by the School District

The District reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. Revenues are provided by district school tax levy, state equalization and transportation funds, state instructional material allocations, and earnings from investments. Expenditures include all costs associated with the daily operations of the schools except for those items included in other funds.

The Bond Building Capital Projects Fund is used to account for the erecting, remodeling, additions and furnishings of school buildings. The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

The *Public Schools Capital Outlay* is used to account for the Public Schools Capital Outlay Council's (PSCOC) revenue and expenditures related to the donation of capital assets.

The *Title I Special Revenue Fund* is used to provide supplemental educational opportunities for academically disadvantaged children in the area where they reside. Campuses are identified for program participation by the percentage of students on free or reduced price lunches. Any school with a free and reduced price lunch percentage that is equal to or greater than the total district percentage becomes eligible for program participation. Any student whose test scores fall below District established criteria and who is attending a Title I campus is eligible to receive Title I services. Poverty is the criteria that identifies a campus; education need determines the students to be served. Federal revenues accounted for in the fund are allocated to the District through the New

Mexico Public Education Department. Authority for the creation of this fund is Part A of Chapter I of Title I of Elementary and Secondary Education Act (ESEA) of 1965, as amended, Public Law 103-383.

The Cafeteria Special Revenue Fund is utilized to account for Federal and Local sources of income relating to the food service programs. The Cafeteria Fund is segregated into two categories, one being the Federal funds and the other being Non-Federal funds. Federal funds consist of the National School Lunch Program, which is administered by the State of New Mexico for the purpose of making breakfast and lunch available to all school children and to encourage the domestic consumption of agricultural commodities and other food components. The Non-Federal funds consist of income derived from Snack-Bar facilities located in the District. Authority for the creation of this fund is NMSA 22-13-13.

The *IDEA B Entitlement Special Revenue Fund* is used to account for revenue used to help maximize the resources in meeting the objective of handicapped children. The federal revenues in this fund are received from and administered

by the New Mexico Public Education Department. Authority for the creation of this fund is Part B of the Handicapped Act, Public Law 105-17. Employees and Retirement Plan

ERA Pension Plan

Substantially all of the District's full-time employees participate in a public employee retirement system authorized under the Educational Retirement Act ("ERA") (Chapter 22, Article 11 NMSA 1978.) The Educational Retirement Board is the administrator of the plan, which is a cost-sharing, multiple-employer defined benefit retirement plan. The plan provides for retirement, disability benefits, and cost-of-living adjustments to plan members and beneficiaries. ERA issues a separate, publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to ERA, P.O. Box 26129, Santa Fe, New Mexico 87502.

Following is a partial history of employer and employee contributions statewide and average asset balance of the retirement fund.

Fiscal Year Ending June 30	Employer Contributions	Employee Contributions	Average Asset Balance
2015	\$395,129,621	\$294,560,840	\$11,642,543,051
2016	396,988,557	293,847,970	11,532,837,951
2017	395,843,795	292,809,008	12,509,355,910
2018	388,723,983	287,323,804	12,970,300,855
2019	406,549,056	303,442,092	13,544,691,114

Source: State of New Mexico Educational Retirement Board.

Contributions

The contribution requirements of plan members and the District are established in state statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. For the fiscal year ended June 30, 2019 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, 2018 employers contributed 13.90%, and employees earning 20,000 or less continued to contribute 7.90% and employees earning more than \$20,000 continued contributing at an amount of 10.70% of their gross annual salary. Contributions to the pension plan from the District and the Charter was \$7,450,510 and \$50,251, respectively, for the year ended June 30, 2019.

<u>Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources</u> Related to Pensions

At June 30, 2019, the District and the Charter reported a liability of \$205,019,624 and \$1,485,227, respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017. The total pension liability was rolled-forward from the valuation date to the plan year ending June 30, 2018 using generally accepted actuarial principles. The roll-forward incorporates the impact of the new assumptions adopted by the Board on April 21, 2017. There were no other significant events of changes in benefit provisions that required an adjustment to the roll-forward liabilities as of June 30, 2018. Therefore, the employer's portion was established as of the measurement date June 30, 2018. At June 30, 2018, the District's proportion was 1.74110 percent, which was a decrease of 0.00616 from its proportion measured as of June 30, 2017. At June 30, 2018, the Charter's proportion was .01249 percent, which was a decrease of 0.00148 from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the District and the Charter recognized pension expense of \$34,864,189 and \$262,064, respectively.

Post-Employment Benefits

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

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 the 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 post-employment healthcare plan. That report can be obtained by writing to RHCA, 4308 Carlisle NE, Suite 104, Albuquerque, NM 87107.

Funding Policy

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

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

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. For employees that were not members of an enhanced retirement plan (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, 2014, the statutes 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, 2014, the statute required each participating employer to contribute 2.0% of each participating employee's annual salary; each participating employee is required to contribute 1.0% of their salary. In addition, pursuant to Section 10-7C-15(G) NMSA 1978, at the first session of the Legislature following July 1, 2013, the legislature shall review and adjust the distributions pursuant to Section 7-1-6.1 NMSA 1978 and the employer and employee contributions to the authority in order to ensure the actuarial soundness of the benefits provided under the Retiree Health Care Act.

The District's contributions to the plan for the year ended June 30, 2019 were \$1,040,451, while the Charter contributed \$7,231, which equals the required contributions for the year.

TAX EXEMPTION

In the opinion of Modrall, Sperling, Roehl, Harris & Sisk, P.A., Bond Counsel, under existing law and assuming continuous compliance with certain covenants made by the District, the interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103(a) of the Internal Revenue Code of 1986, as amended (the "Code"), and is not treated as an item of tax preference under Section 57 of the Code for purposes of the alternative minimum tax imposed on individuals and corporations. Bond Counsel is further of the opinion that, under existing law, interest on the Bonds is excluded from net income for purposes of the tax imposed on individuals, estates and trusts under the New Mexico Income Tax Act or for purposes of the tax imposed on corporations under the New Mexico Corporate Income and Franchise Tax Act. Bond Counsel will express no opinion regarding other federal or New Mexico income tax consequences resulting from the receipt or accrual of interest on the Bonds. A form of Bond Counsel Opinion is attached to this document as Appendix D.

The opinion on federal tax matters will be based on and will assume continuous compliance with certain covenants of the District to be contained in the transcript of proceedings and that are intended to evidence and assure that the Bonds are and will remain obligations the interest on which is excluded from gross income for federal income tax purposes. Bond Counsel has not and will not independently verify the accuracy of any of the certifications and representations made by the District.

The Code prescribes a number of qualifications that must be met and conditions that must be satisfied in order for the interest on state and local government obligations such as the Bonds to be and remain excluded from gross income for federal income tax purposes. Some of these provisions, including provisions for the rebate by the issuer of certain investment earnings to the federal government, require future or continued compliance after issuance of the obligations in order for the interest to be and continue to be so excluded from the date of issuance. Noncompliance with these requirements could cause the interest on the Bonds to be included in gross income for federal income tax purposes and thus to be subject to regular federal income taxes. The District covenants in the Bond Resolution to take all actions that may be required of it in order for the interest on the Bonds to be and remain excluded from gross income for federal income tax purposes, and not to take any actions that would adversely affect that exclusion.

Code provisions applicable to corporations (as defined for federal income tax purposes) that impose an alternative minimum tax on a portion of the excess of adjusted current earnings over other alternative minimum taxable income, may subject a portion of the interest of the Bonds earned by corporations to the corporate tax imposed on certain corporations, a branch profits tax imposed on certain foreign corporations doing business in the United States, and a tax imposed on excess net passive income of certain S corporations.

Under the Code, the exclusion of interest from gross income for federal income tax purposes can result in certain adverse federal income tax consequences on items of income or deductions for certain taxpayers, including among them financial institutions, insurance companies, recipients of Social Security and Railroad Retirement benefits, and those that are deemed to incur or continue indebtedness to acquire or carry tax exempt obligations. The applicability and extent of those or other tax consequences will depend upon the particular tax status or other items of income and expense of the owners of the Bonds. Bond Counsel expresses no opinion regarding such consequences.

Internal Revenue Service Audit Program

The Internal Revenue Service (the "Service") has an ongoing program auditing tax-exempt obligations to determine whether, in the view of the Service, interest on such tax-exempt obligations is includible in the gross income of the owners thereof for federal income tax purposes. No assurances can be given as to whether the Service will commence an audit of the Bonds. If an audit is commenced, under current procedures the Service will treat the District as the taxpayer and the Bond owners may have no right to participate in such procedure.

None of the District, the Financial Advisor, or Bond Counsel is obligated to defend the tax-exempt status of the Bonds. However, the District has covenanted in the Bond Resolution not to take any action that would cause the interest on the Bonds to lose its exclusion from gross income, except to the extent described above, for the owners thereof for federal income tax purposes. None of the District, the Financial Advisor, or Bond Counsel is responsible to pay or reimburse the costs of any Bond, owner with respect to any audit or litigation relating to the Bonds.

FINANCIAL INSTITUTION INTEREST DEDUCTION

The Tax Code generally provides that a financial institution may not deduct that portion of its interest expense which is allocable to tax-exempt interest. The interest expense which is allocable to tax-exempt interest is an amount which bears the same ratio to the institution's interest expense as the institution's average adjusted basis of tax-exempt obligations acquired after August 7, 1986 bears to the average adjusted basis of all assets of the institution. Tax exempt obligations may be treated as if issued prior to August 7, 1986 (and therefore are not subject to this rule) if they are "qualified tax-exempt obligations" as defined in the Code and are designated for this purpose by the issuer. The District has designated the Bonds as "qualified tax-exempt obligations" for this purpose; however, under provisions of the Code dealing with financial institution preference items, certain financial institutions, including banks, are denied 20 percent of their otherwise allowable deduction for interest expense with respect to obligations incurred or continued to purchase or carry the Bonds. In general, interest expense with respect to obligations incurred or continued to purchase or carry the Bonds will be in an amount which bears the same ratio as the institution's average adjusted basis in the Bonds bears to the average adjusted basis of all assets of the institution.

ORIGINAL ISSUE DISCOUNT

The Bonds may be offered at a discount ("original issue discount") equal generally to the difference between public offering price and principal amount. For federal income tax purposes, original issue discount on a Bond accrues periodically over the term of the Bond as interest with the same tax exemption and alternative minimum tax status as regular interest. The accrual of original issue discount increases the holders' tax basis in the Bond for determining taxable gain or loss from sale or from redemption prior to maturity. Holders of Bonds offered at original issue discount should consult their tax advisor for an explanation of the accrual rules.

ORIGINAL ISSUE PREMIUM

The Bonds may be offered at a premium ("original issue premium") over their principal amount. For federal income tax purposes, original issue premium is amortizable periodically over the term of a Bond through reductions in the holders' tax basis in the Bond for determining taxable gain or loss from sale or from redemption prior to maturity. Amortizable premium is accounted for as reducing the tax-exempt interest on the Bond rather than creating a deductible expense or loss. Holders of Bonds offered at an original issue premium should consult their tax advisor for an explanation of the amortization rules.

LITIGATION

There is no litigation pending about the validity of the Bonds or the use of Bond proceeds, the corporate existence of the District or the titles of their officers or contesting or affecting the District's ability to receive taxes that could be used for Bond payments.

At the time of the original delivery of the Bonds, the District will deliver a no-litigation certificate to the effect that no litigation or administrative action or proceeding is pending or, to the knowledge of the appropriate officials, threatened, restraining or enjoining, or seeking to restrain or enjoin, the issuance and delivery of the Bonds, the effectiveness of the Bond Resolution, the levying or collection of taxes to pay the principal of and interest on the Bonds except as described below or contesting or questioning the proceedings and authority under which the Bonds have been authorized and are to be issued, sold, executed or delivered, or the validity of the Bonds.

RATINGS

Moody's, has given the Bonds underlying ratings of Aa2. These rating reflects only the views of such rating agency, and an explanation of the significance of the ratings may be obtained only from each rating agency. There is no assurance that the ratings will continue for any given period of time or that the ratings will not be revised downward, upward or withdrawn entirely by the rating agency, if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an effect on the market price of the Bonds.

LEGAL MATTERS

The opinion of Modrall, Sperling, Roehl, Harris & Sisk, P.A., Albuquerque, New Mexico, Bond Counsel, approving the legality of the Bonds and relating to the tax-exempt status of the Bonds will be furnished to the successful bidder at no cost to the successful bidder. The written approval of the New Mexico Attorney General of the Bonds as to form and legality will be supplied. A draft of the opinion of Bond Counsel is attached hereto as Appendix D.

Recent Events

Two lawsuits have been filed challenging the funding of the State's primary and secondary education system. In March 2014, individual plaintiffs in New Mexico District Court in McKinley County brought suit against the State, among others, alleging, among other things, that the State's educational funding formula violates the sufficiency of education and uniform system of public schools provision of the New Mexico Constitution and asks the court for injunctive relief ordering the State to develop a budget and funding formula that sufficiently, uniformly and equitably funds the public school system. In April 2014, individual plaintiffs in New Mexico District Court in Santa Fe County brought suit against the State, among others, alleging, among other things, that the State has failed to provide a sufficient and uniform system of education in violation of the sufficiency, uniformity, equal protection and due process provisions of the New Mexico Constitution because of an inadequate and arbitrary funding system.

The two lawsuits were consolidated in 2015. The lawsuits asked for a declaratory judgment and injunctive relief requiring the adoption of a school finance system to remedy these violations. Neither lawsuit asked for a specific award of damages. The consolidated cases were tried in 2017. On July 20, 2018 the District Court entered its Decision which concluded that the State has failed to provide educational funding sufficient to meet its obligations under Article XII, §1 of the New Mexico Constitution, the state Constitution's Equal Protection Clause and its Due Process Clause with respect to "at risk" students. The District Court entered a Declaratory Judgment as to the Constitutional violations and an Injunction directing the state to take immediate steps, prior to April 15, 2019, to provide sufficient resources to "at risk" students. In response, during the 2019 Regular Session, the Legislature increase public school funding by approximately \$400 million. The court has not indicated whether this will be sufficient to satisfy the requirements of the Judgment. The Decision is expected to continue to affect future funding for all school age students. It is premature to assess what ongoing effect these lawsuits may have on the State's school financing system, or the District.

CONTINUING DISCLOSURE UNDERTAKING

For the benefit of bondholders and to enable a broker, dealer or municipal securities dealer to comply with requirements of Rule 15c2-12 (the "Rule") of the Securities and Exchange Commission, the District has undertaken to provide to the Municipal Securities Rulemaking Board's (the "MSRB") Electronic Municipal Market Access ("EMMA") system, its audited financial statements and certain financial and operating information. The District will provide financial information and operating data with respect to the District of the general type included in this Official Statement under the headings "DEBT AND OTHER FINANCIAL OBLIGATIONS," "TAX BASE," "THE DISTRICT- "Enrollment," and "FINANCES OF THE DISTRICT - State Equalization Guarantee, Statement of Revenues & Expenditures – General Fund." The District will update and provide this information no later than March 31 of each year, commencing March 31, 2020. A draft of the Continuing Disclosure Undertaking is attached hereto as Appendix E.

Any or all of such information may be incorporated by reference from other documents, as permitted by the Rule. The annual information will include audited financial statements, if the District commissions an audit and it is completed by the required time. If audited financial statements are not available by the required time, the District will provide unaudited financial statements and audited financial statements when and if audited financial statements become available. Any such financial statements will be prepared in accordance with generally accepted accounting principles and state law requirements, as in effect from time to time. (See Note 1 of the District's audited financial statements included as Appendix B for a description of the accounting principles currently followed in the preparation of the District's audited annual financial statements.)

If the District changes its fiscal year, it may change the date by which it must provide its annual financial information to a date no later than nine months after the end of its new fiscal year. In addition, the District shall provide to EMMA timely notice of any failure to provide required annual financial information on or before the filing date.

Event Notices

The District shall notify the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of ten business days after the occurrence of the event, of any of the following events with respect to the Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds; (7) modifications to rights of Beneficial Owners of the Bonds, if material; (8) bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the District or other obligated person within the meaning of CFR § 240.15c2-12 (the "Rule"); (13) consummation of a merger, consolidation, or acquisition involving the District or other obligated person within the meaning of the Rule or the sale of all or substantially all of the assets of the District or other obligated person within the meaning of the Rule, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of an definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; (15) incurrence of a financial obligation (as defined by the Rule, which includes certain debt, debt-like, and debt-related obligations) of the District, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the District, any of which reflect financial difficulties.

The purposes of the event identified as "12)" in the immediately preceding paragraph, the event is considered to occur when any of the following occur: The appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court of governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officer in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District.

In addition, the District will provide timely notice of any failure by the District to provide information, data, or financial statements in accordance with its agreement described above under "Annual Reports."

Limitations and Amendments

The District may amend its undertaking from time to time without consent of the Bondholders, if the District delivers to EMMA an opinion of nationally recognized bond counsel to the effect that such amendment, and giving effect hereto, will not adversely affect compliance of the undertaking and the District with the Rule (except that no opinion of counsel shall be required with respect to a change in the date by which the annual financial and operating information must be reported resulting from a change in the District's fiscal year). The undertaking will terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. In addition, the undertaking, or any provision thereof, will be null and void in the event the District delivers to EMMA an opinion of nationally recognized bond counsel to the effect that those portions of the Rule that require the undertaking, or any such provision, are invalid, have been repealed retroactively or otherwise do not apply to the Bonds.

Any failure of the District to provide the annual financial information or any material event notice does not constitute an Event of Default with respect to the Bonds, and an action seeking to compel performance of the undertaking shall be the sole remedy in the event the District fails to comply with the undertaking.

Compliance with Prior Undertaking

During the past five years, the District has made continuing disclosure agreements in accordance with SEC Rule 15c2-12 and is in material compliance with such agreements.

ADDITIONAL MATTERS

All summaries of the statutes, resolutions, opinions, contracts, agreements, financial and statistical data and other related reports described in this Official Statement are subject to the actual provisions of such documents. The summaries do not purport to be complete statements of such provisions and reference is made to such documents, copies of which are either publicly available or available for inspection during normal business hours at the offices of the District located at the School Administration Office, or at the offices of RBC Capital Markets, LLC, 6301 Uptown Boulevard, NE, Suite 110, Albuquerque, New Mexico 87110.

A LAST WORD

Anything in this Official Statement involving matters of opinion or estimates – whether labeled as such or not – are just that. They are not representations of fact. They might not prove true. Neither this Official Statement nor any other written or oral information is to be construed as a contract with the registered owners of the Bonds.

The District has duly authorized the execution and delivery of this Official Statement.

/s/	
President, Board of Education	
/s/	
Secretary, Board of Education	

^{*} The term "financial obligation" means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term financial obligation shall not include municipal securities as to which a final Official Statement has been provided to the Municipal Securities Rulemaking Board consistent with Rule 15c2-12.

⁽¹⁾ Rule 152c-12 Compliance will be effective as of February 27, 2019. Amendments to Rule 15c2-12 are now published in the Federal Register as of August 31, 2018.

APPENDIX A

ECONOMIC & DEMOGRAPHIC INFORMATION

THE ECONOMY

The Roswell Independent School District serves residents of the City of Roswell (2018 U.S. Census 47,635) and the surrounding agricultural area.

The City of Roswell is located in the heart of the Pecos River Valley area at the confluence of the Pecos and Rio Hondo Rivers. The City is 200 miles southeast of Albuquerque, the State's largest city and is served by U.S. Highways 70, 285 and 380. In addition, the City's transportation needs are served by five motor and one railroad freight carriers, two commercial airlines and bus service.

The City was founded in the early 1870s as a center for cattle ranching, then for agriculture and later for petroleum. The economy of the City is now based primarily upon agriculture, oil and gas production, industrial manufacturing and wholesale and retail distribution.

The City of Roswell operates a public library, the Toles Learning Center, several fire stations, a police department, and independent water and sewer. The Eastern New Mexico Medical Center is the regional healthcare center for Chaves County and southeastern New Mexico with 220 acute care hospital rooms split between the center's north and south facilities. There is also a 15,000 square foot cancer center offering medical and radiation oncology services. The city also has three retirement homes and a state supported rehabilitation hospital. The prestigious New Mexico Military Institute is located near the center of the city. The county is also served by Eastern New Mexico University - Roswell.

Agriculture

The District is located in the fertile Pecos River Valley, one of the State's most productive agricultural regions. Agricultural crops grown in the area include chile, cotton, hay, alfalfa, sorghums, pecans, corn and vegetables. Chaves County is the second largest producer of farm commodities in the state with \$471,947,000 in cash receipts in 2018.1 Farm commodities mainly consist of feed crops, meat, milk, vegetables and fruits. Cotton and alfalfa farming, cattle feeding and dairy farming are the most prominent activities in the Roswell School District.

There are 34 dairies in Chaves County which created \$293,791,000 in cash receipts for milk in 2018. The County had a total 190,000 head of cattle in the County, of which approximately 80,000 are milking cattle and the remainder "dry" or replacement cows. There are also 36,000 beef cattle in the County1.

Chaves County is the second largest milk producing county in New Mexico, accounting for 25.5% of all receipts from milk for the State (2018 New Mexico Agricultural Statistics).

The Leprino Foods Company, located near Roswell, is the largest manufacturer of mozzarella cheese in the world and a top producer of whey protein. Currently, the company produces bulk packaged Italian cheese (mozzarella and provolone) and 35% dry-based whey protein concentrate and lactose powders. The facility produces bulk, diced and shredded frozen Italian cheeses for commercial use. Estimated production is 4 million lbs. of milk per day and the number of employees is over 625.2

A portion of the Permian Basin of Texas and New Mexico lies within the District. Over 35% of the State's natural gas production is located in southeastern New Mexico (Lea, Eddy, Chaves and Roosevelt Counties). Over 95% of the State's oil production is located in southeastern New Mexico. Chaves County was the 6th largest oil producer in New Mexico and the 7th largest gas producer in the State in 2019.3

https://leprinofoods.com/about/

¹ USDA New Mexico Annual Statistics Bulletin. 2018 New Mexico Agricultural Statistics

https://www.nass.usda.gov/Statistics_by_State/New_Mexico/Publications/Annual_Statistical_Bulletin/2018/2018-NM-Ag-Statistics.pdf

² Leprino Foods. About Leprino Foods

³ Energy, Minerals and Natural Resources Department. 2019 Annual Report

The oil and gas industry is an important component of the Chaves County economy. The following tables present the history of oil and gas production in the County and the State as reported to the State Department of Taxation & Revenue by the Oil and Gas Accounting Division

CRUDE OIL SALES - COUNTY COMPARISON

	2013		2014		2015	
County	Volume (bbls)	Value (\$000s)	Volume (bbls)	Value (\$000s)	Volume (bbls)	Value (\$000s)
Eddy	53,330,702	\$4,940,701	60,463,953	\$5,081,431	71,527,491	\$3,186,027
Lea	45,543,543	4,216,309	57,633,462	4,833,961	66,685,460	2,986,951
San Juan	1,393,622	118,921	2,471,661	193,423	4,112,885	156,173
Sandoval	757,246	67,276	1,833,371	142,639	2,682,370	102,449
Chaves	1,540,044	140,675	1,517,894	119,918	1,344,064	59,112
Rio Arriba	1,119,881	94,937	1,463,514	121,468	2,682,370	102,449
Roosevelt	221,331	20,233	219,735	18,439	185,086	8,112

	2016		2017		2018	
County	Volume (bbls)	Value (\$000s)	Volume (bbls)	Value (\$000s)	Volume (bbls)	Value (\$000s)
Eddy	63,918,579	\$2,513,513	60,463,953	\$5,081,431	100,581,875	\$5,684,086
Lea	74,458,299	2,950,701	92,712,750	4,432,448	141,208,637	7,634,221
San Juan	3,924,905	131,989	4,728,892	199,529	5,672,284	318,522
Sandoval	1,382,398	47,116	1,162,937	49,143	1,059,106	58,926
Chaves	1,112,777	\$42,142	1,035,036	48,553	1,191,701	66,303
Rio Arriba	2,083,530	69,769	1,881,766	76,180	1,304,488	70,686
Roosevelt	198,211	7,546	241,470	11,245	290,614	16,039

NATURAL GAS SALES - COUNTY COMPARISON

	2013		2014		2015	
County	Volume (MCF)	Value (\$000s)	Volume (MCF)	Value (\$000s)	Volume (MCF)	Value (\$000s)
San Juan	390,823,915	\$1,732,539	378,569,589	\$1,918,795	365,471,873	\$1,024,309
Eddy	257,345,438	1,239,623	316,917,359	1,509,639	296,623,329	809,379
Rio Arriba	291,544,849	1,358,207	272,981,989	1,446,967	264,590,563	771,451
Lea	174,058,502	876,223	186,551,214	1,000,724	208,030,130	557,806
Colfax	25,235,846	91,706	23,618,631	102,457	22,308,907	56,589
Chaves	16,565,728	66,120	14,633,719	68,679	12,497,384	31,424
Sandoval	2,508,185	11,566	4,814,635	28,032	9,696,987	33,412
Roosevelt	1,766,165	8,065	2,540,556	12,289	2,206,607	5,158

	2016		2017		2018	
County	Volume (MCF)	Value (\$000s)	Volume (MCF)	Value (\$000s)	Volume (MCF)	Value (\$000s)
San Juan	342,850,067	\$899,432	330,759,782	1,086,211.83	429,915,040	\$1,024,662
Eddy	306,856,716	848,607	316,917,359	1,509,638.73	482,033,690	\$1,661,620
Rio Arriba	251,853,022	689,446	234,969,151	800,393.59	445,380,859	905,572
Lea	242,824,833	647,767	316,004,533	1,076,202.83	427,190,139	1,534,154
Colfax	20,910,821	48,153	19,373,957	51,776.67	17,983,149	43,729
Chaves	10,420,222	23,002	10,490,216	29,452.71	11,770,965	230,493
Sandoval	7,930,136	27,226	10,300,569	41,726.26	10,367,443	42,970
Roosevelt	1,549,150	3,105	1,655,243	4,356.97	1,799,228	4,723

Source: New Mexico Taxation and Revenue Department. Oil & Gas Accounting Division

	Chaves County Oil & Gas History							
Year -	Crude	Oil	Natural (Gas				
- I Gai	Volume (bbls)	Value (\$000s)	Volume (MCF)	Value (\$000s)				
2019*	1,101,059	57,915	5,810,508	7,345				
2018	1,191,701	66,303	11,770,965	23,049				
2017	1,035,036	48,553	10,490,216	29,452				
2016	1,112,777	42,142	10,420,222	23,002				
2015	1,344,064	59,112	12,497,384	31,424				
2014	1,517,894	119,918	14,633,719	68,679				
2013	1,540,044	140,675	16,565,728	66,120				
2012	1,841,355	161,414	18,726,148	63,911				
2011	1,366,920	123,020	14,527,031	69,933				
2010	787,004	56,266	13,065,148	63,432				
2009	1,041,634	56,332	28,399,358	105,137				

Source: New Mexico Taxation and Revenue Department. Oil & Gas Accounting Division

		Natural Gas Volume						
	2017	2018	%Change	2019	% Change			
Jan	823,063	887,778	7.86%	991,576	11.69%			
Feb	786,587	868,279	10.39%	914,851	5.36%			
Mar	858,658	1,134,594	32.14%	563,344	-50.35%			
Apr	825,330	1,056,858	28.05%	498,287	-52.85%			
May	854,310	992,142	16.13%	539,643	-45.61%			
Jun	797,140	965,494	21.12%	457,783	-52.59%			
Jul	907,326	970,351	6.95%	479,746	-50.56%			
Aug	916,698	1,003,716	9.49%	700,333	-30.23%			
Sep	925,235	982,206	6.16%	664,945	-32.30%			
Oct	930,660	1,052,430	13.08%					
Nov	933,695	916,491	-1.84%					
Dec	931,514	940,626	0.98%					
Total	10,490,216	11,770,965	12.21%	5,810,508				

		Natural Gas Value					
	2017	2018	%Change	2019	% Change		
Jan	2,766,037	2,591,952	-6.29%	1,939,381	-25.18%		
Feb	2,342,574	1,936,094	-17.35%	1,349,067	-30.32%		
Mar	2,163,157	2,288,202	5.78%	834,021	-63.55%		
Apr	2,271,940	1,787,727	-21.31%	550,452	-69.21%		
May	2,379,228	1,848,263	-22.32%	533,270	-71.15%		
Jun	2,167,375	1,876,603	-13.42%	316,288	-83.15%		
Jul	2,413,542	2,015,069	-16.51%	437,304	-78.30%		
Aug	2,515,954	1,975,139	-21.50%	690,213	-65.05%		
Sep	2,584,561	1,840,633	-28.78%	694,528	-62.27%		
Oct	2,600,100	2,100,941	-19.20%				
Nov	2,675,189	1,462,145	-45.34%				
Dec	2,573,052	1,326,496	-48.45%				
Total	29,452,710	23,049,263	-21.74%	7,344,526			

A-4

^{*}Does not include 4th quarter of 2019

		Oil Volume					
	2017	2018	%Change	2019	% Change		
Jan	85,055	87,863	3.30%	135,248	53.93%		
Feb	88,324	87,044	-1.45%	125,315	43.97%		
Mar	88,437	95,760	8.28%	128,556	34.25%		
Apr	82,478	92,886	12.62%	120,459	29.68%		
May	92,921	93,967	1.13%	119,644	27.33%		
Jun	89,526	90,160	0.71%	121,440	34.69%		
Jul	81,897	90,812	10.89%	125,996	38.74%		
Aug	90,422	98,149	8.55%	125,165	27.53%		
Sep	85,624	96,120	12.26%	99,236	3.24%		
Oct	85,215	103,505	21.46%				
Nov	74,865	139,480	86.31%				
Dec	90,272	115,955	28.45%				
Total	1,035,036	1,191,701	15.14%	1,101,059			

		Oil Value					
	2017	2018	%Change	2019	% Change		
Jan	4,125,364	5,389,607	30.65%	5,743,924	6.57%		
Feb	4,375,965	5,267,699	20.38%	6,043,130	14.72%		
Mar	4,043,125	5,730,199	41.73%	7,150,698	24.79%		
Apr	3,822,907	5,806,528	51.89%	7,400,614	27.45%		
May	4,064,510	5,887,282	44.85%	6,722,705	14.19%		
Jun	3,685,129	4,998,412	35.64%	6,044,096	20.92%		
Jul	3,485,197	5,470,498	56.96%	6,909,025	26.30%		
Aug	3,969,017	5,377,652	35.49%	6,492,176	20.73%		
Sep	3,944,256	5,098,161	29.26%	5,409,611	6.11%		
Oct	4,011,179	5,769,743	43.84%				
Nov	4,011,717	6,681,280	66.54%				
Dec	5,014,622	4,825,849	-3.76%				
	48,552,987	66,302,911	36.56%	57,915,978			

Tourism

Roswell and the surrounding area boast many tourist attractions. The Bottomless Lake State Park, southeast of the city, is the State's oldest park and is used for boating, fishing, swimming, hiking and camping. The Bitter Lakes National Wildlife Refuge is a popular bird watching location, especially during the migratory season when the area is populated by large numbers of snow geese.

Nearby attractions include Carlsbad Caverns, White Sands National Monument and the Ski Apache ski area.

The region of Roswell played a significant role in the development of the West and today there are several historic towns which preserve these memories and the legend of Billy the Kid, whose body is buried nearby.

Gross Receipts Tax

The following table shows the total reported gross receipts generated in the City of Roswell, Chaves County and the State of New Mexico. For the purposes of this table, gross receipts means the total amount of money received from selling certain property in the State of New Mexico, from leasing certain property in the State and from performing certain services in the State. Gross receipts includes, among other things, food sales and services such as legal and medical services.

	City of I	City of Roswell		Chaves County		State of New Mexico	
FYE 6-30	Retail Trade	Total Reported	Retail Trade	Total Reported	Retail Trade	Total Reported	
2019	879,406,661	2,098,582,392	925,882,984	2,649,161,677	29,842,124,390	139,737,736,960	
2018	815,319,351	1,978,657,798	856,421,089	2,667,614,173	27,425,036,916	123,237,757,807	
2017	815,447,719	1,892,428,961	853,564,575	2,325,161,785	25,581,479,749	109,612,798,146	
2016	771,183,167	1,729,361,151	803,224,772	2,199,202,920	22,456,725,617	97,151,637,472	
2015	777,786,720	1,834,160,432	811,583,409	2,286,583,053	24,091,261,309	106,229,575,340	

Source: New Mexico Taxation and Revenue Department.

Population and Age Distribution

The following chart sets forth historical population data for the City of Roswell, Chaves County and the State of New Mexico.

Census Year	City of Roswell	Chaves County	State of New Mexico
1970	33,908	43,335	1,017,055
1980	39,676	51,103	1,303,143
1990	44,654	57,849	1,515,069
2000	45,293	61,453	1,826,280
2010	48,366	65,645	2,065,826
2018*	47,635	64,689	2,095,428
2020 ⁽¹⁾	46,891	64,225	2,097,688
2025 ⁽²⁾	46,371	63,662	2,116,027

*Estimates. Source: U.S. Census Bureau: State and County QuickFacts.

Estimates. Source: Spotlight, 2020
 Projected. Source: Spotlight, 2020

The following table sets forth the comparative age distribution profile for the City of Roswell, Chaves County, the State and the United States.

Age Group	City of Roswell	Chaves County	New Mexico	United States
0 - 17	26.63%	26.05%	23.04%	22.35%
18 - 24	10.61%	10.48%	9.58%	9.46%
25 - 34	12.43%	12.59%	13.23%	13.51%
35 - 44	11.97%	11.73%	12.12%	12.66%
45 - 54	10.50%	10.85%	11.32%	12.53%
55 and Older	27.86%	28.30%	30.71%	29.49%

Source: Spotlight, February 2020

<u>Income</u>

The following table reflects the percentage of households by Effective Buying Income ("EBI") and a five-year comparison of the estimated median household income as reported by The Nielsen Company. EBI is personal income less personal tax and non-tax payments. Personal income includes wages and salaries, other labor income, proprietors' income, rental income, dividends, personal interest income and transfer payments. Deductions are made for federal, state and local taxes, non-tax payments such as fines and penalties, and personal contributions for social security insurance.

Effective Buying Income Group	City of Roswell	Chaves County	New Mexico	United States
Under \$25,000	28.00%	27.46%	25.91%	18.56%
\$25,000-\$34,999	10.79%	11.06%	10.84%	8.50%
\$35,000-\$49,999	14.28%	14.81%	13.77%	12.23%
\$50,000-\$74,999	20.24%	19.55%	17.17%	16.73%
\$75,000 and over	26.69%	27.12%	32.31%	43.98%
2015 Est. Median Household Income	\$45,598	\$46,521	\$45,633	\$53,706
2016 Est. Median Household Income	\$46,952	\$48,424	\$45,445	\$55,551
2017 Est. Median Household Income	\$44,626	\$45,602	\$46,783	\$56,672
2018 Est. Median Household Income	\$40,509	\$41,411	\$48,044	\$60,133
2019 Est. Median Household Income	\$46,613	\$46,419	\$49,385	\$65,228

Source: Spotlight, February 2020.

Labor Force

The following table provides a ten year history of employment in the County, the State and the United States.

Year ⁽¹⁾	Chave	s County	State of	United States	
	Labor Force	% Unemployed	Labor Force	%Unemployed	%Unemployed
2019 ⁽²⁾	27,561	4.60%	968,900	4.50%	3.40%
2018	27,137	4.90%	940,359	4.90%	3.90%
2017	27,398	6.10%	936,237	5.90%	4.40%
2016	28,020	6.70%	936,348	6.60%	4.90%
2015	27,780	6.30%	934,223	6.50%	5.30%
2014	27,242	6.10%	918,206	6.50%	6.20%
2013	26,633	6.30%	922,960	6.90%	7.40%
2012	26,977	6.50%	928,050	7.10%	8.10%
2011	27,553	6.80%	929,862	7.60%	8.90%
2010	28,058	7.50%	936,088	8.10%	9.60%

⁽¹⁾ Numbers are annual averages.

Major Employers

The following table shows major employers in Roswell School District area.

Major Employers Roswell NM				
Employer	Type of Business			
Roswell Independent School District	1183			
Leprino Foods	625			
Eastern New Mexico Medical Center	584			
City of Roswell	561			
Farmer's County Market	349			
Krumland Auto Group	310			
New Mexico Military Institute	300			
Walmart	270			
Albertsons	260			
Chaves County	245			
Pioneer Bank	225			
Tobosa Developmental Svc	204			
Eastern New Mexico University	191			
Aersale	182			
Dean Baldwin Painting	126			

Source: Roswell, Chaves County Economic Development Corporation, February 2020.

⁽²⁾ Data as of December 2019. Numbers are Preliminary, subject to change Source: U.S. Bureau of Labor Statistics, February 2020.

Covered Wage & Salary Employment

The North American Industry Classification System (NAICS) has replaced the U.S. Standard Industrial Classification (SIC) system. NAICS was developed jointly by the U.S., Canada, and Mexico to provide new comparability in statistics about business activity across North America.

Chaves County	2015	2016	2017	2018	2019 ⁽¹⁾
Total Private	17,618	17,522	17,037	17,024	16,968
Accommodation and Food Services	2,680	2,800	2,726	2,782	2,913
Administrative and Waste Services	672	688	674	576	615
Agriculture, Forestry, Fishing & Hunting	1,376	1,399	1,345	1,325	1,285
Arts, Entertainment, and Recreation	141	137	136	127	130
Construction	863	830	807	803	766
Educational Services	57	53	48	44	50
Finance and Insurance	566	561	574	554	546
Health Care and Social Assistance	3,382	3,494	3,497	3,557	3,578
Information	235	233	225	223	191
Management of Companies and Enterprises	41	37	38	36	33
Manufacturing	1,012	844	838	840	861
Mining	547	416	390	383	342
Other Services, Ex. Public Admin	572	516	503	526	552
Professional and Technical Services	595	561	560	571	598
Real Estate and Rental and Leasing	178	187	164	165	182
Retail Trade	3,057	3,045	2,920	2,924	2,787
Transportation and Warehousing	709	774	697	737	700
Utilities	62	60	57	58	71
Wholesale Trade	872	888	838	793	768
Total Government	4,010	4,149	4,088	4,080	4,249
Total	21,628	21,671	21,125	21,104	21,217

⁽¹⁾ Data as of Second Quarter of 2019.

Note: Figures shown here are annual averages of quarterly data.

Source: New Mexico Department of Workforce Solutions, Quarterly Census of Employment and Wages program.

APPENDIX B

JUNE 30, 2019 AUDITED FINANCIAL STATEMENTS

State of New Mexico Roswell Independent School District No. 4

FINANCIAL STATEMENTS

For the Year Ended June 30, 2019



THIS PAGE INTENTIONALLY LEFT BLANK

Introductory Section

Roswell Independent School District No. 4 Table of Contents June 30, 2019

INTRODUCTORY SECTION	
Table of Contents	4-5
Official Roster	7
FINANCIAL SECTION	
Independent Auditors' Report	10-12
Management's Discussion and Analysis	13-23
BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements:	
Statement of Net Position	26-27
Statement of Activities	28-29
Fund Financial Statements:	
Balance Sheet - Governmental Funds	30-31
Reconciliation of the Governmental Funds Balance Sheet to the	
Statement of Net Position	33
Statement of Revenues, Expenditures, and Changes in Fund	
Balances - Governmental Funds	34-35
Reconciliation of the Statement of Revenues, Expenditures, and Changes in	
Fund Balances of Governmental Funds to the Statement of Activities	37
Statement of Revenues, Expenditures, and Changes in Fund Balance -	
Budget (Non-GAAP Budgetary Basis) and Actual:	
General Fund (11000, 13000, 14000)	39
Title I Special Revenue Fund (24101)	40
Entitlement IDEA-B (24106)	41
Statement of Fiduciary Assets and Liabilities - Agency Funds	43
Notes to Financial Statements	44-94
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Proportionate Share of the Net Pension Liability - ERB Pension Plan	96-99
Schedule of Contributions - ERB Pension Plan	100-103
Schedule of Employer's Proportionate Share of Net OPEB Liability of New Mexico -	
NMRHCA Plan	104-105
Schedule of Employer Contributions - NMRHCA Plan	106-107
Notes to Required Supplementary Information	108
SUPPLEMENTARY INFORMATION	
Nonmajor Governmental Funds	
Nonmajor Governmental Fund Descriptions	112-117
Combining and Individual Fund Statements and Schedules:	
Combining Balance Sheet - Nonmajor Governmental Funds	118-129
Combining Statement of Revenues, Expenditures, and Changes in	
Fund Balances - Nonmaior Governmental Funds	130-141

Roswell Independent School District No. 4 Table of Contents June 30, 2019

SUPPLEMENTARY INFORMATION (continued)	
General Fund Combining Balance Sheet - General Fund	144
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances -	111
General Fund	145
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual:	
Operational Fund (11000)	146
Transportation Fund (13000)	147
Instructional Materials Fund (14000)	148
SIDNEY GUTIERREZ CHARTER SCHOOL	
Combining and Individual Fund Statements and Schedules:	
Combining Balance Sheet - Governmental Funds	150-151
Reconcliation of the Governmental Funds Balance Sheet to Statement of Net Position Combining Statement of Revenues, Expenditures, and Changes in	153
Fund Balances - Governmental Funds	154-155
Reconcliation of the Combining Statement of Revenues, Expenditures, and	
Changes in Fund Balances of Governmental Funds to the Statement of Activities	157
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget	
(Non-GAAP Budgetary Basis) and Actual:	
General Fund - Operational Fund (11000)	158
General Fund - Instructional Materials Fund (14000)	159
SUPPORTING SCHEDULES	
Schedule of Collateral Pledged by Depository for Public Funds	162-163
Schedule of Deposits and Investment Accounts	164-165
Cash Reconciliation	166-171
Statement of Fiduciary Assets and Liabilities - Agency Funds - Component Unit	173
Schedule of Changes in Fiduciary Assets and Liabilities - Agency Funds	174-175
COMPLIANCE SECTION	
Report on Internal Control Over Financial Reporting and on Compliance	
and Other Matters Based on an Audit of Financial Statements	
Performed in Accordance with Government Auditing Standards	178-179
FEDERAL FINANCIAL ASSISTANCE	
Report on Compliance for Each Major Program and on Internal Control	
Over Compliance Required by the Uniform Guidance	182-183
Schedule of Expenditures of Federal Awards	184-189
Schedule of Findings and Questioned Costs	190-191
OTHER DISCLOSURES	192

THIS PAGE INTENTIONALLY LEFT BLANK

Roswell Independent School District No. 4 Official Roster June 30, 2019

Name Board of Education

Alan Gedde Board President

Ruben Sanchez Board Vice President

Dr. Kathleen Pittman Secretary

James Edwards Board Member

Mona Kirk Board Member

Administrative Officials

Dr. Ann Lynn McIlroy Superintendent

Chad Cole Asst. Superintendent for

Finance and Operations

Linda Purcella Director of Business Services

Sidney Gutierrez Middle School Governing Council

Bill Wolf President

Yasine Armstrong Vice President

Shawna Perry Secretary

Michael Taylor Board Member

Kelley Smith Board Member

Sidney Gutierrez Middle School Administrative Officials

Joe Andreis Principal

Maria Hernandez Business Manager

THIS PAGE INTENTIONALLY LEFT BLANK

Financial Section



INDEPENDENT AUDITORS' REPORT

Suite 300 Albuquerque, NM 87110 (505) 883-2727

Carr, Riggs & Ingram, LLC 2424 Louisiana Boulevard NE

(505) 883-2727 (505) 884-6719 (fax) CRIcpa.com

Brian S. Colón, Esq.
New Mexico State Auditor
The Office of Management and Budget
The Board of Education
Roswell Independent School District No. 4
Roswell, New Mexico

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the general fund and major special revenue funds of Roswell Independent School District No. 4 (the "District"), as of and for the year ended June 30, 2019, and the related notes to the financial statements which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Roswell Independent School District, as of June 30, 2019, and the respective changes in financial position and, the respective budgetary comparisons for the general fund and major special revenue funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis* on pages 13 through 23 and the GASB required pension and OPEB schedules, and the notes to the required supplementary information on pages 96 through 108 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The combining nonmajor fund financial statements, the schedule of expenditures of federal awards and supporting schedules required by 2.2.2 NMAC as listed in the table of contents required by 2.2.2 NMAC are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic

financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements, the schedule of expenditures of federal awards and supporting schedules required by 2.2.2 NMAC as listed in the table of contents are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2019, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Carr, Riggs & Ingram, LLC Albuquerque, New Mexico

Can Rigge & Ingram, L.L.C.

November 15, 2019

Introduction

The discussion and analysis of Roswell Independent School District's ("the District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2019. The intent of this discussion and analysis is to look at the District's financial performance as a whole. Furthermore, readers of the discussion and analysis should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

Financial Highlights for the District

Key financial highlights for fiscal year 2019 are as follows:

- + The District has successfully maintained the financial reporting processes as required by the Governmental Accounting Standards Board Statement No. 34.
- + Total assets of governmental activities increased \$998,453 or 0.52%.
- + Total liabilities of governmental activities increased \$7,044,169 or 2.39%.
- + The District generated expenditures of \$135,603,84 relating to its governmental activities, with \$28,535,583 of these expenditures being offset by program specific charges for services, grants, and contribution revenues. General revenues, primarily generated from the State Equalization Guarantee and Property taxes, of \$82,473,589, alone, were insufficient to provide for the current year's programs.
- + The District's net position decreased by \$24,593,912 within the current fiscal year

Financial Highlights for the Sidney Gutierrez Charter School

Key financial highlights for fiscal year 2019 are as follows:

- + The Charter School has successfully maintained the financial reporting processes as required by the Governmental Accounting Standards Board Statement No. 34.
- + Total assets of governmental activities increased \$64,627 or 13.10%. Total liabilities of governmental activities decreased \$131,026 or 6.52%.
- + The Charter School generated \$920,640 of expenditures relating to its governmental activities; \$74,576 of these expenditures were offset by program grants and contributions to revenue. General revenues, primarily generated from the State Equalization Guarantee and property taxes, of \$716,150, alone, were insufficient to provide for the current year's programs.
- + The Charter School's net position decreased by \$129,914.

Using the Basic Financial Statements

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

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

Statement of Net Position and Statement of Activities

While this report contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2019?" The statement of net position and the statement of activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting system used by most private sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash was received or paid.

These two statements report the District's and the Charter School's net position and changes in net position. This change in net position is important because it identifies whether the financial position of the District and the Charter School has improved or diminished for the District as a whole. The cause of this change may be the result of many factors, some financial, some not. Nonfinancial factors include the District's and Charter School's property tax base, facility conditions, required educational programs, and other factors. In the statement of net position and the statement of activities, all of the District's and Charter School's activities are reported in one column each. The columns are labeled:

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

The statement of activities reflects the cost of program services and the charges for services and sales, grants, and contributions offsetting those services. The statement of activities (pages 28-29), for governmental activities, indicates the total cost of services and the net cost of services. It identifies the cost of these services supported by revenues from state entitlements. The dependence upon revenues from the State of New Mexico for governmental activities is apparent. During the fiscal year, 96.42% of total District revenues were expended on the functions of direct Student Instruction and Support Services.

	2019	2018	Variance
Assets			
Current and other assets	\$ 51,293,512	\$ 47,650,170	\$ 3,643,342
Capital assets, net of accumulated			
depreciation	142,938,330	145,583,219	(2,644,889)
Total assets	194,231,842	193,233,389	998,453
Deferred outflows of resources			
Deferred outflows related to pension			
plan and OPEB	53,451,698	67,744,868	(14,293,170)
Total deferred outflows of resources	53,451,698	67,744,868	(14,293,170)
Total assets and deferred outflows of			
resources	\$ 247,683,540	\$ 260,978,257	\$ (13,294,717)
Liabilities			
Current liabilities	\$ 12,098,110	\$ 11,683,030	\$ 415,080
Net pension and OPEB liability	254,087,764	246,708,258	7,379,506
Other long-term liabilities	35,759,654	36,510,071	(750,417)
Total liabilities	301,945,528	294,901,359	7,044,169
Deferred inflows of resources			
Deferred inflows related to pension plan,			
OPEB, and debt refunding	19,966,429	15,711,403	4,255,026
Net position			
Net investment in capital assets	113,976,281	113,104,576	871,705
Restricted	16,155,649	20,737,923	(4,582,274)
Unrestricted	(204,360,347)	(183,477,004)	(20,883,343)
Total net position	(74,228,417)	(49,634,505)	(24,593,912)
Total liabilities, deferred inflows of			
resources, and net position	\$ 247,683,540	\$ 260,978,257	\$ (13,294,717)

	2019	2018		Variance	
Program revenues:					
Charges for services	\$ 633,903	\$	589,301	\$	44,602
Operating grants and contributions	26,044,911		21,502,725		4,542,186
Capital grants and contributions	1,856,769		2,940,556		(1,083,787)
General revenues:					
Property taxes	8,516,650		8,402,962		113,688
Oil and gas taxes	73,787		103,964		(30,177)
State equalization guarantee	72,659,572		70,860,703		1,798,869
Investment income	680,831		399,932		280,899
Miscellaneous income	542,749		1,470,729		(927,980)
Total revenues	111,009,172		106,270,872		4,738,300
Program expenses:					
Instruction	76,095,727		71,432,430		4,663,297
Support services	30,940,113		27,386,671		3,553,442
Central services	4,828,980		4,267,077		561,903
Operation and maintenance of plant	11,297,323		12,260,264		(962,941)
Student transportation	3,330,895		2,943,895		387,000
Food services	8,140,743		7,753,439		387,304
Interest and other charges	969,303		925,993		43,310
Total expenses	135,603,084		126,969,769		8,633,315
Increase (decrease) in net position	\$ (24,593,912)	\$	(20,698,897)	\$	(3,895,015)

Government-wide Financial Analysis of the District

Net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows were exceeded by liabilities and deferred inflows by \$74,228,417 at the close of the most recent fiscal year. The largest portion of the District's net position reflects its investment in capital assets, less any outstanding debt used to acquire those assets. The District uses these assets to provide services to its students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

During the current fiscal year, the District's net position decreased by \$24,593,912. The resulting decrease to net position is, in part, a reflection of the District's reported cost share relating to its identified Net Pension and Other Post-Employment Benefit (OPEB) liability, in accordance with applicable standards.

The District's Funds

The District's governmental funds are accounted for using the modified accrual basis of accounting. Governmental funds generated total revenues of \$111,020,327, other financing sources of \$4,240,758 and total expenditures of \$111,992,246. The net change in fund balances for the year was an increase of \$3,268,839, resulting in total end of year fund balances of \$44,501,642. Approximately 97.92% of the total fund balances of the governmental funds constitute spendable—restricted, committed and unassigned, fund balances, which are available for spending at the government's discretion. The remainder of the reported fund balances is the non-spendable portion identifying amounts committed to District inventories and prepaid expenditures.

Reporting the School District's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's major governmental funds are its General Fund, Title I Special Revenue Fund, Entitlement IDEA-B Fund, Bond Building Capital Projects Fund and its Debt Service Fund.

Governmental Funds

Most of the District's activities are reported in its governmental funds, which focus on how monies flow into and out of those funds, as well as their remaining balances at fiscal yearend, which are typically available for spending in future periods. These funds are reported using the modified accrual method of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations, and the basic services that it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent in the near future. The relationship, or differences, between governmental activities reported in the statement of net position, the statement of activities and of the governmental funds is reconciled within the financial statements. The general fund is the primary operating fund of the District. As of June 30, 2019, the spendable fund balance of the District's general fund was \$14,649,638. The non-spendable fund balance of the District's general fund was \$577,763. As a measure of the general fund's liquidity, it may also be useful to compare the spendable fund balance to total fund expenditures. The spendable fund balance of the general fund represents 18.76% of the District's total current year general fund expenditures generated. The total spendable and non-spendable fund balance of the District's general fund decreased by \$186,466 during the current fiscal year due to the District spending more for Instruction and Support Services programs.

The Title I special revenue fund has total spendable fund balance of \$210,097, all of which is restricted for education use. The total fund balance of the Title I special revenue remained unchanged at \$234,554.

The Entitlement IDEA-B fund has total spendable fund balance of \$95,955, all of which is restricted for education. The total fund balance of the Entitlement IDEA-B fund remained unchanged at \$97,527.

The Bond Building Capital Projects fund has total spendable fund balance of \$11,489,215, all of which is restricted for capital acquisitions and improvements. The total fund balance of the bond building fund increased by \$2,862,178 in the current fiscal year due to the issuance of voter approved general obligation bonds for the purpose of school building renovation and construction.

The Debt Service fund has a total spendable fund balance of \$6,386,366, all of which is restricted for debt service. The net increase of \$51,068 to the current year's fund balance is the result of increased debt service revenue, offset by the resulting increase of debt service expenditures relating to the issuance of general obligation bonds for school building renovation and construction.

General Fund Budgeting Highlights

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

The following table examines the summary budget performance of the major and combined non-major funds for the fiscal year ending June 30, 2019. Detailed budget performance is examined through the expenditures on the Statement of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual for each fund (in thousands of dollars).

	1	Final Budget	Actual	Variance
General Fund	\$	91,140	\$ 78,087 \$	13,053
Title I Special Revenue Fund		4,625	3,140	1,485
Bond Building Capital Projects Fund		12,907	1,790	11,117
Entitlement IDEA-B Fund		4,120	2,860	1,260
Debt Service Fund		12,406	6,125	6,281

During the course of fiscal 2019, the District amended its budget as needed.

General Fund revenues, including beginning cash balance, were budgeted at \$91,140,217, while actual expenditures were \$78,086,874. The difference between budget and actual expenditures was the result of less than planned spending for general supplies, instructional materials, substitutes, overtime wages and other budgetary expense items throughout the year.

Actual revenues of the general fund were \$77,900,099, which constitutes 85.47% of the total budgeted revenue and cash balance of the fund. Actual expenditures exceeded actual revenues by \$186,775.

The primary increase in general fund revenue over that of the prior year is due to the increase to appropriated State Flowthrough payments of the State Equalization Guarantee, equaling approximately \$1.85 million in total increased revenue of this type. State Equalization Guarantee revenues increased due to an increase in State General Fund revenues appropriated by annual state legislation for public education operations throughout the State of New Mexico.

All of the cash in the Bond Building Capital Projects Fund was budgeted, however, not all of the District's school construction projects were completed as of June 30, 2019. There is one elementary school facility, which was undergoing design for new facility construction, and, which started project construction in January of 2019. 28% of the total cost to complete Del Norte Elementary School project construction is being funded by District General Obligation Bond funds, and the remaining 72% the total estimated cost to complete this project has been appropriated and awarded for this project by the State's Public Schools Capital Outlay Council.

The Debt Service fund also budgets the entire cash balance, however, the bulk of the fund balance is restricted for subsequent year's bond payments, and the rapid amortization of outstanding debt.

Sidney Gutierrez Charter School Financials

		2019		2018		Variance	
Assets							
Current and other assets	\$	505,741	\$	436,695	\$	69,046	
Capital assets, net of accumulated							
depreciation		52,270		56,689		(4,419)	
Total assets		558,011		493,384		64,627	
Deferred outflows of resources							
Deferred outflows related to pension							
plan and OPEB		420,324		612,054		(191,730)	
Total deferred outflows of resources		420,324		612,054		(191,730)	
Total assets and deferred outflows of							
resources	\$	978,335	\$	1,105,438	\$	(127,103)	
Liabilities							
Current liabilities	\$	39,563	\$	38,439	\$	1,124	
Net pension and OPEB liability	Y	1,840,488	Y	1,972,638	7	(132,150)	
Total liabilities		1,880,051		2,011,077		(131,026)	
Total liabilities		1,880,031		2,011,077		(131,020)	
Deferred inflows of resources							
Deferred inflows related to pension							
plan and OPEB		257,790		123,953		133,837	
Net position							
Net investment in capital assets		52,270		56,689		(4,419)	
Restricted		48,312		32,528		15,784	
Unrestricted		(1,260,088)		(1,118,809)		(141,279)	
Total net position		(1,159,506)		(1,029,592)		(129,914)	
Total liabilities, deferred inflows of							
resources, and net position	\$	978,335	\$	1,105,438	\$	(127,103)	

	2019		2018		Variance	
Program revenues:						
Operating grants and contributions	\$ 74,576	\$	40,771	\$	33,805	
General revenues:						
Property taxes	13,647		13,169		478	
Oil and gas taxes	136		155		(19)	
State equalization guarantee	695,218		676,703		18,515	
Investment income	7,149		4,016		3,133	
Total revenues	790,726		734,814		55,912	
Program expenses	920,640		915,129		78,019	
Increase (decrease) in net position	\$ (129,914)	\$	(180,315)	\$	(22,107)	

Financial Analysis of the Charter School

Total assets and deferred outflows of the Charter School were exceeded by total liabilities and deferred inflows in the amount of \$1,159,506, during current fiscal year. The Charter School's net position reflects, in large part, its reported cost share of its identified Net Pension and Other Post-Employment Benefit (OPEB) liability, in accordance with the implementation of GASB 75 reporting requirements.

During the Fiscal Year 2019, the Charter School's total program expenditures exceeded its total revenues, excluding budgeted cash balance, by \$129,914.

Capital Assets

As of June 30, 2019, after addition and deletion of capital assets, the Charter School maintained a total capitalized asset balance of \$52,270. Activity in the capital asset accounts is reported in Note 6 to the financial statements. As part of the District's adoption of the GASB Statement 34 reporting model, the value of District and Charter owned land and buildings were adjusted to correspond to historical cost or to appraised value (if historical cost was not available) of the assets.

Debt

On September 13, 2018, the District sold, awarded and issued Series 2018 identified bonds in the amount of \$4,210,000. Series 2018 identified bonds were sold at a net premium amount of \$30,449.

Series 2018 Bonds represent the remaining unissued balance of the February 3, 2015 local voter authorization, and will be used for ongoing school facility construction. On February 5, 2019, the voters of Chaves County passed and authorized the continuation of the local Debt Service tax levy required in support of an additional \$14 million of available General Obligation Bonds to be issued and used for the cost school facility construction, renovation and improvement of the district's aging facilities, while continuing to leverage historically favorable market conditions, the district's Aa2 bond rating and the availability and appropriation of the State's Public Schools Capital Outlay Council project matching funds. As of June 30, 2019, the District had outstanding bonds payable of \$39,135,000. Details of the activity in the long-term debt accounts of the District can be found in Note 7 to the financial statements.

Economic Factors and Next Year's Budget

The Roswell Independent School District is located in Chaves County. Chaves County continues to build upon and maintain a balanced economy, as observed by the increases to the assessed value of real property located within Chaves County during 2019. Existing residential and commercial real estate continues to turnover, within the county, and new and diverse retail, aviation and oil and nature gas support services businesses continue to locate and expand within Roswell and the surrounding Chaves County area.

The local economy's primary drivers continue to be affordable housing, excellent climate, intersecting four lane highways, world-class airport runway facilities, with current direct flights to and from Dallas, TX, as well as direct flights to and from Phoenix, AZ, along with an unsaturated secondary retail market that is centrally located within the Southeast corner of the state. The area is a supporter of the state's oil and natural gas energy sector, with close proximity to the bulk of the state's production within this sector's economic activity.

The Roswell Independent School District receives approximately 98% of its annual Operational fund budgeted revenue from legislatively appropriated State Equalization Guarantee (SEG) formula funding. The SEG funding formula and State declared unit values are applied to the School District's Operational funding source, based on total appropriated funds, divided across total statewide student membership units. The objectives of the formula are (1) to equalize educational opportunity statewide (by crediting certain local and federal support and then distributing state support in an objective manner) and (2) to retain local autonomy in actual use of funds by allowing funds to be used in local districts at the discretion of local policy making bodies. The basis for the formula is in the number of students enrolled. Weighting factors are assigned to students that receive special services, i.e., special education and bilingual education services as well as other factors based on the training and experience of the teaching staff and the district's at-risk population.

Contacting the District's Financial Management

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

Chad Cole
Assistant Superintendent for Finance and Operations
Roswell Independent School District
300 N. Kentucky Avenue
Roswell, NM 88201
ccole@risd.k12.nm.us
(575) 627-2537

THIS PAGE INTENTIONALLY LEFT BLANK

Basic Financial Statements

Roswell Independent School District No. 4 Statement of Net Position June 30, 2019

	Primary		
	Government	C	omponent Unit
	 Governmental		_
	Activities		Charter School
Assets			
Current assets			
Cash and cash equivalents	\$ 34,976,995	\$	494,824
Investments	2,718		-
Receivables:			
Property taxes	534,691		838
Due from other governments	7,928,112		8,615
Other	567,217		-
Inventory	669,823		-
Prepaid expense	252,182		1,464
Internal balances	-		-
Total current assets	44,931,738		505,741
Noncurrent assets			
Restricted assets:			
Cash and cash equivalents	6,271,700		_
Bond discounts, net of accumulated amortization of	0,271,700		_
\$57,857	90,074		_
Capital assets	231,486,813		83,853
Less: accumulated depreciation	(88,548,483)		(31,583)
Total noncurrent assets	149,300,104		52,270
Total Holicultelit assets	149,300,104		32,270
Total assets	194,231,842		558,011
Deferred outflows of resources			
Deferred outflow - pension	52,411,247		413,093
Deferred outflow - OPEB	1,040,451		7,231
Total deferred outflows of resources	53,451,698		420,324
Total assets and deferred outflows of resources	\$ 247,683,540	\$	978,335

	Primary		
	 Government	Com	ponent Unit
	Governmental		
	Activities	Ch	arter School
Liabilities			
Current liabilities			
Accounts payable	\$ 597,178	\$	2,481
Accrued payroll	5,728,570		37,082
Accrued interest	515,931		-
Accrued compensated absences	496,431		-
Due to other funds	-		-
Current portion of bonds payable	4,760,000		-
Total current liabilities	12,098,110		39,563
Noncurrent liabilities			
Accrued compensated absences	111,729		-
Bonds payable	34,375,000		-
Bond premium, net of accumulated amortization			
of \$1,055,628	1,272,925		-
Net pension liability	205,019,624		1,485,227
Net OPEB liability	49,068,140		355,261
Total noncurrent liabilities	289,847,418		1,840,488
Total liabilities	301,945,528		1,880,051
Deferred inflows of resources			
Deferred inflows - pension	5,739,114		115,499
Deferred inflows - OPEB	14,086,673		142,291
Other deferred inflows related to debt refunding	140,642		-
Total deferred inflows of resources	19,966,429		257,790
Net position			
Net investment in capital assets	113,976,281		52,270
Restricted for:			,
Debt service	6,107,894		-
Capital projects	2,336,879		45,612
Special revenue	7,710,876		2,700
Unrestricted	(204,360,347)		(1,260,088)
Total net position	(74,228,417)		(1,159,506)
Total liabilities, deferred inflows of resources, and			
net position	\$ 247,683,540	\$	978,335

Roswell Independent School District No. 4 Statement of Activities For the Year Ended June 30, 2019

				Program	Rev	venues .
						Operating
				Charges for		Grants and
Functions/Programs		Expenses		Services		Contributions
Primary government						
Governmental activities:						
Instruction	\$	76,095,727	\$	203,980	\$	10,495,184
Support services - students		15,948,095		42,750		2,199,574
Support services - instruction		2,155,857		5,779		297,338
Support services - general administration		4,040,896		10,832		557,324
Support services - school administration		8,786,051		23,552		1,211,779
Central services		4,828,980		12,944		666,017
Operation and maintenance of plant		11,297,323		30,283		1,558,136
Student transportation		3,330,895		-		3,010,758
Other support services		9,214		25		1,271
Food services operations		8,140,743		303,758		6,047,530
Interest and other charges		969,303		-		-
Total governmental activities		135,603,084		633,903		26,044,911
Total primary government	\$	135,603,084	\$	633,903	\$	26,044,911
Component unit:						
Sidney Gutierrez Charter School	\$	920,640	\$	_	\$	74,576
Statie, Gatierrez Griarter School	<u> </u>	320,040	Υ		7	7 1,570

General revenues:

Net position - ending

Taxes:

Property taxes, levied for operating programs
Property taxes, levied for debt services
Property taxes, levied for capital projects
Oil and gas taxes
State equalization guarantee
Investment income
Miscellaneous

Total general revenues

Change in net position
Net position - beginning

Prog	ram Revenues	Net (Expense) Revenue and Changes in Net Position					
Сар	oital Grants and Contributions		Governmental Activities	Component Unit			
\$	1,147,204	\$	(64,249,359)	\$ -			
	240,431		(13,465,340)	-			
	32,501		(1,820,239)	-			
	60,920		(3,411,820)	-			
	132,457		(7,418,263)	-			
	72,801		(4,077,218)	-			
	170,316		(9,538,588)	-			
	-		(320,137)	-			
	139		(7,779)	-			
	-		(1,789,455)	-			
	-		(969,303)	-			
	1,856,769		(107,067,501)				
\$	1,856,769		(107,067,501)	-			
\$				(846,064)			
			387,998	-			
			6,037,466	-			
			2,091,186	13,647			
			73,787	136			
			72,659,572	695,218			
			680,831	7,149			
			542,749	-			
			82,473,589	716,150			
			(24,593,912)	(129,914)			
			(49,634,505)	(1,029,592)			
		\$	(74,228,417)	\$ (1,159,506)			

Roswell Independent School District No. 4 Balance Sheet Governmental Funds June 30, 2019

		General Fund 11000, 13000, 14000		Title I Special Revenue Fund 24101		Entitlement IDEA-B 24106
Assets						
Cash and cash equivalents	\$	12,485,578	\$	87,765	\$	101
Investments		1,105		-		-
Receivables:						
Property taxes		22,778		-		-
Due from other governments		-		1,622,198		2,412,787
Other		567,217		-		-
Inventory		441,165		-		-
Prepaid expense		136,598		24,457		1,572
Due from other funds		6,615,591		-		
Total assets	\$	20,270,032	\$	1,734,420	\$	2,414,460
Liabilities						
Accounts payable	\$	132,321	¢	1,426	\$	3,961
Accrued payroll	٦	4,894,161	ڔ	129,444	۲	126,635
Due to other funds		4,854,101		1,368,996		2,186,337
Total liabilities		5,026,482		1,499,866		2,316,933
		3,020,402		1,455,666		2,310,333
Deferred inflows of resources		45.440				
Unavailable revenue - property taxes		16,149		-		
Total deferred inflows of resources		16,149		-		
Fund balances						
Nonspendable						
Inventory		441,165		-		-
Prepaid expense		136,598		24,457		1,572
Spendable						
Restricted for:						
Instructional materials		514,392		-		-
Food services		-		-		-
Extracurricular activities		-		-		-
Education		-		210,097		95,955
Capital acquisitions and improvements		-		-		-
Debt service		-		-		-
Committed for:						
Subsequent year's expenditures		5,459,717		-		-
Unassigned		8,675,529		-		_
Total fund balances		15,227,401		234,554		97,527
Total liabilities, deferred inflows of						_
resources, and fund balances	\$	20,270,032	\$	1,734,420	\$	2,414,460

	Bond Building pital Projects Fund 31100		Debt Service Fund 41000	(Nonmajor Governmental Funds		Total
\$	11,496,444	\$	6,271,700		10,907,107	\$	41,248,695
	88		1,525		-		2,718
	-		381,049		130,864		534,691
	-		-		3,893,127		7,928,112
	-		-		-		567,217
	-		-		228,658		669,823
	-		-		89,555		252,182
	-		-		-		6,615,591
\$	11,496,532	\$	6,654,274	\$	15,249,311	\$	57,819,029
\$	7,317	\$	_	\$	452,153	\$	597,178
7		7	_	7	578,330	7	5,728,570
	_		_		3,060,258		6,615,591
	7,317		_		4,090,741		12,941,339
	,-				, ,		, , , , , , , ,
	-		267,908		91,991		376,048
	-		267,908		91,991		376,048
					220.650		660.022
	-		-		228,658		669,823
	-		-		89,555		252,182
	-		-		4 625 425		514,392
	-		-		4,635,125		4,635,125
	-		-		1,118,614		1,118,614
	11 400 215		-		2,856,365		3,162,417
	11,489,215		- 6 206 266		2,328,696		13,817,911
	-		6,386,366		-		6,386,366
	-		-		-		5,459,717
	-		-		(190,434)		8,485,095
	11,489,215		6,386,366		11,066,579		44,501,642
\$	11,496,532	\$	6,654,274	\$	15,249,311	\$	57,819,029

THIS PAGE INTENTIONALLY LEFT BLANK

Roswell Independent School District No. 4 Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position June 30, 2019

Amounts reported for governmental activities in the statement of net position are different because:

Fund balances - total governmental funds	\$ 44,501,642
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the funds	142,938,330
Other noncurrent assets are not available to pay for current period expenditures and therefore, are deferred in the funds:	
Bond discounts	90,074
Delinquent property taxes not collected within sixty days after year end are not considered "available" revenues and are considered to be unavailable revenue in the fund financial statements, but are considered revenue in the statement of activities	376,048
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in funds:	
Deferred inflow - extinguishment of debt	(140,642)
Deferred outflows - pension (note 9)	52,411,247
Deferred inflows - pension (note 9)	(5,739,114)
Deferred outflows - OPEB (note 10)	1,040,451
Deferred inflows - OPEB (note 10)	(14,086,673)
Certain liabilities, including bonds payable, current and long-term portions of accrued compensated absences, and net pension liability, are not due and payable in the current period and, therefore, are not reported in the funds:	
Bond premiums	(1,272,925)
Accrued interest payable	(515,931)
Accrued compensated absences not due and payable	(608,160)
Bonds payable	(39,135,000)
Net pension liability	(205,019,624)
Net OPEB liability	(49,068,140)

\$ (74,228,417)

Total net position - governmental funds

Roswell Independent School District No. 4 Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds For the Year Ended June 30, 2019

	General Fund 11000, 13000, 14000	Title I Special Revenue Fund 24101	Entitlement IDEA-B 24106
Revenues			
Property taxes	\$ 388,620	\$ -	\$ -
Oil and gas taxes	4,540	-	-
Intergovernmental revenues:			
Federal flowthrough	-	3,140,812	2,860,263
Federal direct	514,087	-	-
Local sources	13,038	-	-
State flowthrough	73,021,840	-	-
State direct	46,577	-	-
Transportation distribution	3,010,758	-	-
Charges for services	32,596	-	-
Investment income	325,294	-	-
Miscellaneous	542,749	-	
Total revenues	77,900,099	3,140,812	2,860,263
Expenditures			
Current:			
Instruction	45,799,217	2,423,744	1,128,780
Support services - students	8,187,831	346,407	1,602,933
Support services - instruction	1,552,352	-	-
Support services - general administration	1,328,190	107,100	119,367
Support services - school administration	5,704,732	263,018	3,472
Central services	3,398,865	543	5,711
Operation and maintenance of plant	8,991,368	-	-
Student transportation	3,027,517	-	-
Other support services	8,102	-	-
Food services operations	-	-	-
Capital outlay	88,700	-	-
Debt service:			
Principal	-	-	-
Interest	_	-	
Total expenditures	78,086,874	3,140,812	2,860,263
Excess (deficiency) of revenues over expenditures	(186,775)	-	_
Other financing sources (uses)			
Proceeds from sale of capital assets	309	-	-
Bond premium	-	-	-
Bond proceeds	-	-	-
Total other financing sources (uses)	309	-	-
Net change in fund balances	(186,466)	-	-
Fund balances - beginning	15,413,867	234,554	97,527
Fund balances - end of year	\$ 15,227,401	\$ 234,554	\$ 97,527

ı	Bond Building				
Ca	pital Projects	Debt Service	Nonmajor		
	Fund	Fund	(Governmental	
	31100	41000		Funds	Total
					_
\$	-	\$ 6,045,926		2,093,259	\$ 8,527,805
	-	51,198		18,049	73,787
	-	-		8,775,476	14,776,551
	-	-		1,713,806	2,227,893
	276,229	-		529,252	818,519
	_	-		6,600,271	79,622,111
	-	-		58,843	105,420
	-	-		-	3,010,758
	_	-		601,307	633,903
	165,907	48,604		141,026	680,831
	-	-		-	542,749
	442,136	6,145,728		20,531,289	111,020,327
	-	_		5,981,486	55,333,227
	-	-		1,472,888	11,610,059
	-	-		97,117	1,649,469
	-	60,486		1,950,135	3,565,278
	-	-		243,556	6,214,778
	-	-		31,779	3,436,898
	70,801	-		, -	9,062,169
	-	-		89,239	3,116,756
	_	-		-	8,102
	-	-		6,736,381	6,736,381
	1,719,157	-		3,386,649	5,194,506
	-	4,815,000		-	4,815,000
	-	1,249,623		-	1,249,623
	1,789,958	6,125,109		19,989,230	111,992,246
	(1,347,822)	20,619		542,059	(971,919)
					200
	-	- 20 440		-	309
	4 310 000	30,449		-	30,449
	4,210,000	20 440		-	4,210,000
	4,210,000 2,862,178	30,449 51,068		542,059	4,240,758 3,268,839
	8,627,037	 6,335,298	<u> </u>	10,524,520	 41,232,803
\$	11,489,215	\$ 6,386,366	\$	11,066,579	\$ 44,501,642

THIS PAGE INTENTIONALLY LEFT BLANK

Roswell Independent School District No. 4

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities For the Year Ended June 30, 2019

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

Net change in fund balances - total governmental funds	\$ 3,268,839
Net change in fund balances - total governmental funds	\$ 3,268,8

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation and amortization expense:

Capital expenditures	5,194,506
Depreciation expense	(7,727,669)
Amortization expense of intangible assets	(13,200)
Loss on disposal of capital assets	(98,526)

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

Change in unavailable revenue related to property taxes receivable (11,155)

 $\label{lem:continuous} Governmental funds \ report \ district \ pension \ and \ opeb \ contributions \ as \ expenditures.$

However, in the statement of activities, the cost of pension and OPEB benefits earned net of employee contributions is reported as pension and OPEB expense:

Pension contributions subsequent to the measurement date	7,450,410
Pension expense	(34,864,189)
OPEB contributions subsequent to the measurement date	1,040,451
OPEB benefit	387,942

Expenses in the statement of activities that do not consume current

financial resources are not reported as expenditures in the funds:

Increase in accrued compensated absences not due and payable	(91,606)
Increase in accrued interest payable	(4.436)

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

Amortization of bond discount	(12,651)
Amortization of bond premiums	312,821
Bond premium capitalized	(30,449)
Bond proceeds	(4,210,000)
Principal payments on bonds	4,815,000

Change in net position of governmental activities \$ (24,593,912)

THIS PAGE INTENTIONALLY LEFT BLANK

Roswell Independent School District No. 4 General Fund (11000, 13000, 14000) Statement of Revenues, Expenditures, and Changes in Fund Balance Budget (Non-GAAP Budgetary Basis) and Actual For the Year Ended June 30, 2019

Variances
Favorable

	Budgeted Amounts				((Unfavorable)		
		Original		Final		Actual	F	inal to Actual
Revenues								
Property taxes	\$	370,629	\$	370,629	\$	388,800	\$	18,171
Oil and gas taxes		4,831		4,831		5,005		174
Intergovernmental revenue:								
Federal direct		200,000		200,000		514,087		314,087
Local sources		-		-		12,079		12,079
State flowthrough		72,476,569		73,051,798		72,997,174		(54,624)
State direct		24,081		24,081		158,876		134,795
Transportation distribution		2,841,954		3,010,758		3,010,758		-
Charges for services		30,000		30,000		32,096		2,096
Investment income		130,000		130,000		325,294		195,294
Miscellaneous		251,500		251,500		795,194		543,694
Total revenues		76,329,564		77,073,597		78,239,363		1,165,766
Expenditures								
Current:								
Instruction		46,822,838		52,534,425		45,895,889		6,638,536
Support services - students		6,941,798		10,313,380		8,196,913		2,116,467
Support services - instruction		1,341,849		2,492,140		1,464,385		1,027,755
Support services - general administration		1,387,121		2,419,621		1,336,148		1,083,473
Support services - school administration		4,628,773		7,268,857		5,704,038		1,564,819
Central services		2,608,235		3,483,067		3,364,121		118,946
Operation and maintenance of plant		9,985,302		9,437,420		9,012,716		424,704
Student transportation		2,841,954		3,027,603		3,027,603		-
Other support services		58,430		9,000		8,102		898
Capital outlay		85,500		154,705		88,700		66,005
Total expenditures		76,701,800		91,140,218		78,098,615		13,041,603
Excess (deficiency) of revenues over								
expenditures		(372,236)		(14,066,621)		140,748		14,207,369
Other financing sources (uses)								
Designated cash (budgeted increase in cash)		372,236		14,066,621		-		(14,066,621)
Proceeds from sale of capital assets		-		-		743		743
Total other financing sources (uses)		372,236		14,066,621		743		(14,065,878)
Net change in fund balances		-		-		141,491		141,491
Fund balances - beginning of year		-		-		14,066,622		14,066,622
Fund balances - end of year	\$	-	\$	-	\$	14,208,113	\$	14,208,113
							,1	
Net change in fund balances (Non-GAAP Budget	-	-					\$	141,491
Adjustments to revenues for changes in insuran						ther revenues		(339,698)
Adjustments to expenditures for supplies, softw	/are	, compensation	on,	other charges				11,741
Net change in fund balances (GAAP Basis)							\$	(186,466)

Roswell Independent School District No. 4 Title I Special Revenue Fund (24101) Statement of Revenues, Expenditures, and Changes in Fund Balance Budget (Non-GAAP Budgetary Basis) and Actual For the Year Ended June 30, 2019

Variances

								Favorable
		Budgeted					_	Jnfavorable)
Revenues		Original		Final		Actual	Fil	nal to Actual
Property taxes	\$	_	\$		\$		\$	
Oil and gas taxes	٦	-	Ą	-	٦	-	Ą	-
Intergovernmental revenue:		-		-		-		-
Federal flowthrough		3,310,360		4,625,176		2,409,866		(2,215,310)
Federal direct		3,310,300		4,023,170		2,403,800		(2,213,310)
Local sources		-		-		-		-
State flowthrough		_				_		_
State direct		_		_		_		_
Transportation distribution		-		-		-		_
Charges for services		-		-		-		-
Investment income		-		-		-		_
Miscellaneous		-		-		-		-
Total revenues		3,310,360		4,625,176		2,409,866		(2,215,310)
		3,310,300		4,023,170		2,403,800		(2,213,310)
Expenditures Current:								
Instruction		2,644,381		3,352,345		2,421,848		930,497
Support services - students		314,042		591,087		348,304		242,783
Support services - students Support services - instruction		1,200		1,200		346,304		1,200
Support services - general administration		118,997		176,314		107,100		69,214
Support services - school administration		227,740		503,670		263,018		240,652
Central services		227,740		560		543		17
Operation and maintenance of plant		_		-		545		
Student transportation		4,000		_		_		_
Other support services		-,000		_		_		_
Capital outlay		_		_		_		_
Total expenditures		3,310,360		4,625,176		3,140,813		1,484,363
		3,310,300		4,023,170		3,140,013		1,404,303
Excess (deficiency) of revenues over expenditures						(720.047)		(720.047)
<u> </u>		-				(730,947)		(730,947)
Other financing sources (uses)								
Designated cash (budgeted increase in cash)		-		-		-		-
Proceeds from sale of capital assets		-		-		-		_
Total other financing sources (uses)								_
Net change in fund balance		-		-		(730,947)		(730,947)
Fund balance - beginning of year		-		-		(679,728)		(679,728)
Fund balance - end of year	\$	-	\$	-	\$	(1,410,675)	\$	(1,410,675)
Net change in fund balance (Non-GAAP Budgeta	arv P	lasis)					\$	(730,947)
Adjustments to revenues for federal grants	y D						~	730,946
Adjustments to expenditures for instruction and	d stu	dents						730,340 1
	u stu	uents					۲	<u>T</u>
Net change in fund balance (GAAP Basis)							\$	-

Roswell Independent School District No. 4 Entitlement IDEA-B (24106)

Statement of Revenues, Expenditures, and Changes in Fund Balance Budget (Non-GAAP Budgetary Basis) and Actual For the Year Ended June 30, 2019

Variances Favorable

Property taxes S									Favorable	
Revenues \$			_	An						
Property taxes \$			Original		Final		Actual	Fi	nal to Actual	
Dil and gas taxes		,		,		,		,		
Intergovernmental revenue: Federal flowthrough		\$	-	\$	-	>	-	>	-	
Federal flowthrough 3,220,686 3,946,408 1,483,298 (2,463,110) Federal direct - - - - Local sources - - - - State flowthrough - - - - State direct - - - - - Charges for services - - - - - - Charges for services -	_		-		-		-		-	
Federal direct -	_								()	
Local sources			3,220,686		3,946,408		1,483,298		(2,463,110)	
State flowthrough .			-		-		-		-	
State direct - <			-		-		-		-	
Transportation distribution □ □ □ Charges for services □ □ □ Investment income □ □ □ Miscellaneous □ □ □ Total revenues 3,220,686 3,946,408 1,483,298 (2,463,110) Expenditures Current: Instruction 910,191 1,399,110 1,123,720 275,390 Support services - students 1,683,082 2,335,341 1,602,703 732,638 Support services - instruction □	_		-		-		-		-	
Charges for services Investment income Miscellaneous -			-		-		-		-	
Investment income	-		-		-		-		-	
Miscellaneous -	_		-		-		-		-	
Total revenues 3,220,686 3,946,408 1,483,298 (2,463,110) Expenditures Current: Instruction 910,191 1,399,110 1,123,720 275,390 Support services - students 1,683,082 2,335,341 1,602,703 732,638 Support services - instruction - - - - - Support services - general administration 114,314 170,216 119,945 50,271 Support services - school administration - 35,500 3,472 32,028 Central services 511,899 6,241 5,711 530 Operation and maintenance of plant 1,200 - - - Student transportation - - - - Other support services - - - - Capital outlay - - - - Total expenditures 3,220,686 3,946,408 2,855,551 1,090,857 Excess (deficiency) of revenues over - -			-		-		-		-	
Expenditures Current: Instruction 910,191 1,399,110 1,123,720 275,390 Support services - students 1,683,082 2,335,341 1,602,703 732,638 Support services - instruction - - - - - Support services - general administration 114,314 170,216 119,945 50,271 Support services - school administration - 35,500 3,472 32,028 Central services 511,899 6,241 5,711 530 Operation and maintenance of plant 1,200 - - - Student transportation - - - - Operation and maintenance of plant 1,200 - - - Student transportation - - - - Other support services - - - - Capital outlay - - - - Excess (deficiency) of revenues over -	Miscellaneous		-		-		-			
Current: Instruction 910,191 1,399,110 1,123,720 275,390 Support services - students 1,683,082 2,335,341 1,602,703 732,638 Support services - instruction - - - - - Support services - general administration 114,314 170,216 119,945 50,271 Support services - school administration - 35,500 3,472 32,028 Central services 511,899 6,241 5,711 530 Operation and maintenance of plant 1,200 - - - Student transportation - - - - Other support services - - - - Capital outlay - - - - Total expenditures 3,220,686 3,946,408 2,855,551 1,090,857 Excess (deficiency) of revenues over expenditures - - (1,372,253) (1,372,253) Fund balance - beginning of year - - (1,372,253) (1,372,253) <td>Total revenues</td> <td></td> <td>3,220,686</td> <td></td> <td>3,946,408</td> <td></td> <td>1,483,298</td> <td></td> <td>(2,463,110)</td>	Total revenues		3,220,686		3,946,408		1,483,298		(2,463,110)	
Instruction 910,191 1,399,110 1,123,720 275,390 Support services - students 1,683,082 2,335,341 1,602,703 732,638 Support services - instruction - - - - - Support services - general administration 114,314 170,216 119,945 50,271 Support services - school administration - 35,500 3,472 32,028 Central services 511,899 6,241 5,711 530 Operation and maintenance of plant 1,200 - - - Student transportation - - - - Other support services - - - - Capital outlay - - - - Total expenditures 3,220,686 3,946,408 2,855,551 1,090,857 Excess (deficiency) of revenues over expenditures - - (1,372,253) (1,372,253) Fund balance - beginning of year \$ - - (1,372,253) (1,372,253)	Expenditures									
Support services - students 1,683,082 2,335,341 1,602,703 732,638 Support services - instruction - - - - Support services - general administration 114,314 170,216 119,945 50,271 Support services - school administration - 35,500 3,472 32,028 Central services 511,899 6,241 5,711 530 Operation and maintenance of plant 1,200 - - - Student transportation - - - - Other support services - - - - Capital outlay - - - - Total expenditures 3,220,686 3,946,408 2,855,551 1,090,857 Excess (deficiency) of revenues over expenditures - - (1,372,253) (1,372,253) Net change in fund balance - - (1,372,253) (1,372,253) Fund balance - beginning of year \$ - \$ (2,312,871) \$ (2,312,871) <td>Current:</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td>	Current:									
Support services - instruction - <th< td=""><td>Instruction</td><td></td><td>910,191</td><td></td><td>1,399,110</td><td></td><td>1,123,720</td><td></td><td>275,390</td></th<>	Instruction		910,191		1,399,110		1,123,720		275,390	
Support services - instruction - <th< td=""><td>Support services - students</td><td></td><td>1,683,082</td><td></td><td>2,335,341</td><td></td><td>1,602,703</td><td></td><td>732,638</td></th<>	Support services - students		1,683,082		2,335,341		1,602,703		732,638	
Support services - school administration - 35,500 3,472 32,028 Central services 511,899 6,241 5,711 530 Operation and maintenance of plant 1,200 - - - Student transportation - - - - Other support services - - - - Capital outlay - - - - Total expenditures 3,220,686 3,946,408 2,855,551 1,090,857 Excess (deficiency) of revenues over expenditures -<	Support services - instruction		-		-		-		-	
Central services 511,899 6,241 5,711 530 Operation and maintenance of plant 1,200 - - - Student transportation - - - - Other support services - - - - Capital outlay - - - - - Total expenditures 3,220,686 3,946,408 2,855,551 1,090,857 Excess (deficiency) of revenues over expenditures - - (1,372,253) (1,372,253) Net change in fund balance - - (1,372,253) (1,372,253) Fund balance - beginning of year - - (940,618) (940,618) Fund balance - end of year \$ - \$ (2,312,871) \$ (2,312,871) Net change in fund balance (Non-GAAP Budgetary Basis) \$ (1,372,253) \$ (1,372,253) 1,376,965 Adjustments to revenues for PED Federal flowthrough grants - \$ (1,712) (4,712)	Support services - general administration		114,314		170,216		119,945		50,271	
Operation and maintenance of plant 1,200 - - - Student transportation - - - - Other support services - - - - Capital outlay - - - - Total expenditures 3,220,686 3,946,408 2,855,551 1,090,857 Excess (deficiency) of revenues over expenditures - - (1,372,253) (1,372,253) Net change in fund balance - - (1,372,253) (1,372,253) Fund balance - beginning of year - - (940,618) (940,618) Fund balance - end of year \$ - \$ (2,312,871) \$ (2,312,871) Net change in fund balance (Non-GAAP Budgetary Basis) \$ (1,372,253) (1,372,253) Adjustments to revenues for PED Federal flowthrough grants - \$ (1,372,253) Adjustments to expenditures for software (4,712)	Support services - school administration		-		35,500		3,472		32,028	
Student transportation -	Central services		511,899		6,241		5,711		530	
Student transportation -	Operation and maintenance of plant		1,200		-		-		-	
Other support services -			-		-		-		-	
Capital outlay -	Other support services		-		-		-		-	
Total expenditures 3,220,686 3,946,408 2,855,551 1,090,857 Excess (deficiency) of revenues over expenditures - - (1,372,253) (1,372,253) Net change in fund balance - - (1,372,253) (1,372,253) Fund balance - beginning of year - - (940,618) (940,618) Fund balance - end of year \$ - \$ (2,312,871) \$ (2,312,871) Net change in fund balance (Non-GAAP Budgetary Basis) \$ (1,372,253) (1,372,253) Adjustments to revenues for PED Federal flowthrough grants 1,376,965 (4,712)	· ·		-		-		-		-	
expenditures - - (1,372,253) (1,372,253) Net change in fund balance - - (1,372,253) (1,372,253) Fund balance - beginning of year - - (940,618) (940,618) Fund balance - end of year \$ - \$ (2,312,871) \$ Net change in fund balance (Non-GAAP Budgetary Basis) \$ (1,372,253) Adjustments to revenues for PED Federal flowthrough grants 1,376,965 Adjustments to expenditures for software (4,712)			3,220,686		3,946,408		2,855,551		1,090,857	
expenditures - - (1,372,253) (1,372,253) Net change in fund balance - - (1,372,253) (1,372,253) Fund balance - beginning of year - - (940,618) (940,618) Fund balance - end of year \$ - \$ (2,312,871) \$ Net change in fund balance (Non-GAAP Budgetary Basis) \$ (1,372,253) Adjustments to revenues for PED Federal flowthrough grants 1,376,965 Adjustments to expenditures for software (4,712)	Excess (deficiency) of revenues over									
Fund balance - beginning of year (940,618) (940,618) Fund balance - end of year \$ - \$ (2,312,871) \$ (2,312,871) Net change in fund balance (Non-GAAP Budgetary Basis) Adjustments to revenues for PED Federal flowthrough grants Adjustments to expenditures for software (4,712)			-		-		(1,372,253)		(1,372,253)	
Fund balance - end of year \$ - \$ - \$ (2,312,871) \$ (2,312,871) Net change in fund balance (Non-GAAP Budgetary Basis) Adjustments to revenues for PED Federal flowthrough grants Adjustments to expenditures for software \$ (1,372,253) 1,376,965 (4,712)	Net change in fund balance		-		_		(1,372,253)		(1,372,253)	
Net change in fund balance (Non-GAAP Budgetary Basis) \$ (1,372,253) Adjustments to revenues for PED Federal flowthrough grants Adjustments to expenditures for software (4,712)	Fund balance - beginning of year		-		-		(940,618)		(940,618)	
Adjustments to revenues for PED Federal flowthrough grants Adjustments to expenditures for software 1,376,965 (4,712)	Fund balance - end of year	\$	-	\$	-	\$	(2,312,871)	\$	(2,312,871)	
Adjustments to revenues for PED Federal flowthrough grants Adjustments to expenditures for software 1,376,965 (4,712)	Net change in fund balance (Non-GAAP Budge	tarv P	lasis)					\$	(1 372 253)	
Adjustments to expenditures for software (4,712)		•	•					7		
<u> </u>		0 0	0 0							
	· · · · · · · · · · · · · · · · · · ·							\$	-	

THIS PAGE INTENTIONALLY LEFT BLANK

Roswell Independent School District No. 4 Statement of Fiduciary Assets and Liabilities Agency Funds June 30, 2019

	Primary
	Government
Current assets	_
Cash and cash equivalents	\$ 1,037,877
Investments	52,045
Receivables	2,365
Total assets	\$ 1,092,287
Current liabilities	
Accounts payable	\$ 27,347
Deposits held in trust for others	1,064,940
Total liabilities	\$ 1,092,287

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Roswell Independent School District No. 4 (the "District") is a special purpose government corporation governed by an elected five-member Board of Education. The Board of Education is the basic level of government, which has oversight responsibility and control over all activities related to the public school education of Roswell, New Mexico. The District is responsible for all activities related to public elementary and secondary school education within its jurisdiction. The District receives funding from local, state, and federal government sources and must comply with the requirements of these funding source entities.

This summary of significant accounting policies of the District is presented to assist in the understanding of the District's financial statements. The financial statements and notes are the representation of the District's management that is responsible for the financial statements. The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units.

Financial Reporting Entity

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

The basic-but not the only-criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters.

A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens.

A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Finally, the nature and significance of a potential component unit to the primary government could warrant its inclusion within the reporting entity.

Based upon the application of these criteria, the District has one component unit, the Sidney Gutierrez Charter School (the "Charter").

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Reporting Entity (Continued)

The District's Board of Education approved the Sidney Gutierrez Charter School for operations in accordance with the criteria listed above. The charter school is deemed to be fiscally dependent upon the District and has been deemed to be a separate legal entity based on state statute and is presented as a discrete component unit. The discretely presented component unit does not have separately issued financial statements.

Government-wide and Fund Financial Statements

The government-wide financial statements (the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The District does not have any *business-type activities*.

In the government-wide statement of net position, the governmental activities column is presented on a consolidated basis by column, and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net position is reported in three parts – net investment in capital assets, restricted net position; and unrestricted net position.

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

The District reports the following major governmental funds:

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

The Bond Building – Capital Projects Fund (31100) is used to account for special appropriations monies received for the State of New Mexico under Chapter 4, Laws of 1996 for the purpose of specific capital outlay projects.

The *Debt Service – Debt Service Fund (41000)* is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs. Funding authority is the New Mexico Public Education Department.

Additionally, the District reports the following Agency funds:

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

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

Restricted Assets: The Debt Service Fund is used to report resources set aside for the payment of long-term debt principal and interest. The Capital Outlay funds are used to report resources set aside for special capital outlay projects.

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

The District receives monthly income from a tax levy in Chaves County. The funds are collected by the County Treasurer and are remitted to the District the following month. Under the modified accrual method of accounting, the amount remitted by the County Treasurer in July and August 2019 is considered "measurable and available" and, accordingly, is recorded as revenue in the governmental fund statements during the year ended June 30, 2019. Period of availability is deemed to be sixty days subsequent to year end.

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

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

Inventory: The District's method of accounting for inventory is the consumption method Inventory in the general fund consists of expendable supplies held for consumption.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Inventory in the Special Revenue Funds consists of U.S.D.A. commodities and other purchased food and non-food supplies. Commodities consumed during the year are reported as revenues and expenditures; unused commodities are reported as inventories. Non-commodity inventories are equally offset by a fund balance reserve, which indicates that they do not constitute "available spendable resources": even though they are a component of net current assets.

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

Information Technology Equipment including software is being capitalized and included in furniture, fixtures and equipment in accordance with NMAC 2.20.1.9 C (5).

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

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

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

Assets	Years
Land improvements	20
Buildings and improvements	20-50
Furniture, fixtures and equipment	5-20
Intangibles	20

Deferred Inflows of Resources: In addition to liabilities, the balance sheet reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Revenue must be susceptible to accrual (measurable and available to finance expenditures of the current fiscal period) to be recognized.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

If assets are recognized in connection with a transaction, but those assets are not yet available to finance expenditures of the current fiscal period, then the assets must be offset by a corresponding liability for deferred inflows of resources. The District has one type of item, which arises under the modified accrual basis of accounting that qualify for reporting in this category. Accordingly, the item, unavailable revenue - property taxes is reported only in the governmental funds balance sheet. This amount is deferred and recognized as an inflow of resources in the period that the amount become available. The District and Charter recorded \$376,048 and \$599, respectively, related to property taxes considered to be "unavailable." In addition, the District and Charter each have two types of items present on the statement of net position which are related to pension totaling \$5,739,114 and \$115,499, respectively. These items are detailed in Note 9. The District also has one item reported for this category related to the advance refunding of bonds totaling \$140,642. Lastly, the District and Charter each have four types of items present on the statement of net position which are related to OPEB liability totaling \$14,086,673 and \$142,291, respectively. These items are detailed in Note 10. The pension and OPEB related items are deferred and recognized as an inflow of resources in the period that the amounts become available.

Deferred Outflows of Resources: In addition to assets, the balance sheet reports a separate section for deferred outflows of resources. This separate financial statement element represents a use of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenditure) until that time. The District and the Charter each have five types of items present on the statement of net position which is related to net pension liability which total \$52,411,698 and \$413,093, respectively. These items are detailed in Note 9. Lastly, the District and Charter each have one type of item present on the statement of net position which are related to OPEB liability totaling \$1,040,451 and \$7,231, respectively. These items are detailed in Note 10. The pension and OPEB related items are deferred and recognized as an inflow of resources in the period that the amounts become available.

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Compensated Absences: The District permits administrative employees to accumulate a limited amount of earned but unused vacation, which will be paid if not used, upon termination from the District. Accumulated sick leave benefits vest with each employee in accordance with the District's policy. All vacation pay and applicable accumulated sick leave is accrued when incurred in the government-wide financial statements. A liability for these accounts is reported in the governmental funds only if they have matured. No liability is reported for unpaid accumulated sick leave, as no payment is required upon termination of service by employee.

The liability for compensated absences increased by \$91,606 for a total of \$608,160 as of June 30, 2019.

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

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

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

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

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

This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Nonspendable Fund Balance: At June 30, 2019, the nonspendable fund balance in the general fund is made up of \$441,165 for inventory and \$136,598 for prepaid expenses. Nonspendable fund balances in the Title I Special Revenue Fund and Entitlement IDEA-B Fund are \$24,457 and \$1,572 for prepaid expenses.

Nonspendable fund balance in the Food Services Fund is \$228,658 for inventory. Nonspendable fund balance in the Technical Education Act of 1998 Fund is \$68,745 for prepaid expenses. Nonspendable fund balance in the Technical Education Act of 1998 Fund is \$68,745 for prepaid expenses. Nonspendable fund balance in the Teacher/Principal Training & Recruiting Fund is \$11,687 for prepaid expenses. Nonspendable fund balance in the Carl Perkins Secondary - Redistribution Fund is \$2,457 for prepaid expenses. Nonspendable fund balance in the Direct Student Services Fund is \$2,292 for prepaid expenses. Nonspendable fund balance in the Title XIX Medicaid Fund is \$4,320 for prepaid expenses. Nonspendable fund balance in the Capital Improvements SB-9 Local Fund is \$54 for prepaid expenses.

Restricted and Committed Fund Balance: At June 30, 2019, the restricted fund balance on the governmental funds balance sheet is made up of \$9,430,548 restricted for instructional materials, food services, extracurricular activities and education to the students of the District, \$13,817,911 restricted for the purpose of erecting, remodeling, making additions to and furnishing school buildings and purchasing or improving school grounds and purchasing computer software and hardware for student use in public schools, providing matching funds for capital outlay projects funded pursuant to the Public School Capital Outlay Act [22-24-1 NMSA 1978], or any combination of these purposes, and \$6,386,366 restricted for the payment of principal and interest of the future debt service requirements. The District also has committed funds of \$5,459,717 in the general fund rebudgeted for the subsequent year's expenditures. The District has no minimum fund balance policy. Residual amounts are reported as unassigned in the General Fund.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

- a. Net investment in capital assets: Consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. The District includes unspent bond proceeds in the amount of \$11,496,444 in the calculation of the net investment in capital assets.
- b. Restricted Net Position: Net position is reported as restricted when constraints are placed on the use either by: (1) external groups such as creditors, grantors, contributors, or laws or regulation of other governments; or (2) law through constitutional provisions or enabling legislation. Descriptions for the related restrictions for net position restricted for "special revenue, capital projects, and debt service" are described at pages 46-47 and 112-117.
- c. Unrestricted Net Position: Net position that does not meet the definition of "Restricted" or "Net Investment in Capital Assets."

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

State Equalization Guarantee: School districts in the State of New Mexico receive a 'state equalization guarantee distribution' which is defined as "that amount of money distributed to each school district to insure that the school district's operating revenue, including its local and federal revenues as defined (in Chapter 22, Section 825, NMSA 1978) is at least equal to the school district's program costs." A school district's program costs are determined through the use of various formulas using 'program units' which take into consideration 1) early childhood education; 2) basic education; 3) special education; 4) bilingual-multicultural education; 5) size, etc. Payment is made from the public school fund under the authority of the Director of Public School Finance. The District and the Charter received \$72,659,572 and \$695,218, respectively, in state equalization guarantee distributions during the year ended June 30, 2019.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Tax Revenues: The District receives mill levy and ad-valorem tax revenues primarily for debt service and capital outlay purposes. Property taxes are assessed on January 1st of each year and are payable in two equal installments, on November 10th of the year in which the tax bill is prepared and April 10th of the following year with the levies becoming delinquent 30 days (one month) thereafter. The District recognizes tax revenues in the period for which they are levied in the government-wide financial statements. The District records only the portion of the taxes considered 'measurable' and 'available' in the governmental fund financial statements. The District and the Charter recognized \$8,516,650 and \$13,647 in tax revenues respectively, in the government-wide financial statements during the year ended June 30, 2019. Descriptions of the individual debt service and capital outlay funds contained in these financial statements include information regarding the authority for the collection and use of these taxes.

Transportation Distribution: School districts in the State of New Mexico receive student transportation distributions. The transportation distribution is allocated to each school district in accordance with formulas developed by the State Transportation Director and the Director of Public School Finance. The funds shall be used only for the purpose of making payments to each school district for the to-and-from school transportation costs of students in grades K through 12 attending public school within the school district. The District received \$3,010,758 in transportation distributions during the year ended June 30, 2019.

Instructional Materials: The Public Education Department (Department) receives federal mineral leasing funds from which it makes annual allocations to the various school districts for the purchase of educational materials. Of each allocation, seventy percent is restricted to the requisition of materials listed in the State Board of Education "State Adopted Instructional Material" list, while thirty percent of each allocation is available for purchases directly from vendors. Allocations received from the State by the District and the Charter for the year ended June 30, 2019 totaled \$362,268 and \$2,404, respectively.

SB-9 State Match: The Director shall distribute to any school district that has imposed a tax under the Public School Capital Improvements Act (22-25-1 to 22-25-10 NMSA 1978) an amount from the public school capital improvements fund that is equal to the amount by which the revenue estimated to be received from the imposed tax as specified in Subsection B of Section 22-25-3 NMSA 1978, assuming a one hundred percent collection rate, is less than an amount calculated by multiplying the product obtained by the rate imposed in the District under the Public School Capital Improvements Act.

The distribution shall be made by December 1 of each year that the tax is imposed in accordance with Section 22-25-3 NMSA 1978. However, in the event that sufficient funds are not available in the public school capital improvement funds to make the state distribution provided for in this section, the dollar per program unit figure shall be reduced as necessary. The District and the Charter received \$578,880 and \$0, respectively, in state SB-9 matching during the year ended June 30, 2019.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

The District and the Charter received \$979,272 and \$33,811, respectively, in Public School Capital Outlay matching during the year ended June 30, 2019.

Federal Grants: The District receives revenues from various Federal departments (both direct and indirect), which are legally restricted to expenditures for specific purposes. These programs are reported as Special Revenue Funds. Each program operates under its own budget, which has been approved by the Federal Department or the flow-through agency (usually the New Mexico Public Education Department). The various budgets are approved by the local School Board and the New Mexico Public Education Department.

New Accounting Standards Adopted

During the year ended June 30, 2019, the District adopted GASB Statement No. 83, Certain Asset Retirement Obligations, and GASB Statement No. 88 Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements. These two statements are required to be implemented as of June 30, 2019, if applicable.

The implementation of these statements did not have a significant impact on the District because the activities of the District were not affected by the statements in a material manner.

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

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

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

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

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

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

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

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

Budgetary Information (Continued)

- The District shall make corrections, revisions and amendments to the estimated budgets fixed by the local school board to recognize actual cash balances and carryover funds, if any. These adjustments shall be reviewed and approved by the DBPU.
- 6. The superintendent is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the school board and the State of New Mexico Public Education Department.
- 7. Budget change requests are processed in accordance with Supplement 1 (Budget Preparation and Maintenance) of the Manual of Procedures Public School Accounting and Budgeting. Such changes are initiated by the school district and approved by the DBPU.
- 8. Legal budget control for expenditures is by function.
- 9. Appropriations lapse at fiscal year-end. Funds unused during the fiscal year may be carried over into the next fiscal year by budgeting those in the subsequent fiscal year's budget. The budget schedules included in the accompanying financial statements reflect the original budget and the final budget.
- 10. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Funds.

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

Evenes (Deficiency) of

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

Budgetary Information (Continued)

The appropriated budget for the year ended June 30, 2019, was properly amended by the District's Board of Education throughout the year. The amendments resulted in the following changes:

	Excess (Deficiency) of				
		enditures			
	0	riginal Budget	Final Budget		
Budgeted funds:					
General Fund	\$	(372,236)	\$	(14,066,621)	
Title I Special Revenue Fund		-		-	
Entitlement IDEA-B		-		-	
Bond Building Capital Projects Fund		(6,061,114)		(8,656,330)	
Debt Service Fund		(5,635,368)		(5,635,368)	
Other governmental funds		(6,291,633)		(9,292,538)	
	\$	(18,360,351)	\$	(37,650,855)	

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

NOTE 3: DEPOSITS AND INVESTMENTS

Section 22-8-40, NMSA 1978 authorizes the investment of District funds in a wide variety of instruments including certificates of deposit and other similar obligations, state investment pool, money market accounts, and United States Government obligations. All invested funds of the District properly followed State investment requirements as of June 30, 2019.

Deposits of funds may be made in interest or non-interest bearing checking accounts in one or more banks or savings and loan associations within the geographical boundaries of the District. Deposits may be made to the extent that they are insured by an agency of the United States or collateralized as required by statute. The financial institution must provide pledged collateral for 50% of the deposit amount in excess of the deposit insurance.

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

NOTE 3: DEPOSITS AND INVESTMENTS (Continued)

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

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

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk, other than following state statutes as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978). At June 30, 2019, \$3,250,144 of the District's bank balances of \$3,632,154 was exposed to custodial credit risk. 3,250,144 was uninsured and collateralized by collateral held by the pledging bank's trust department not in the District's name, and \$0 was uninsured and uncollateralized.

			1	Wells Fargo	
	F	Pioneer Bank		Bank	Total
Amount of deposits	\$	3,551,108	\$	81,046	\$ 3,632,154
FDIC coverage		(300,964)		(81,046)	(382,010)
Total uninsured public funds		3,250,144		-	3,250,144
Collateralized by securities held by pledging institutions or by its trust department or					
agent in other than the District's name		3,250,144		-	3,250,144
Uninsured and uncollateralized	\$	-	\$	-	\$ -
Collateral requirement (50%) Pledged securities	\$	1,625,072 12,333,004	\$	-	\$ 1,625,072 12,333,004
Over (under) collateralized	\$	10,707,932	\$	-	\$ 10,707,932

The collateral pledged is listed on the Schedule of Collateral Pledged by Depository for Public Funds on pages 162-163 of this report. The types of collateral allowed are limited to direct obligations of the United States Government and all bonds issued by any agency, School district or political subdivision of the State of New Mexico.

NOTE 3: DEPOSITS AND INVESTMENTS (Continued)

Investment Custodial Credit Risks. For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District does not have an investment policy for custodial credit risk. New Mexico State Statutes require collateral pledged to be delivered for securities underlying an overnight repurchase agreement, or a joint safekeeping receipt be issued to the District for at least one hundred two percent of the fair value of the securities underlying overnight repurchase accounts invested with the institution.

At June 30, 2019, the District's investment balances were exposed to custodial credit risk as follows:

Overnight Repurchase Agreements	Pio	neer Bank		Total
Amount of deposits	\$ 4:	1,060,398	\$ 41,0	60,398
Total uninsured public funds	4:	1,060,398	41,0	60,398
Collateralized by securities held by pledging				
institutions or by its trust department or				
agent in other than the District's name	4:	1,060,398	41,0	60,398
Uninsured and uncollateralized	\$	-	\$	
Collateral requirement (102% of uninsured-repurchase)	\$ 4:	1,881,606	\$ 41,8	81,606
Pledged securities	4	1,881,606	41,8	81,606
Over (under) collateralized	\$	-	\$	_

Reconciliation to the Statement of Net Position

The carrying amount of deposits and investments shown above are included in the District's statement of net position as follows:

Cash and cash equivalents	\$ 34,976,995
Restricted cash	6,271,700
Investments	2,718
Cash - statement of fiduciary assets and liabilities	1,037,868
Investments - statement of fiduciary assets and liabilities	52,054
Total cash, cash equivalents, and investments	42,341,335
Add: outstanding checks	2,355,936
Less: petty cash	(920)
Less: investments	(3,799)
Bank balance of deposits and investments	\$ 44,692,552

NOTE 3: DEPOSITS AND INVESTMENTS (Continued)

The Charter

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the Charter's deposits may not be returned to it. The Charter does not have a deposit policy for custodial credit risk, other than following state statutes as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978). At June 30, 2019, \$254,857 of the Charter's bank balances of \$504,857 was exposed to custodial credit risk. \$254,857 was uninsured and collateralized by collateral held by the pledging bank's trust department not in the District's name, and \$0 was uninsured and uncollateralized.

	Pi	Total	
Amount of deposits	\$	504,857	\$ 504,857
FDIC coverage		(250,000)	(250,000)
Total uninsured public funds		254,857	254,857
Collateralized by securities held by pledging institutions or by its trust department or agent in other than the Charter's name		254,857	254,857
Uninsured and uncollateralized	\$	-	\$
Collateral requirement (50%) Pledged securities	\$	127,429 500,000	\$ 127,429 500,000
Over (under) collateralized	\$	372,571	\$ 372,571

The collateral pledged is listed on the Schedule of Collateral Pledged by Depository for Public Funds on pages 162-163 of this report. The types of collateral allowed are limited to direct obligations of the United States Government and all bonds issued by any agency, School district or political subdivision of the State of New Mexico.

Reconciliation to the Statement of Net Position

The carrying amount of deposits and investments shown above are included in the Charter's statement of net position as follows:

Cash and cash equivalents	\$ 494,824
Cash - statement of fiduciary assets and liabilities	6,819
Total cash, cash equivalents, and investments	501,643
Add: outstanding checks	3,214
Bank balance of deposits	\$ 504,857

NOTE 3: DEPOSITS AND INVESTMENTS (Continued)

Investments

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

As of June 30, 2019, the District had the following investments and maturities:

	weighted Average			
Investment Type	Maturities (F)	F	air Value	Rating
New Mexi <i>GROW</i> LGIP	100 days (WAM(F))	\$	3,800 *	AAAm **
Investments per schedule of deposits and	d investment accounts	\$	3,800	

^{* \$1,082} of this balance is agency funds

The investments are listed on Schedule of Deposits and Investment Accounts on pages 164-165 of this report. The types of investment, interest rate, maturity date and fair value per security are included in the schedule.

The District's agency funds also report certificate of deposits in the amount of \$50,964 as investments as there is an original maturity date greater than ninety days.

Interest Rate Risk — Investments. The District does not have a formal policy limiting investment maturities that would help manage its exposure to fair value losses from increasing interest rates.

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

^{**} Based on Standard & Poor's rating

NOTE 4: ACCOUNTS RECEIVABLE

Primary Government

Accounts receivable as of June 30, 2019, are as follows:

						Entitlement	
	Ge	General Fund Title I			I IDEA-B		
Taxes receivable:						_	
Property taxes	\$	22,778	\$	-	\$	-	
Due from other governme	ents:						
State		-		-		-	
Federal		-		1,622,198		2,412,787	
Other receivables:							
Miscellaneous		567,217		-			
			•				
Totals by fund	\$	589,995	\$	1,622,198	\$	2,412,787	

				Other		
			G	overnmental		
	0	ebt Service	rvice Funds			
Taxes receivable:						_
Property taxes	\$	381,049	\$	130,864	\$	534,691
Due from other governme	nts:					
State		-		2,286,046		2,286,046
Federal		-		1,607,081		5,642,066
Other receivables:						
Miscellaneous		-		-		567,217
Totals by fund	\$	381,049	\$	4,023,991	\$	9,030,020

In accordance with GASB Statement No. 33, property tax revenues in the amount of \$376,048 that was not collected within the period of availability has been reclassified as deferred inflows for unavailable revenue in the governmental fund financial statements. All of the above receivables are deemed to be fully collectible.

NOTE 4: ACCOUNTS RECEIVABLE (Continued)

The Charter

Accounts receivable as of June 30, 2019, are as follows:

	Gove			
		Total		
Property taxes receivable	\$	838	\$	838
Totals by fund	\$	838	\$	838

In accordance with GASB Statement No. 33, property tax revenues in the amount of \$599 that was not collected within the period of availability has been reclassified as deferred inflows for unavailable revenue in the governmental fund financial statements. All of the above receivables are deemed to be fully collectible.

NOTE 5: INTERFUND RECEIVABLES AND PAYABLES

The District records temporary interfund receivables and payables to enable the funds to operate until grant monies are received. The composition of interfund balances during the year ended June 30, 2019 is as follows:

	Due from			Due to
Governmental Activities		Other Funds		Other Funds
General Fund	\$	6,615,591	\$	-
Special Revenue Fund				
Title I IASA		-		1,368,996
Entitlement Idea B		-		2,186,337
Nonmajor Funds				
Migrant Children Education		-		9,000
Preschool Idea B		-		40,000
Education for Homeless		-		7,500
Private Schools Share IDEA B		-		14,025
CDC Healthy Schools		-		5,003
Tech Prep - Voc Ed		-		80,000
Title III - English Language Acquisition		-		50,000
Teacher/Principal Training & Recruiting		-		331,333
Rural and Low Income Schools		-		54,600
Immigrant Funding - Title III		-		67,910
Carl D Perkins Secondary Current		-		65,018
Carl D Perkins Secondary Redistribution		-		6,852
Student Support and Academic Enrichment		-		124,300
Direct Student Services		-		28,175
2012 GO Bond Student Library		-		81,051
Automated Text Messaging System		-		2,648
Excellence in Teaching Award		-		26,912
PreK Initiative		-		1,185,126
Breakfast for Elementary Students		-		6,322
Schools in Need of Improvement Grant		-		30,757
Kindergarten Three Plus		-		206,790
K-3 Plus 4 and 5 Pilot		-		47,865
GRADS Plus		-		5,390
Capital Improvements SB9		-		583,681
Total	\$	6,615,591	\$	6,615,591

The Charter's general fund also had an interfund receivable in the amount of \$8,453 due from the public schools capital outlay fund.

NOTE 5: INTERFUND RECEIVABLES AND PAYABLES (Continued)

All interfund balances are intended to be repaid within one year. At June 30, 2019, there were no operating transfers made to close out funds.

NOTE 6: CAPITAL ASSETS

Primary Government

A summary of capital assets and changes occurring during the year ended June 30, 2019, including those changes pursuant to the implementation of GASB Statement No. 34, follows. Land and construction in progress are not subject to depreciation.

Capital assets, net of accumulated depreciation, at June 30, 2019 appear in the statement of net position as follows:

Governmental activities:	Balance	2		Balance
	June 30, 2018	3 Additions	Deletions	June 30, 2019
Capital assets not being depreciated:				
Land	\$ 2,477,313	\$ -	\$ -	\$ 2,477,313
Construction in progress	14,299,747	2,700,669	(12,710,163)	4,290,253
Total capital assets not being				
depreciated	16,777,060	2,700,669	(12,710,163)	6,767,566
Capital assets being depreciated:				
Land improvements	17,447,713	585,785	_	18,033,498
Buildings and improvements	183,794,634		-	197,776,326
Furniture, fixtures and equipment	8,331,497		(509,995)	8,458,025
Intangibles	451,398		-	451,398
Total capital assets being depreciated	210,025,242	15,204,000	(509,995)	224,719,247
Total capital assets	226,802,302	17,904,669	(13,220,158)	231,486,813
Less accumulated depreciation:				
Land improvements	11,031,213	675,972	-	11,707,185
Buildings and improvements	64,709,650		-	71,198,597
Furniture, fixtures and equipment	5,049,221	562,750	(411,469)	5,200,502
Intangibles	428,999	13,200		442,199
Total accumulated depreciation	81,219,083	7,740,869	(411,469)	88,548,483
Total capital assets, net of depreciation	\$ 145,583,219	\$ 10,163,800	\$ (12,808,689)	\$ 142,938,330

NOTE 6: CAPITAL ASSETS (Continued)

Depreciation and amortization expense for the year ended June 30, 2019 was charged to the following functions:

Instruction	\$ 4,291,376
Support services - students	837,158
Support services - instruction	110,685
Support services - general administration	133,231
Support services - school administration	377,856
Central services	698,412
Operation and maintenance of plant	214,139
Student transportation	1,112
Other support services	668,317
Food service operations	408,583
Total	\$ 7,740,869

Charter

Governmental activities:		Balance				Balance
	Jun	e 30, 2018	Additions	Deletions	June	30, 2019
Capital assets being depreciated:						
Land improvements	\$	68,126	\$ - \$	-	\$	68,126
Furniture, fixtures and equipment		15,727	-	-		15,727
Total capital assets being depreciated		83,853	-	-		83,853
Less accumulated depreciation:						
Land improvements		11,171	3,365	-	\$	14,536
Furniture, fixtures and equipment		15,993	1,054	-		17,047
Total accumulated depreciation		27,164	4,419	-		31,583
Total capital assets, net of						
depreciation	\$	56,689	\$ (4,419) \$	-	\$	52,270

Depreciation expense in the amount of \$4,419 was charged to Instruction in the statement of activities.

NOTE 7: LONG-TERM DEBT

General obligation bonds are secured by and payable solely from the Debt Service Fund.

General obligation bonds are direct obligations and pledge the full faith and credit of the District. These bonds are issued with varying terms and varying amounts of principal maturing each year. All general obligation bonds as of June 30, 2019 are for governmental activities.

Bonds outstanding at June 30, 2019 are comprised of the following:

		Series 2010	Series 2011	Series 2013	Series 2015 A
Original issue:	\$	8,000,000	\$ 9,500,000	\$ 6,500,000	\$ 8,000,000
Principal:		1-Aug	1-Aug	1-Aug	1-Aug
Interest:		1-Feb	1-Feb	1-Feb	1-Feb
		1-Aug	1-Aug	1-Aug	1-Aug
Interest rates:	:	2.00% - 3.00%	2.00% - 3.00%	2.00% - 3.50%	2.00% - 4.00%
Maturity date:		8/1/2022	8/1/2023	8/1/2028	8/1/2029
		Series 2015 B	Series 2017 A	Series 2017 B	Series 2018
Original issue:	\$	5,675,000	\$ 3,730,000	\$ 5,670,000	\$ 4,210,000
Principal:		1-Aug	1-Aug	1-Aug	1-Aug
Interest:		1-Feb	1-Feb	1-Feb	1-Feb
		1-Aug	1-Aug	1-Aug	1-Aug
Interest rates:		4.00%	3.00%	4.00%	3.00%-3.150%

During the year ended June 30, 2019, the following changes occurred in the liabilities reported in the government-wide statement of net position:

	Balance			Balance	Due Within
	June 30, 2018	Additions	Retirements	June 30, 2019	One Year
General Obligation Bonds	\$ 39,740,000	\$ 4,210,000	\$ 4,815,000	\$ 39,135,000	\$ 4,760,000
Compensated absences	516,554	504,364	412,758	608,160	496,431
					_
Total long-term debt	\$ 40,256,554	\$ 4,714,364	\$ 5,227,758	\$ 39,743,160	\$ 5,256,431

On September 26, 2018, the District entered into a General Obligation School Building bond series 2018 in the amount of \$4,210,000, due in installments on August 1st and February 1st with interest rates between 3.00% and 3.150% paid semiannually through August of 2033. The balance at June 30, 2019 was \$4,210,000.

NOTE 7: LONG-TERM DEBT (Continued)

The annual requirement to amortize the District's bonds outstanding as of June 30, 2019, including interest payments, is as follows:

GO Bond Series 2010

Fiscal Year			Total Debt
Ending June 30,	Principal	Interest	Service
2020	\$ 1,200,000	\$ 138,000	\$ 1,338,000
2021	1,300,000	105,000	1,405,000
2022	1,400,000	64,500	1,464,500
2023	1,450,000	21,750	1,471,750
	\$ 5,350,000	\$ 329,250	\$ 5,679,250

GO Bond Series 2011

Fiscal Year			Total Debt
Ending June 30,	Principal	Interest	Service
2020	\$ 625,000	\$ 204,375	\$ 829,375
2021	1,500,000	172,500	1,672,500
2022	1,500,000	127,500	1,627,500
2023	1,625,000	80,625	1,705,625
2024	1,875,000	28,175	1,903,175
	\$ 7,125,000	\$ 613,175	\$ 7,738,175

GO Bond Series 2013

Fiscal Year			Total Debt
Ending June 30,	Principal	Interest	Service
2020	\$ -	\$ 172,250	\$ 172,250
2021	-	172,250	172,250
2022	575,000	163,625	738,625
2023	600,000	146,000	746,000
2024	600,000	128,000	728,000
2025-2029	3,500,000	304,500	3,804,500
	\$ 5,275,000	\$ 1,086,625	\$ 6,361,625

NOTE 7: LONG-TERM DEBT (Continued)

GO Bond Series 2015A

Fiscal Year						Total Debt
Ending June 30,		Principal		Interest		Service
2020	\$	225,000	\$	239,000	\$	464,000
2021		200,000		234,500		434,500
2022		200,000		230,500		430,500
2023		400,000		226,500		626,500
2024		875,000		210,500		1,085,500
2025-2029		4,500,000		553,500		5,053,500
2030		900,000		27,000		927,000
	۲.	7 200 000	ć 1	724 500	۲.	0.024.500
	\$	7,300,000	\$ 1	,721,500	\$	9,021,500

GO Bond Series 2015B

Fiscal Year			Total Debt
Ending June 30,	Principal	Interest	Service
2020	\$ 1,400,000	\$ 86,000	\$ 1,486,000
2021	750,000	30,000	780,000
	\$ 2,150,000	\$ 116,000	\$ 2,266,000

GO Bond Series 2017A

Fiscal Year			Total Debt
Ending June 30,	Principal	Interest	Service
2020	\$ 30,000	\$ 95,913	\$ 125,913
2021	80,000	95,013	175,013
2022	20,000	92,613	112,613
2023	45,000	92,013	137,013
2024	165,000	90,663	255,663
2025-2029	1,775,000	324,727	2,099,727
2030-2033	1,440,000	93,600	1,533,600
	\$ 3,555,000	\$ 884,542	\$ 4,439,542

NOTE 7: LONG-TERM DEBT (Continued)

GO Bond Series 2017B

Fiscal Year			Total Debt
Ending June 30,	Principal	Interest	Service
2020	\$ 1,250,000	\$ 166,800	\$ 1,416,800
2021	855,000	116,800	971,800
2022	1,185,000	82,600	1,267,600
2023	60,000	35,200	95,200
2024	820,000	32,800	852,800
	\$ 4,170,000	\$ 434,200	\$ 4,604,200

GO Bond Series 2018

Fiscal Year					Total Debt
Ending June 30,	Principal		Interest		Service
2020	\$ 30,000	\$	124,573	\$	154,573
2021	50,000		123,373		173,373
2022	60,000		121,723		181,723
2023	270,000		116,773		386,773
2024	150,000		110,473		260,473
2025-2029	1,825,000		406,247		2,231,247
2030-2034	1,825,000		140,794		1,965,794
	\$ 4,210,000	Ş :	1,143,956	Ş	5,353,956

<u>Compensated Absences</u> – Administrative employees of the District are able to accrue a limited amount of vacation and other compensatory time during the year. During fiscal year June 30, 2019, compensated absences increased \$91,606 from the prior year accrual. In prior years, the general fund was typically used to liquidate such long-term liabilities. See Note 1 for more details.

NOTE 8: RISK MANAGEMENT

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

NOTE 8: RISK MANAGEMENT (Continued)

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

In case the NMPSIA's assets are not sufficient to meet its liability claims, the agreement provides that subscribers, including the District, cannot be assessed additional premiums to cover the shortfall. As of June 30, 2019, there have been no claims that have exceeded insurance coverage.

NOTE 9: PENSION PLAN – EDUCATIONAL RETIREMENT BOARD

General Information about the Pension Plan

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 ("the 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.

The Plan is included in NMERB's comprehensive annual financial report. The report can be found on NMERB's Web site at https://www.nmerb.org/Annual reports.html.

The Plan is a pension trust fund of the State of New Mexico. The ERA assigns the authority to establish and amend benefit provisions to a seven-member Board of Trustees (Board); the state legislature has the authority to set or amend contribution rates and other terms of the Plan. NMERB is self-funded through investment income and educational employer contributions. The Plan does not receive General Fund Appropriations from the State of New Mexico.

All accumulated assets are held by the Plan in trust to pay benefits, including refunds of contributions as defined in the terms of the Plan. Eligibility for membership in the Plan is a condition of employment, as defined in Section 22-11-2, NMSA 1978. Employees of public schools, universities, colleges, junior colleges, technical-vocational institutions, state special schools, charter schools, and state agencies providing an educational program, who are employed more than 25% of a full-time equivalency, are required to be members of the Plan, unless specifically excluded.

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

Pension Benefit. A member's retirement benefit is determined by a formula which includes three component parts: 1) the member's final average salary (FAS), 2) the number of years of service credit, and 3) a 0.0235 multiplier. The FAS is the average of the member's salaries for the last five years of service or any other consecutive five-year period, whichever is greater.

Summary of Plan Provisions for Retirement Eligibility. For members employed before July 1, 2010, a member is eligible to retire when one of the following events occurs:

- The member's age and earned service credit add up to the sum of 75 or more,
- The member is at least sixty-five years of age and has five or more years of earned service credit, or
- The member has service credit totaling 25 years or more.

Chapter 288, Laws of 2009 changed the eligibility requirements for new members first employed on, or after, July 1, 2010 and before July 1, 2013. The eligibility for a member who either becomes a new member on or after July 1, 2010 and before July 1, 2013, or at any time prior to July 1, 2010 refunded all member contributions and then becomes re-employed after July 1, 2010 is as follows:

- The member's age and earned service credit add up to the sum of 80 or more,
- The member is at least sixty-seven years of age and has five or more years of earned service credit, or
- The member has service credit totaling 30 years or more.

Section 2-11-23.2, NMSA 1978 added eligibility requirements for new members who were first employed on or after July 1, 2013, or who were employed before July 1, 2013 but terminated employment and subsequently withdrew all contributions, and returned to work for an ERB employer on or after July 1, 2013. These members must meet one of the following requirements.

- The member's minimum age is 55, and has earned 30 or more years of service credit. Those who retire earlier than age 55, but with 30 years of earned service credit will have a reduction in benefits to the actuarial equivalent of retiring at age 55.
- The member's minimum age and earned service credit add up to the sum of 80 or more. Those who retire under the age of 65, and who have fewer than 30 years of earned service credit will receive reduced retirement benefits
- The member's age is 67, and has earned 5 or more years of service credit.

Forms of Payment. The benefit is paid as a monthly life annuity with a guarantee that, if the payments made do not exceed the member's accumulated contributions plus accumulated interest, determined as of the date of retirement, the balance will be paid in a lump sum to the member's surviving beneficiary.

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

Benefit Options. The Plan has three benefit options available.

- Option A Straight Life Benefit. The single life annuity option has no reductions to the monthly benefit, and there is no continuing benefit due to a beneficiary or estate, except the balance, if any, of member contributions plus interest less benefits paid prior to the member's death.
- Option B Joint 100% Survivor Benefit. The single life annuity monthly benefit is reduced to provide for a 100% survivor's benefit. The reduced benefit is payable during the life of the member, with the provision that, upon death, the same benefit is paid to the beneficiary for his or her lifetime. If the beneficiary predeceases the member, the member's monthly benefit is increased to the amount the member would have received under Option A Straight Life benefit. The member's increased monthly benefit commences in the month following the beneficiary's death.
- Option C Joint 50% Survivor Benefit. The single life annuity monthly benefit is reduced to provide for a 50% survivor's benefit. The reduced benefit is payable during the life of the member, with the provision that, upon death, the reduced 50% benefit is paid to the beneficiary for his or her lifetime. If the beneficiary predeceases the member, the member's monthly benefit is increased to the amount the member would have received under Option A Straight Life benefit. The member's increased monthly benefit commences in the month following the beneficiary's death.

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

Cost of Living Adjustment (COLA). All retired members and beneficiaries receiving benefits receive an automatic adjustment in their benefit on July 1 following the later of 1) the year a member retires, or 2) the year a member reaches age 65 (Tier 1 and Tier 2) or age 67 (Tier 3).

- Tier 1 membership is comprised of employees who became members prior to July 1, 2010
- Tier 2 membership is comprised of employees who became members after July 1, 2010, but prior to July 1, 2013
- Tier 3 membership is comprised of employees who became members on or after July 1, 2013

As of July 1, 2013, for current and future retirees the COLA is immediately reduced until the Plan is 100% funded. The COLA reduction is based on the median retirement benefit of all retirees excluding disability retirements. Retirees with benefits at or below the median and with 25 or more years of service credit will have a 10% COLA reduction; their average COLA will be 1.5%.

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 1.7%.

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

Members on disability retirement are entitled to a COLA commencing on July 1 of the third full year following disability retirement. A member on regular retirement who can prove retirement because of a disability may qualify for a COLA beginning July 1 in the third full year of retirement.

Refund of Contributions. Members may withdraw their contributions only when they terminate covered employment in the State and their former employer(s) certification determination has been received by NMERB. Interest is paid to members when they withdraw their contributions following termination of employment at a rate set by the Board. Interest is not earned on contributions credited to accounts prior to July 1, 1971, or for contributions held for less than one year.

Contributions. The contribution requirements of plan members and the District are established in state statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. For the fiscal year ended June 30, 2019 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, 2018 employers contributed 13.90%, and employees earning 20,000 or less continued to contribute 7.90% and employees earning more than \$20,000 continued contributing at an amount of 10.70% of their gross annual salary. Contributions to the pension plan from the District and the Charter was \$7,450,510 and \$50,251, respectively, for the year ended June 30, 2019.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2019, the District and the Charter reported a liability of \$205,019,624 and \$1,485,227, respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017. The total pension liability was rolled-forward from the valuation date to the plan year ending June 30, 2018 using generally accepted actuarial principles. The roll-forward incorporates the impact of the new assumptions adopted by the Board on April 21, 2017. There were no other significant events of changes in benefit provisions that required an adjustment to the roll-forward liabilities as of June 30, 2018. Therefore, the employer's portion was established as of the measurement date June 30, 2018. At June 30, 2018, the District's proportion was 1.74110 percent, which was a decrease of 0.00616 from its proportion measured as of June 30, 2017. At June 30, 2018, the Charter's proportion was .01249 percent, which was a decrease of 0.00148 from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the District and the Charter recognized pension expense of \$34,864,189 and \$262,064, respectively.

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

At the June 30, 2019, the District and the Charter reported deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

Primary Government

	Def	erred Outflow	De	eferred Inflow
		of Resources		of Resources
Differences between expected and actual experience	\$	149,630	\$	4,395,790
Net difference between projected and actual earnings on pension plan investments		947,798		-
Changes in proportion and differences between District contributions and proportionate share of contribution		1,609,833		1,343,324
Changes in assumptions		42,253,576		-
District's contributions subsequent to the measurement date		7,450,410		
Total	\$	52,411,247	\$	5,739,114

The Charter

	 red Outflow of Resources	De	eferred Inflow of Resources
Differences between expected and actual experience	\$ 1,084	\$	28,266
Net difference between projected and actual earnings on pension plan investments	3,288		-
Changes in proportion and differences between District contributions and proportionate share of contribution	52,372		87,233
Changes in assumptions	306,098		-
Charter's contributions subsequent to the measurement date	50,251		
Total	\$ 413,093	\$	115,499

\$7,450,410 and \$50,251 reported as deferred outflows of resources related to pensions resulting from District and Charter's contributions subsequent to the measurement date of June 30, 2018 respectively, will be recognized as a reduction of the net pension liability in the year ended June 30, 2020.

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

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

Primary Government

Year ended June 30:	
2019	\$ (24,355,929)
2020	(15,434,287)
2021	574,465
2022	(5,972)
2023	-
Thereafter	_

The Charter

rear ended June 3	5U:	
2019	\$	(169,745)
2020		(98,275)
2021		20,720
2022		(43)
2023		-
Thereaft	er	_

Actuarial assumptions. The total pension liability, net pension liability, and certain sensitivity information shown in this report are based on actuarial valuation and performed as of June 30, 2017. The total pension liability was rolled forward from the valuation date to the Plan's year ending June 30, 2018 using generally accepted actuarial principles. The liabilities reflect the impact of Senate Bill 115, signed into law March 29, 2013 and new assumptions adopted by the Board of Trustees on April 21, 2017. Specifically, the liabilities measured as of June 30, 2016 incorporate the following assumptions:

- 1. All members with an annual salary of more than \$20,000 will contribute 10.70% during the fiscal year ending June 30, 2016 and thereafter.
- 2. Members hired after June 30, 2013 will have an actuarially reduced retirement benefit if they retire before age 55 and their COLA will be deferred until age 67.
- 3. COLAs for most retirees are reduced until ERB attains a 100% funded status.
- 4. These assumptions were adopted by the Board on June 12, 2015 in conjunction with the six year experience study period ending June 30, 2014.
- 5. For purposes of projecting future benefits, it is assumed that the full COLA is paid in all future years.

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

The actuarial methods and assumptions used to determine contributions rates included in the measurement are as follows:

Actuarial Cost Method Entry age normal

Inflation 2.50%

Salary increases 3.25% composed of 2.50% inflation, plus a 0.75% productivity increase rate,

plus a step-rate promotional increase for members with less than 10 years of

service.

Investment rate of return 7.25% compounded annually, net of expenses. This is made up of a 2.50%

inflation rate and a 4.75 real rate of return.

Mortality Healthy males: Based on the RP-2000 Combined Healthy Mortality Table with

White Collar adjustments, not set back. Generational mortality improvements

with Scale BB from the table's base year of 2000.

Healthy females: Based on GRS Southwest Region Teacher Mortality Table, set back one year. Generational mortality improvements in accordance with

Scale BB from the table's base year of 2012.

Disabled males: RP-2000 Disabled Mortality Table for males, set back three

years, projected to 2016 with Scale BB.

Disabled females: RP-2000 Disabled Mortality Table for females, no set back,

projected to 2016 with Scale BB.

Active members: RP-2000 Employee Mortality Tables, with males set back two years and scaled at 80%, and females set back five years and scaled at 70%. Static mortality improvement from the table's base year of 2000 to the year 2016 in accordance with Scale BB. No future improvement was assumed

for preretirement mortality.

Retirement Age Experience-based table rates based on age and service, adopted by the Board

on April 21, 2017 in conjunction with the six-year experience study for the

period ending June 30, 2016.

Cost-of-living increases 1.90% per year, compounded annually; increases deferred until July 1

following the year a member retires, or the year in which a member attains the age of 65 (67 for Tier 3), whichever is later or, for diabled retirees, until

July 1 of the third year following retirement.

Payroll growth 3.00% per year (with no allowance for membership growth).

Contribution accumulation The accumulated member account balance with interest is estimated at the

valuation date by assuming that member contributions increased 5.50% per year for all years prior to the valuation date. Contributions are credited with 4.00% interest, compounded annually, applicable to the account balances in

the past as well as the future.

Disability incidence Approved rates are applied to eligible members with at least 10 years of

service.

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

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

The long-term expected rate of return on pension plan investments was determined using a building-block approach that includes the following:

- Rate of return projections that are the sum of current yield plus projected changes in price (valuations, defaults, etc.)
- Application of key economic projections (inflation, real growth, dividends, etc.)
- Structural themes (supply and demand imbalances, capital flows, etc.) developed for each major asset class.

		Long-Term
		Expected
	Target	Rate of
Asset Class	Allocation	Return
Equities	34%	
Fixed income	27%	
Alternatives	38%	
Cash	1%	
Total	100%	7.25%

Discount rate. A single discount rate of 5.69% was used to measure the total pension liability as of June 30, 2018. The rate is 0.21% less than the 5.90% discount rate used for June 30, 2017.

This single discount rate was based on a long-term expected rate of return on pension plan investments of 7.25%, and a municipal bond rate of 3.62%, net of expense. Based on the stated assumptions and the projection of cash flows, the plan's fiduciary net position and future contributions were sufficient to finance the benefit payments through the year 2050. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the 2050 fiscal year, and the municipal bond rate was applied to all benefit payments after that date.

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

NOTE 9: PENSION PLAN - EDUCATIONAL RETIREMENT BOARD (Continued)

Sensitivity of the District's and Charter's proportionate share of the net pension liability to changes in the discount rate. The following table shows the sensitivity of the net pension liability to changes in the discount rate of 5.69% as of the fiscal year end 2018. In particular, the table presents the (employer's) net pension liability under the current single rate assumption, as if it were calculated using a discount rate one percentage point lower (4.69%) or one percentage point higher (6.69%) than the single discount rate.

Primary Government			Current		
		1% Decrease	Discount Rate		1% Increase
		(4.69%)	(5.69%)		(6.69%)
District's proportionate share					_
of the net pension liability	\$	266,446,992	\$ 205,019,624	\$	154,898,729
Component Unit			Current		
		1% Decrease	Dicount Rate		1% Increase
		(4.69%)	(5.69%)		(6.69%)
Charter's proportionate share of					_
the net pension liability	ς'	1,930,227	\$ 1,485,227	Ś	1,122,136

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued audited financial statements as of and for June 30, 2018 and June 30, 2018 which are publicly available at www.nmerb.org.

NOTE 10: OTHER POST EMPLOYEMENT BENEFITS – RETIREE HEALTH CARE

General Information about the Other Post-Employment Benefits Plan

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

NMRHCA is an independent agency of the State of New Mexico. The funds administered by NMRHCA are considered part of the State of New Mexico financial reporting entity and are OPEB trust funds of the State of New Mexico. NMRHCA's financial information is included with the financial presentation of the State of New Mexico.

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

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

Employees covered by benefit terms – At June 30, 2018, the Fund's measurement date, the following employees were covered by the benefit terms:

Plan membership	
Current retirees and surviving spouses	51,205
Inactive and eligible for deferred benefit	11,471
Current active members	93,349
	156,025
Active membership	
State general	19,593
State police and corrections	1,886
Municipal general	17,004
Municipal police	3,820
Municipal FTRE	2,290
Educational Retirement Board	48,756
	93,349

Contributions – Employer and employee contributions to the Fund total 3% for non-enhanced retirement plans and 3.75% of enhanced retirement plans of each participating employee's salary as required by Section 10-7C-15 NMSA 1978. The contributions are established by statute and are not based on an actuarial calculation. All employer and employee contributions are non-refundable under any circumstance, including termination of the employer's participation in the Fund. The District's contributions to the plan for the year ended June 30, 2019 were \$1,040,451, while the Charter contributed \$7,231, which equals the required contributions for the year.

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

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. At June 30, 2019, the District and the Charter reported liabilities of \$49,068,140 and \$355,261 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2017. The District's proportion of the net OPEB liability was based on actual contributions provided to the Fund for the year ending June 30, 2018. At June 30, 2018, the District's and the Charter's proportion was 1.12843 percent and .00817 percent, respectively.

For the year ended June 30, 2019, the District recognized an OPEB benefit of \$387,942. At June 30, 2019 the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Defe	rred Outflow	De	ferred Inflow
		of Resources		of Resources
Changes of assumptions	\$	-	\$	9,160,806
Net difference between projected and actual earnings on OPEB plan investments		-		612,352
Changes in proportion and differences between contributions and proportionate share of contributions		-		1,408,367
District's contributions subsequent to the measurement date		1,040,451		-
Differences between expected and actual experience		-		2,905,148
Total	\$	1,040,451	\$	14,086,673

Deferred outflows of resources totaling \$1,040,451 represent the District's contributions to the Fund made subsequent to the measurement date and will be recognized as a reduction of net OPEB liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

Year ended June 30:	
2019	\$ (3,519,667)
2020	(3,519,667)
2021	(3,519,667)
2022	(2,786,028)
2023	(741,644)
Total	\$ (14,086,673)

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

For the year ended June 30, 2019, the Charter recognized OPEB benefit of \$11,165. At June 30, 2019 the Charter reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Defer	red Outflow	De	eferred Inflow
	c	of Resources		of Resources
Changes of assumptions	\$	-	\$	66,328
Net difference between projected and actual earnings on OPEB plan investments		-		4,433
Changes in proportion and differences between contributions and proportionate share of contributions		-		50,496
Charter's contributions subsequent to the measurement date		7,231		-
Differences between expected and actual experience		-		21,034
Total	\$	7,231	\$	142,291

Deferred outflows of resources totaling \$7,231 represent the Charter's contributions to the Fund made subsequent to the measurement date and will be recognized as a reduction of net OPEB liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

Year end	ed June 30:	
	2019	\$ (34,021)
	2020	(34,021)
	2021	(34,021)
	2022	(28,709)
	2023	(11,519)
Total		\$ (142,291)

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

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

Actuarial valuation date June 30, 2017

Actuarial cost method Entry age normal, level percent of pay,

calculated on individual employee basis

Asset valuation method Market value of assets

Actuarial assumptions:

Inflation 2.50% for ERB; 2.25% for PERA

Projected payroll increases 3.50%

Investment rate of return 7.25%, net of OPEB plan investment expense

and margin for adverse deviation including

inflation

Health care cost trend rate 8% graded down to 4.5% over 14 years for

Non-Medicare medical plan costs and 7.5% graded down to 4.5% over 12 for Medicare

medical plan costs

Mortality ERB members: RP-2000 Combined Healthy

Mortality Table with White Collar Adjustment (males) and GRS Southwest Region Teacher Mortality Table (females) PERA members: RP-

2000 Combined Healthy Mortality

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

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

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

		Long-Term
Asset Class	Target Allocation	Rate of Return
U.S. core fixed income	20%	2.1%
U.S. equity - large cap	20%	7.1%
Non U.S emerging markets	15%	10.2%
Non U.S developed equities	12%	7.8%
Private equity	10%	11.8%
Credit and structured finance	10%	5.3%
Real estate	5%	4.9%
Absolute return	5%	4.1%
U.S. equity - small/mid cap	3%	7.1%

Discount Rate. The discount rate used to measure the total OPEB liability is 4.08% as of June 30, 2018. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at rates proportional to the actuary determined contribution rates. For this purpose, employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries are not included. Based on those assumptions, the Fund's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members through the fiscal year ending June 30, 2029. 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 4.08% is the blended discount rate.

Basis for Allocation. The employers' proportionate share, reported in the Schedule of Employer Allocations, is calculated using employer contributions for employers that were members of the Authority as of June 30, 2018.

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

Sensitivity of the net OPEB liability to changes in the discount rate and healthcare cost trend rates. The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.08 percent) or 1-percentage-point higher (5.08 percent) than the current discount rate:

	Current							
1% Decrease (3.08%)		Discount Rate (4.08%)		1% Increase (5.08%)				
\$	59,384,004	\$	49,068,140	<u> </u>	40,936,940			
٠	JJ,JU T ,UUT	٠	+5,000,1+0	7	+0,550,5+0			

The following presents the net OPEB liability of the Charter, as well as what the Charter's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.08 percent) or 1-percentage-point higher (5.08 percent) than the current discount rate:

1% Decrease (3.08%)		Current Discount Rate (4.08%)		1% Increase (5.08%)		
\$	429,949	\$	355,261	\$	296,389	

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

Current Trend						
1% Decrease		Rates		1% Increase		
\$	41,479,782	\$	49,068,140	\$	55,017,584	

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

Current Trend						
1% Decrease		Rates		1% Increase		
\$	300,320	\$	355,261	\$	398,335	

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

OPEB plan fiduciary net position. Additional financial information supporting the preparation of the Schedule of Employer Allocations and the Schedule of OPEB Amounts by Employer, including the disclosure of the net OPEB liability and the unmodified audit opinion on the financial statements, is located in the New Mexico Retiree Health Care Authority financial statements for the fiscal year ended June 30, 2018. Additional financial information is available at www.nmrhca.state.nm.us or by contacting New Mexico Retiree Health Care Authority at 4308 Carlisle NE, Suite 104, Albuquerque, NM 87107.

Payable Changes in the Net OPEB Liability. At June 30, 2019, the District and the Charter reported they have no payable for outstanding contributions due to NMRHCA for the year ended June 30, 2019.

NOTE 11: CONTINGENT LIABILITIES

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

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

NOTE 12: TAX ABATEMENTS

The District has not negotiated any tax abatement agreements. The District is affected by tax abatements entered into by other entities, as follows:

Agency number for Agency making the disclosure (Disclosing Agency)	5003	5003
Disclosing Agency Name	Chaves County	Chaves County
Disclosing Agency Type	County Government	County Government
Tax Abatement Agreement Name	Industrial Revenue Bond Project Agreement Series 2015A	Industrial Revenue Bond Project Agreement Series 2000
Name of agency affected by abatement agreement (Affected Agency)	Roswell Independent School District	Roswell Independent School District
Agency number of Affected Agency	7072	7072
Agency type of Affected Agency	Public Schools	Public Schools
Tax Abatement Agreement Name	Roswell Solar Series 2015A	AC Nutrition Series 2000
Recipient(s) of tax abatement	Roswell Solar LLC	AC Nutrition
Tax abatement program (name and brief description)	Industrial Revenue Bonds	Industrial Revenue Bonds
Specific Tax Being Abated	Property Tax	Property Tax
Authority under which abated tax is paid to Affected Agency	Industrial Revenue Bond Act, Section 4-59-1 to 4- 59-16 NMSA 1978	Industrial Revenue Bond Act, Section 4-59-1 to 4- 59-16 NMSA 1978
Gross dollar amount, on an accrual basis, by which the Affected Agency's tax revenues were reduced during the reporting period as a result of the tax abatement agreement	\$681,986	\$3,779
If the Disclosing Agency is omitting any information required in this spreadsheet or by GASB 77, cite the legal basis for such omission		

NOTE 12: TAX ABATEMENTS (Continued)

information required in this spreadsheet or by GASB 77, cite the legal basis for such

omission

Agency number for Agency making the disclosure (Disclosing Agency)	6148	6148
Disclosing Agency Name	City of Roswell	City of Roswell
Disclosing Agency Type	Municipality	Municipality
Tax Abatement Agreement Name	Industrial Revenue Bonds Project Agreement	Industrial Revenue Bonds Project Agreement
Name of agency affected by abatement agreement (Affected Agency)	Roswell Independent School District	Roswell Independent School District
Agency number of Affected Agency	7072	7072
Agency type of Affected Agency	Public Schools	Public Schools
Tax Abatement Agreement Name	Industrial Revenue Bonds Project Agreement	Industrial Revenue Bonds Project Agreement
Recipient(s) of tax abatement	Christmas by Krebs, Inc.	Leprino Foods Company
Tax abatement program (name and brief description)	Industrial Revenue Bonds	Industrial Revenue Bonds
Specific Tax Being Abated	Property Tax	Property Tax
Authority under which abated tax is paid to Affected Agency	City Industrial Revenue Bond Act, Sections 3-32-1 to 3-32-16, NMSA 1978	City Industrial Revenue Bond Act, Sections 3-32-1 to 3-32-16, NMSA 1978
Gross dollar amount, on an accrual basis, by which the Affected Agency's tax revenues were reduced during the reporting period as a result of the tax abatement agreement		
If the Disclosing Agency is omitting any		

NOTE 12: TAX ABATEMENTS (Continued)

Agency number for Agency making the	
disclosure (Disclosing Agency)	6148
Disclosing Agency Name	City of Roswell
Disclosing Agency Type	Municipality
Tax Abatement Agreement Name	Industrial Revenue Bonds Project Agreement
Name of agency affected by abatement agreement (Affected Agency)	Roswell Independent School District
Agency number of Affected Agency	7072
Agency type of Affected Agency	Public Schools
Tax Abatement Agreement Name	Industrial Revenue Bonds Project Agreement
Recipient(s) of tax abatement	Sunrise Energy Ventures New Mexico, LLC
Tax abatement program (name and brief description)	Industrial Revenue Bonds
Specific Tax Being Abated	Property Tax
Authority under which abated tax is paid to Affected Agency	City Industrial Revenue Bond Act, Sections 3-32-1 to 3-32-16, NMSA 1978
Gross dollar amount, on an accrual basis, by which the Affected Agency's tax revenues were reduced during the reporting period as a result of the tax abatement agreement	
If the Disclosing Agency is omitting any information required in this spreadsheet or by GASB 77, cite the legal basis for such omission	

NOTE 13: OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES

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

A. Deficit fund balance of individual funds. The District had four funds that maintained a deficit fund balance at June 30, 2019. The Charter did not have any funds that maintained a deficit fund balance at June 30, 2019.

District

General Fund

Transportation	\$ (1,636)
Nonmajor Funds	
Title I Migrant Children Education	\$ (390)
Schools in Need of Improvement	(30,757)
Capital Improvements SB-9 State	(76,633)
Total governmental funds	\$ (107,780)

- B. Excess of expenditures over appropriations. The District and Charter had no funds with excess of expenditures over appropriations for the year ended June 30, 2019.
- C. Designated cash appropriations in excess of available balance. The District and Charter had no designated cash appropriations in excess of available balances for the year ended June 30, 2019.

NOTE 14: CONCENTRATIONS

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

NOTE 15: COMMITMENTS

The District had a construction project ongoing as of the year ended June 30, 2019 that is to continue into the following fiscal year. The balance to complete the project is \$5,459,717.

NOTE 16: RESTRICTED NET POSITION

The government-wide statement of net position reports \$16,155,649 of restricted net position, all of which is restricted by enabling legislation. For descriptions of the related restrictions for net position restricted for special revenue, debt service, and capital projects, see pages 46-47 and 112-117.

NOTE 17: SUBSEQUENT EVENTS

The date to which events occurring after June 30, 2019, the date of the most recent balance sheet have been evaluated for possible adjustment to the financial statement or disclosures is November 15, 2019, which is the date on which the financial statements were issued. There was one event identified that required disclosure.

During July of 2019, the Roswell Independent School District contracted to remove, replace and dispose of Wool Bowl Football Stadium artificial playing surface field turf (i.e., reviewed, approved and listed 2018-2019 Fixed Assets of Real Property of the School District) through vendor services agreement and approved purchase order. The District's approved Wool Bowl Football Stadium track and field surface replacement services vendor reportedly removed and provided rolled artificial playing surface field turf to the possession of community members and passers-by, which included key administrative personnel of the District, from the Wool Bowl Stadium job site's parking area. On August 14, 2019, the District self-reported the described non-compliance incident concerning its existing procedures, policies and the state's statutes relating to the proper disposal and disposition of fixed assets, to its independent public accountants concerned with annual financial audit, the Office of the State Auditor of New Mexico and its School Board, in accordance with Section 12-6-6 NMSA 1978 and the state's audit rule.

Additionally, certain portions of the total 97,500 square feet of removed, replaced and distributed Wool Bowl Stadium artificial turf were properly recorded and transferred, as demonstrated by recorded school district work order, to the District's secure obsolete inventory auction facility, area high schools and by District Maintenance Department delivery of approved, reported and accepted donation of real property, maintaining an agreed to fair market value of \$1 per square foot, or less than \$5,000 in total value, to other New Mexico educational institutions, as of September 11, 2019.

NOTE 18: SUBSEQUENT PRONOUNCEMENTS

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

NOTE 18: SUBSEQUENT PRONOUNCEMENTS (Continued)

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

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

In June 2018, GASB Statement No. 90, Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61, was issued. Effective Date: The requirements of this statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged. The District is still evaluating how this pronouncement will affect the financial statements.

In May 2019, GASB Statement No. 91, *Conduit Debt Obligations*, was issued. The requirements of this statement are effective for reporting periods beginning after December 15, 2020. Earlier application is encouraged. The District is still evaluating how this pronouncement will affect the financial statements.

Required Supplementary Information

Roswell Independent School District No. 4 Schedule of Proportionate Share of the Net Pension Liability Educational Retirement Board (ERB) Pension Plan Last 10 Fiscal Years*

Primary Government	2019 Measurement Date (As of and for the Year Ended June 30, 2018)	2018 Measurement Date (As of and for the Year Ended June 30, 2017)
Roswell Independent School District No. 4's proportion of the net pension liability (asset)	1.74110%	1.74726%
Roswell Independent School District No. 4's proportionate share of the net pension liability (asset) Roswell Independent School District No. 4's covered payroll	\$ 205,019,624 \$ 48,187,766	\$ 194,181,183 \$ 49,706,365
Roswell Independent School District No. 4's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	425%	391%
Plan fiduciary net position as a percentage of the total pension liability	52.17%	52.95%

^{*} 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, Roswell Independent School District No. 4 and Charter School Sidney Gutierrez will present information for those years for which information is available.

2015 Measurement Date (As of and for ne Year Ended une 30, 2014)	th	2016 Measurement Date (As of and for the Year Ended June 30, 2015)	2017 Measurement Date (As of and for the Year Ended June 30, 2016)
1.69934%		1.69413%	1.69377%
96,959,771	\$	109,733,312	\$ 121,891,033
46,835,547	\$	48,088,200	\$ 46,255,176
207%		228%	264%
66.54%		63.97%	61.58%

Roswell Independent School District No. 4 Schedule of Proportionate Share of the Net Pension Liability Educational Retirement Board (ERB) Pension Plan Last 10 Fiscal Years*

Component Unit	(/ the	2019 Ileasurement Date As of and for Year Ended ne 30, 2018)	Measureme Da (As of and f the Year Ende		
Charter School - Sidney Gutierrez's proportion of the net pension liability (asset)		0.01249%		0.01397%	
Charter School - Sidney Gutierrez's proportionate share of the net pension liability (asset) Charter School - Sidney Gutierrez's covered payroll	\$	1,485,227 349,037	\$	1,552,552 397,882	
Charter School - Sidney Gutierrez's proportionate share of the net pension liability (asset) as a percentage of its covered payroll		426%		390%	
Plan fiduciary net position as a percentage of the total pension liability		52.17%		52.95%	

^{*} 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, Roswell Independent School District No. 4 and Charter School Sidney Gutierrez will present information for those years for which information is available.

2015		2016	2017		
Measurement	N	leasurement	N	leasurement	M
Date		Date		Date	
(As of and for	(,	As of and for	(,	As of and for	(/
ne Year Ended	the	Year Ended	the	e Year Ended	the
une 30, 2014)	Ju	ne 30, 2015)	Ju	ne 30, 2016)	Ju
0.01126%		0.01237%		0.01223%	
642,457	\$	801,238	\$	880,124	\$
310,302	\$	351,514	\$	337,741	\$
207%		228%		261%	
66.54%		63.97%		61.58%	

Roswell Independent School District No. 4 Schedule of Contributions Educational Retirement Board (ERB) Pension Plan Last 10 Fiscal Years*

Primary Government	As of and for the Year Ended June 30, 2019			As of and for the Year Ended June 30, 2018		
Contractually required contribution	\$	7,450,410	\$	6,695,714		
Contributions in relation to the contractually required contributions		7,450,410		6,695,714		
Contribution deficiency (excess)	\$	-	\$			
Roswell Independent School District No. 4 covered payroll	\$	53,716,889	\$	48,187,766		
Contribution as a percentage of covered payroll		13.87%		13.90%		

^{*} The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, Roswell Independent School District No. 4 and Charter School Sydney Gutierrez will present information for those years for which information is available.

th	As of and for ne Year Ended	th	As of and for the Year Ended		As of and for ne Year Ended
	June 30, 2017		June 30, 2016		June 30, 2015
\$	6,908,542	\$	6,429,469	\$	6,684,260
	6,908,542		6,429,469		6,684,260
\$	-	\$	-	\$	
\$	49,706,365	\$	46,255,176	\$	48,088,200
	13.90%		13.90%		13.90%

Roswell Independent School District No. 4 Schedule of Contributions Educational Retirement Board (ERB) Pension Plan Last 10 Fiscal Years*

Component Unit	the	s of and for Year Ended ne 30, 2019	As of and for the Year Ended June 30, 2018		
Contractually required contribution	\$	50,251	\$	48,517	
Contributions in relation to the contractually required contributions		50,251		48,517	
Contribution deficiency (excess)	\$	-	\$		
Charter School - Sidney Gutierrez covered payroll	\$	361,513	\$	349,037	
Contribution as a percentage of covered payroll		13.90%		13.90%	

^{*} The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, Roswell Independent School District No. 4 and Charter School Sydney Gutierrez will present information for those years for which information is available.

the	As of and for Year Ended	th	As of and for the Year Ended		As of and for Year Ended
	ıne 30, 2017	J	une 30, 2016	JI	une 30, 2015
\$	55,306	\$	46,946	\$	48,861
	55,306		46,946		48,861
\$	-	\$	-	\$	_
\$	397,882	\$	337,741	\$	351,514
	13.90%		13.90%		13.90%

Roswell Independent School District No. 4 Schedule of Employer's Proportionate Share of the Net OPEB Liability of New Mexico Retiree Health Care Act Plan New Mexico Retiree Health Care Authority (NMRHCA) Plan Last 10 Fiscal Years*

	th	2019 Measurement Date (As of and for the Year Ended	2018 Measurement Date (As of and for the Year Ended		
Primary Government	J	une 30, 2018)	J	une 30, 2017)	
Roswell Independent School District No. 4's proportion of the net OPEB liability		1.12843%		1.15911%	
Roswell Independent School District No. 4's proportionate share of the net OPEB liability	\$	49,068,140	\$	52,527,075	
Roswell Independent School District No. 4's covered- employee payroll	\$	48,184,274	\$	49,811,566	
Roswell Independent School District No. 4's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll		101.83%		105.45%	
Plan fiduciary net position as a percentage of the total OPEB liability		13.14%		11.34%	

^{*} The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, Roswell Independent School District No. 4 will present information for those years for which information is available.

Roswell Independent School District No. 4 Schedule of Employer's Proportionate Share of the Net OPEB Liability of New Mexico Retiree Health Care Act Plan New Mexico Retiree Health Care Authority (NMRHCA) Plan Last 10 Fiscal Years*

Component Unit	2019 Measurement Date (As of and for the Year Ended June 30, 2018)			2018 Measurement Date (As of and for the Year Ended June 30, 2017)		
Charter School - Sidney Gutierrez's proportion of the net OPEB liability		0.00817%		0.00927%		
Charter School - Sidney Gutierrez's proportionate share of the net OPEB liability	\$	355,261	\$	420,086		
Charter School - Sidney Gutierrez's covered-employee payroll	\$	349,037	\$	397,882		
Charter School - Sidney Gutierrez's proportionate share of the net OPEB liability as a percentage of its covered- employee payroll		101.78%		105.58%		
Plan fiduciary net position as a percentage of the total OPEB liability		13.14%		11.34%		

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

Roswell Independent School District No. 4 Schedule of Employer Contributions New Mexico Retiree Health Care Authority (NMRHCA) Plan Last 10 Fiscal Years*

Primary Government	As of and for the Year Ended June 30, 2019			As of and for ne Year Ended June 30, 2018
Contractually required contributions	\$	\$ 1,040,451		962,487
Contributions in relation to the contractually required contribution		(1,040,451)		(962,487)
Contribution deficiency (excess)	\$	-	\$	
Roswell Independent School District No. 4's covered- employee payroll	\$	53,713,135	\$	48,184,274
Contributions as a percentage of covered-employee payroll		2.00%		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, Roswell Independent School District No. 4 will present information for those years for which information is available.

Roswell Independent School District No. 4 Schedule of Employer Contributions New Mexico Retiree Health Care Authority (NMRHCA) Plan Last 10 Fiscal Years*

Component Unit	the '	s of and for Year Ended ne 30, 2019	As of and for the Year Endeo June 30, 2018		
Contractually required contributions	\$	7,231	\$	6,981	
Contributions in relation to the contractually required contribution		(7,231)		(6,981)	
Contribution deficiency (excess)	\$		\$		
Charter School - Sidney Gutierrez's covered-employee payroll	\$	361,513	\$	349,037	
Contributions as a percentage of covered-employee payroll		2.00%		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, Charter School - Sidney Gutierrez will present information for those years for which information is available.

Roswell Independent School District No. 4 Notes to Required Supplementary Information June 30, 2019

New Mexico Education Retirement Board (NMERB) Plan Notes

Changes of benefit terms.

There were no modifications to the benefit provisions that were reflected in the actuarial valuation as of June 30, 2018.

Changes of assumptions.

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%.

New Mexico Retiree Health Care Authority (NMRHCA) Plan Notes

Changes of benefit terms. The NMRHCA eligibility benefits changes in recent years are described in Note 1 of the NMRHC FY18 audit available at

http://nmrhca.org/uploads/FileLinks/4310380076d642ecb015117ae3cdbae8/NMRHCA 2018 OPEB A llocation Audit.pdf

Changes of assumptions. The New Mexico Retiree Healthcare Authority (NMRHCA) Actuarial Valuation as of June 30, 2018 report is available at

http://www.nmrhca.org/uploads/FileLinks/4310380076d642ecb015117ae3cdbae8/5559596 NMRHC A GASB74 Report as of June 30 2018.pdf. See the notes to the financial statements beginning on page 24 which summarizes actuarial assumptions and methods effective with the June 30, 2018 valuation.

Supplementary Information

THIS PAGE INTENTIONALLY LEFT BLANK

Nonmajor Governmental Funds

SPECIAL REVENUE FUNDS

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

Food Service (21000) – This fund is used to account for all financial transactions related to the food service operation. Authority for the creation of this fund is the National School Lunch Act, as amended, 42 U.S.C. 1751 1760, 1779.

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

Migrant Children Education (24103) – To account for federal sources administered by the New Mexico State Public Education Department to provide for special education needs of children of migratory agricultural workers. Authority for the creation of this fund is P.L. 100-297.

IDEA-B Preschool (24109) – The objective of the Assistance to States for the Education of Handicapped Children Program is to assist in providing free, appropriate public education to all disabled children from ages three to five. Federal revenues accounted for in this fund are allocated to the Schools through the New Mexico Department of Children, Youth and Families. Authority for creation of this fund is the Individuals with Disabilities Education Act (IDEA), Part B, Section 619, as amended, 20 U.S.C. 1419.

Education of Homeless (24113) – To provide tutoring and remedial academic services to homeless children and youth within the District. Funding is by the McKinney-Vento Homeless Assistance Act, Title VII, Subtitle B.

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

SPECIAL REVENUE FUNDS (Continued)

Center for Disease Control's Healthy Schools Program (24130) – This program supports evidence-based strategies and activities to reduce the risk of children and adolescents developing chronic disease in the future, manage chronic conditions prevalent in student populations (asthma, diabetes, epilepsy, food allergies, oral health) and improve academic success. Long-term outcomes include: (1) increasing the number of students who consume nutritious food and beverages, (2) increasing the number of students who participate in daily physical activity, and (3) reducing chronic health issues among students and improving health outcomes in schools. This program is authorized under sections 301(a) and 317(k)(2) of the Public Health Services Act.

Technical Education Act of 1998 (24145) – The Carl D. Perkins Vocational—Technical Education Act Amendments of 1998 (Public Law 105–332) was signed into law on October 31, 1998. This legislation restructures and reforms programs previously authorized by the Carl D. Perkins Vocational and Applied Technology Education Act, setting out a new vision of vocational and technical education for the 21st century. Authority for the creation of this fund is P.L. 105-332

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

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

Rural and Low Income Schools (24160) – To account for funds used to provide financial assistance to rural districts to carry out activities to help improve the quality of teaching and learning in their schools. Elementary and Secondary Education Act of 1965 (ESEA), Title VI, Part B, as amended.

Immigrant Funding - Title III (24163) — The objective of this grant is to help ensure that English learners (ELs), including immigrant children and youth, attain English proficiency and meet the same challenging State academic standards that all children are expected to meet. Authority for creation of this fund is Elementary and Secondary Education Act of 1965 (ESEA), as amended, Title III, Part A, Sections 3101-3131.

Carl D Perkins Cluster (24174 – Carl Perkins Secondary) (24175 Carl D Perkins Secondary - Carryover) (24176 – Carl Perkins Secondary – Redistribution) (24181 - Carl Perkins HSTW - PY Unliq. Obligations) – The objective of this grant is to provide secondary and post-secondary educational institutions the opportunity to develop, implement, and operate programs using different models of curricula that integrate vocational and academic learning. Funds are acquired from federal sources through the New Mexico Public Education Department. Authority for creation of this fund is Carl D. Perkins Vocational and Applied Technology Education Act of 1990, as amended, Public Law 105-332.

SPECIAL REVENUE FUNDS (Continued)

Student Support and Academic Enrichment (24189) — To support well-rounded education opportunities, safe and health students and effective use of technology (ESEA sections 4107, 4108 and 419). Funding is by the US Department of Education, Title IV — Student Support and Academic Enrichment Grants.

Direct Student Services (24193) – The purpose of this grant award is to help local educational agencies (LEAs) improve teaching and learning in high-poverty schools in particular for children failing, or most atrisk of failing, to meet challenging State academic standards. Authority for creation of this fund is Elementary and Secondary Education Act of 1965 (ESEA), as amended, Title I, Part A, 20 US Code 6301 et seq.

Title XIX Medicaid (25153) — This fund is used to account for a program providing school-based screening, diagnostic services and other related health services and administrative activities in conformance with the approved Medicaid State Plan in order to improve health and developmental outcomes for children. Authority for the creation of this fund is the Social Security Act, Title XIX.

PNM Foundation, Inc. (26123) – To account for fund to provide competitive funds applied for by teachers for their classes. This grant will be expended for the state purpose of the project only, in compliance with the policies and guidelines of PNM Foundation. The authority for creation of this fund is the New Mexico Public Education Department.

Daniels Funds (26141) — To explore how early childhood education can be enhanced in Dona Ana County so that more children have access to high quality early childhood education. More specifically, to explore how partner organization's services in early childhood education can be aligned, expanded and/or become more accessible throughout Dona Ana County. Develop a cadre of "parent educators" who facilitate First Teacher or Abriendo Puertas with a common knowledge curriculum to enhance early childhood education throughout the county, and to improve "Workforce Development for Early Childhood Education."

A+ for Energy (26179) – To account for funding based on winning proposals/applications submitted by classroom teachers in order to provide innovative and motivating experiences to deepen children's knowledge about energy conservation. The authority for creation of this fund is the authorization of the District's Board of Education and the New Mexico Public Education Department.

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

2012 G.O. Bond Student Library Fund (27107) – This award allows schools to acquire library books, equipment and library resources for public school library resources for public school libraries statewide. The funding was made available through Senate Bill 66, Laws of 2012, 2nd Session, 2012 Senate and House Bill.

SPECIAL REVENUE FUNDS (Continued)

Automated Text Messaging System (27124) – The purpose of this grant award is to provide opportunities for streamlined communication with parents of high school students related to upcoming tests and absences. The funding was made available through a non-recurring appropriation passed during the 2018 legislative session.

Excellence in Teaching (27125) – The purpose of this grant is to be solely for the Excellence in teaching salary supplements. These salary supplements are \$5,000 or \$10,000 per teacher and may only be awarded to teachers who have met the award criteria. The funding made available through legislative appropriations.

Truancy Initiative PED (27141) – To account for grant that is divided into two sections: School Based Law Enforcement and School-Based Family Center. Surveillance cameras were purchased and installed at the high school and Phoenix Program. The purpose was to provide staff training in truancy prevention and strategies to deal with students to improve school attendance. Resources were also available to assist families in developing strategies to improve their children's school attendance. Funding was provided by the School Health Unit of the State of New Mexico. Authority for the creation of this fund is the New Mexico Public Education Department.

Pre-k Initiative (27149) – To account for funds received to prepare children for success in school, begin to close the achievement gap between students, and help meet the vision of a seamless education system — Pre-Kindergarten through higher education. Authority for the creation of this fund is the New Mexico Public Education Department.

Breakfast for Elementary Students (27155) – To account for Legislative Appropriation to implement Breakfast in the Classroom for elementary schools in need of improvement based on AYP designation. Authority for the creation of this fund is the New Mexico Public Education Department.

Schools in Need of Improvement (27163) – The purpose of this program is to provide additional math or reading class instruction for students who are not proficient on the New Mexico Standards Based Assessment. Authority for creation of this fund is the authority of the New Mexico Public Education Department.

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

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

SPECIAL REVENUE FUNDS (Continued)

K-3 Plus 4 & 5 Pilot (27198) – The purpose this program is to provide funding for additional educational time for students in kindergarten through third grade with at least 25 instructional days, beginning up two months earlier than the regular school year.

Early Intervention CYFD (28108) – The purpose of this program is to provide funds to daycare for high school students with children. The fund was created by state grant provisions.

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

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

Medicaid HSD (28144) – The purpose of this fund is to account for funding originating from insurance claim receipts that are generated from the services provided by the District's School Based Health Care (SBHC) program and facilitates and are then used to provide additional operational, administrative and facilities support to the District's SBHC program. Authority for creation of this fund is Medicaid Title XIX of the Social Security Act, as amended, (42 USC 1396, et seq.) and the authorization of the New Mexico Public Education Department.

GRADS Child Care (28189) – The purpose of this program is to provide federal funds to be used exclusively for salary and fringes for the GRADS Teacher. The GRADS Teachers are teaching in the University High School Graduation Reality and Dual Role Skills Program. They are to teach no more than one related health or family and consumer sciences course in addition to the GRADS classes. Authority for creation of this fund is in the Child Abuse Prevention and Treatment Act, 42 USC 5116 et seq., as amended, Public Law 108-36.

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

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

Private Direct Grant (29102) – To account for funds provided through Optum Health New Mexico to provide services to the students with behavioral health issues. This fund was created through the provisions of the grant.

SPECIAL REVENUE FUNDS (Continued)

School Based Health Centers (29130) – To account for funds administered by the Department of Health and Luna County in support of providing Primary Care and Mental Health Service on school campus. Fund established by the local school board.

Industrial Revenue Bonds Payment In Lieu of Taxes (29135) — Funds received from two energy companies a Solar Facility located in the District. Funds are for text book and construction services. Authority for creation of this fund is the New Mexico Public Education Department.

CAPITAL PROJECTS FUNDS

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

Public School Capital Outlay Fund (31200) is used to account for the Public Schools Capital Outlay Council's (PSCOC) revenues and expenditures related to the donation of capital assets.

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

The Capital Improvements SB-9 – Local (31701) – To account for resources received through Senate Bill 9 and local tax levies obtained for the purpose of building, remodeling, and equipping classroom facilities. Funding authority is the New Mexico Public Education Department.

Roswell Independent School District No. 4 Combining Balance Sheet Nonmajor Governmental Funds June 30, 2019

Special Revenue

	Fo	ood Services 21000		Athletics 22000	Tit	tle I Migrant Children Education 24103
Assets						
Cash and cash equivalents	\$	4,351,083	\$	1,319,737	\$	3,979
Receivables:						
Property taxes		-		-		-
Due from other governments		557,133		375		4,684
Inventory		228,658		-		-
Prepaid expense		-		-		-
Total assets	\$	5,136,874	\$	1,320,112	\$	8,663
Liabilities						
Accounts payable	\$	35,940	\$	201,498	\$	_
Accrued payroll	,	237,151	•	-	•	53
Due to other funds		-		_		9,000
Total liabilities		273,091		201,498		9,053
Deferred inflows of resources						
Unavailable revenue - property taxes		-		-		-
Total deferred inflows of resources		-		-		-
Fund balances						
Nonspendable						
Inventory		228,658		-		-
Prepaid expense		-		-		-
Spendable						
Restricted for:						
Food services		4,635,125		-		-
Extracurricular activities		-		1,118,614		-
Education		-		-		-
Capital acquisitions and improvements		-		-		-
Unassigned		-		-		(390)
Total fund balances		4,863,783		1,118,614		(390)
Total liabilities, deferred inflows of						
resources, and fund balances	\$	5,136,874	\$	1,320,112	\$	8,663

Special Revenue

	Preschool IDEA-B 24109		Education of Homeless 24113	Sc	Private hools Share IDEA-B 24115		Title III-A 24130	Ec	Technical ducation Act of 1998 24145		English Language Acquisition 24153
\$	14,368	\$	6,447	\$	2,545	\$	973	\$	21,046	\$	4,057
	-		-		-		-		-		-
	38,129		1,053		11,480		4,030		473		45,943
	-		-		-		-		-		-
	-		-		-		-		68,745		
\$	52,497	\$	7,500	\$	14,025	\$	5,003	\$	90,264	\$	50,000
\$	_	\$	_	\$	_	\$	_	\$	_	\$	_
,	3,593	,	-	,	-	т	-	,	10,264	,	-
	40,000		7,500		14,025		5,003		80,000		50,000
	43,593		7,500		14,025		5,003		90,264		50,000
	-		-		-		-		-		
	-		-		-		-		-		
	_		_		_		_		_		_
	-		-		_		-		68,745		-
									·		
	-		-		-		-		-		-
	- 0.004		-		-		-		-		-
	8,904		-		-		-		-		-
	-		-		-		-		- (68,745)		-
	8,904								-		
\$	52,497	\$	7,500	\$	14,025	\$	5,003	\$	90,264	\$	50,000

Roswell Independent School District No. 4 Combining Balance Sheet Nonmajor Governmental Funds June 30, 2019

		Spe	cial Revenue		
	Teacher/ Principal Training & Recruiting 24154	Ru	ral and Low Income Schools 24160	Fi	Immigrant unding Title III 24163
Assets					
Cash and cash equivalents Receivables:	\$ 1	\$	5,171	\$	6,520
Property taxes Due from other governments	- 355,904		- 49,429		63,538
Inventory Prepaid expense	- 11,687		-		-
Total assets	\$ 367,592	\$	54,600	\$	70,058
Liabilities					
Accounts payable	\$ -	\$	-	\$	2,148
Accrued payroll	36,024		-		-
Due to other funds	331,333		54,600		67,910
Total liabilities	367,357		54,600		70,058
Deferred inflows of resources Unavailable revenue - property taxes	-		-		-
Total deferred inflows of resources	-		-		-
Fund balances Nonspendable					
Inventory	-		-		-
Prepaid expense	11,687		-		-
Spendable					
Restricted for:					
Food services	-		-		-
Extracurricular activities	-		-		-
Education	-		-		-
Capital acquisitions and improvements	- (11 453)		-		-
Unassigned Total fund balances	(11,452) 235		-		
	233		-		
Total liabilities, deferred inflows of					
resources, and fund balances	\$ 367,592	\$	54,600	\$	70,058

Special Revenue

	Carl Perkins Secondary 24174		Carl Perkins Secondary Carrover 24175	Re	Carl Perkins Secondary - edistribution 24176		Carl Perkins HSTW - PY Unliq. Obligations 24181		Student Support & Academic Enrichment 24189	Di	rect Student Services 24193
\$	1,482	\$	-	\$	-	\$	-	\$	12,261	\$	1,961
	_		_		_		_		_		_
	67,658		-		4,395		-		120,388		31,811
	-		-		- 2.457		-		-		2 202
	60.140	۲	-	۲	2,457	۲	-	۲	122.640	۲	2,292
\$	69,140	Ş		\$	6,852	\$		\$	132,649	Ş	36,064
\$	_	\$	_	\$	_	\$	_	\$	2,929	\$	_
Υ	4,122	~	-	Υ	-	۲	-	Ψ	5,420	۲	7,889
	65,018		-		6,852		-		124,300		28,175
	69,140		-		6,852		-		132,649		36,064
	-		-		-		-		-		-
	-		-		-		-		-		-
	-		-		2.457		-		-		2 202
	-		-		2,457		-		-		2,292
	-		-		-		-		-		-
	-		-		-		-		-		-
	-		-		-		-		-		(2,292)
	-		-		- (2,457)		-		-		-
			<u> </u>		- (2,437)		<u> </u>				<u>-</u> _
\$	69,140	\$	-	\$	6,852	\$	-	\$	132,649	\$	36,064

Roswell Independent School District No. 4 Combining Balance Sheet Nonmajor Governmental Funds June 30, 2019

Special Revenue

		Title XIX Medicaid	Fondatio	PNM on. Inc.	D	aniels Fund
		25153		26123		26141
Assets						
Cash and cash equivalents	\$	2,274,557	\$	505	\$	200,000
Receivables:						
Property taxes		-		-		-
Due from other governments		251,033		-		-
Inventory		-		-		-
Prepaid expense		4,320		-		-
Total assets	\$	2,529,910	\$	505	\$	200,000
Liabilities						
Accounts payable	\$	4,364	\$	_	\$	_
Accrued payroll	,	70,386	•	_	7	_
Due to other funds		-		_		_
Total liabilities		74,750		-		-
Deferred inflows of resources						
Unavailable revenue - property taxes		-		-		-
Total deferred inflows of resources		-		-		-
Fund balances						
Nonspendable						
Inventory		-		-		-
Prepaid expense		4,320		-		-
Spendable						
Restricted for:						
Food services		-		-		-
Extracurricular activities		-		-		-
Education		2,450,840		505		200,000
Capital acquisitions and improvements		-		-		-
Unassigned		-		-		
Total fund balances		2,455,160		505		200,000
Total liabilities, deferred inflows of						
resources, and fund balances	\$	2,529,910	\$	505	\$	200,000

Special Revenue

A	+ for Energy 26179	Dual Credit Instructional Materials HB2 27103	2012 GO Bond Student Library 27107	Text Messaging	Teaching	•
\$	2,181	\$ -	\$ -	\$ -	\$ -	\$ 961
	-	-	- 81,051	- 2,648	- 26,913	-
	-	-	-	-	-	-
\$	2,181	\$ -	\$ 81,051	\$ 2,648	\$ 26,913	\$ 961
\$	_	\$ -	\$ -	\$ -	\$ -	\$ -
,	_	-	-	-	-	-
	-	-	81,051	2,648	26,912	-
	-	-	81,051	2,648	26,912	-
	-	-	-	-	-	
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	2,181	-	-	-	1	961
_	- 	<u> </u>	- 	-	-	<u> </u>
	2,181	-	-	-	1	961
\$	2,181	\$ -	\$ 81,051	\$ 2,648	\$ 26,913	\$ 961

Roswell Independent School District No. 4 Combining Balance Sheet Nonmajor Governmental Funds June 30, 2019

Special Revenue

	Pre	e-K Initiative 27149	Breakfast for Elementary Students 27155	In	Schools in Need of aprovement 27163
Assets					
Cash and cash equivalents	\$	6	\$ 3,870	\$	-
Receivables:					
Property taxes		-	-		-
Due from other governments		1,316,696	2,452		-
Inventory		-	-		-
Prepaid expense		-	-		
Total assets	\$	1,316,702	\$ 6,322	\$	
Liabilities					
Accounts payable	\$	_	\$ -	\$	-
Accrued payroll		131,576	-		-
Due to other funds		1,185,126	6,322		30,757
Total liabilities		1,316,702	6,322		30,757
Deferred inflows of resources					
Unavailable revenue - property taxes		-	-		
Total deferred inflows of resources		-	-		-
Fund balances					
Nonspendable					
Inventory		-	-		-
Prepaid expense		-	-		-
Spendable					
Restricted for:					
Food services		-	-		-
Extracurricular activities		-	-		-
Education		-	-		-
Capital acquisitions and improvements		-	-		-
Unassigned		-	-		(30,757)
Total fund balances		-	-		(30,757)
Total liabilities, deferred inflows of					
resources, and fund balances	\$	1,316,702	\$ 6,322	\$	

Special Revenue

Kir	ndergarten- Three Plus 27166	rown FFV 27183	4	K-3 Plus and 5 Pilot 27198	Early Intervention CYFD 28108	т	ASSIST obacco DOH 28122	Coordinated Approach to Child Health 28140
\$	-	\$ -	\$	-	\$ 6,418	\$	578	\$ 1,542
	- 263,062	-		- 61,527	- 3,720		-	-
	-	-		-	-		-	-
\$	263,062	\$ -	\$	61,527	\$ 10,138	\$	578	\$ 1,542
\$	_	\$ -	\$	_	\$ _	\$	_	\$ _
	56,272	-		13,661	1,919		-	-
	206,790	-		47,865	-		-	-
	263,062	-		61,526	1,919		-	-
	-	-		-	-		-	
	-	-		-	-		-	-
	-	-		- -	-		- -	-
	-	-		-	-		-	-
	-	-		1	8,219		578	1,542
	-	-		-	-		-	-
	-	-		-	-		-	
	-	-		1	8,219		578	1,542
\$	263,062	\$ -	\$	61,527	\$ 10,138	\$	578	\$ 1,542

Roswell Independent School District No. 4 Combining Balance Sheet Nonmajor Governmental Funds June 30, 2019

Special Revenue

	Med	licaid HSD 28144	GRADS Childcare 28189	GRADS - Instruction 28190
Assets				
Cash and cash equivalents	\$	1,558	\$ -	\$ -
Receivables:				
Property taxes		-	-	-
Due from other governments		-	-	-
Inventory		-	-	-
Prepaid expense		-	-	-
Total assets	\$	1,558	\$ _	\$ _
Liabilities				
Accounts payable	\$	-	\$ -	\$ -
Accrued payroll		-	-	-
Due to other funds		-	-	-
Total liabilities		-	-	-
Deferred inflows of resources				
Unavailable revenue - property taxes		-	-	-
Total deferred inflows of resources		-	-	-
Fund balances				
Nonspendable				
Inventory		-	-	-
Prepaid expense		-	-	-
Spendable				
Restricted for:				
Food services		-	-	-
Extracurricular activities		-	-	-
Education		1,558	-	-
Capital acquisitions and improvements		-	-	-
Unassigned		-	-	-
Total fund balances		1,558	_	-
Total liabilities, deferred inflows of	<u> </u>			
resources, and fund balances	\$	1,558	\$ -	\$ -

		Special F	Rev	enue		 Capital	Proj	ects
Grad Plus 28203	Pri	ivate Direct Grants 29102		chool Based ealth Center 29130	Industrial Revenue Bonds Payment In Lieu of Taxes 29135	lic School al Outlay 31200	lm	Capital provements SB-9 State 31700
\$ -	\$	28,738	\$	65,792	\$ 88,437	\$ -	\$	1
5,390 - -		- 400 - -		- - -	- - -	- - -		- 521,812 - -
\$ 5,390	\$	29,138	\$	65,792	\$ 88,437	\$ -	\$	521,813
\$ -	\$	-	\$	-	\$ -	\$ -	\$	14,765 -
5,390		-		_	-	-		583,681
5,390		-		-	-	-		598,446
<u>-</u>		-		<u>-</u>	-	-		<u>-</u>
- -		-		- -	-	-		-
-		-		-	-	-		-
-		29,138		65,792	88,437	-		-
-		-		-	-	-		-
 -		-				-		(76,633)
 -		29,138		65,792	88,437	-		(76,633)
\$ 5,390	\$	29,138	\$	65,792	\$ 88,437	\$ -	\$	521,813

THIS PAGE INTENTIONALLY LEFT BLANK

Roswell Independent School District No. 4 Combining Balance Sheet Nonmajor Governmental Funds June 30, 2019

Capital Projects

	lm	Capital provements SB-9 Local 31701		Total Nonmajor Governmental Funds
Assets				
Cash and cash equivalents	\$	2,480,332	\$	10,907,107
Receivables:				
Property taxes		130,864		130,864
Due from other governments		-		3,893,127
Inventory		-		228,658
Prepaid expense		54		89,555
Total assets	\$	2,611,250	\$	15,249,311
Liabilities				
Accounts payable	\$	190,509	\$	452,153
Accrued payroll	·	, -	•	578,330
Due to other funds		-		3,060,258
Total liabilities		190,509		4,090,741
Deferred inflows of resources				
Unavailable revenue - property taxes		91,991		91,991
Total deferred inflows of resources		91,991		91,991
Fund balances				
Nonspendable				
Inventory		-		228,658
Prepaid expense		54		89,555
Spendable				
Restricted for:				
Food services		-		4,635,125
Extracurricular activities		-		1,118,614
Education		-		2,856,365
Capital acquisitions and improvements		2,328,696		2,328,696
Unassigned		-		(190,434)
Total fund balances		2,328,750		11,066,579
Total liabilities, deferred inflows of				
resources, and fund balances	\$	2,611,250	\$	15,249,311

Roswell Independent School District No. 4 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances Nonmajor Governmental Funds For the Year Ended June 30, 2019

Special	Revenue
---------	---------

	Fo	od Services 21000	Athletics 22000	Tit	le I Migrant Children Education 24103	
Revenues						
Property taxes	\$	-	\$	-	\$	-
Oil and gas taxes		-		-		-
Intergovernmental revenue:						
Federal flowthrough	6,524,198			-		14,772
Federal direct	-		-		-	
Local sources	-			-		-
State flowthrough	-		-		-	
State direct		-		-		-
Charges for services	303,758		297,549		-	
Investment income		63,702		19,196		_
Total revenues		6,891,658		316,745		14,772
Expenditures						
Current:						
Instruction		-		115,447		7,703
Support services - students		-		-		4,273
Support services - instruction		-		-		-
Support services - general administration		242,503		-		538
Support services - school administration		-		-		430
Central services		-		-		2,218
Student transportation		-		-		-
Food services operations		6,560,521		-		-
Capital outlay		416,841		201,498		-
Total expenditures		7,219,865		316,945		15,162
Excess (deficiency) of revenues over expenditures		(328,207)		(200)		(390)
Net change in fund balances		(328,207)		(200)		(390)
Fund balances - beginning		5,191,990		1,118,814		
Fund balances - ending	\$	4,863,783	\$	1,118,614	\$	(390)

Special Revenue

Preschool IDEA-B 24109	Education of Homeless 24113	Private Schools Share IDEA-B 24115	Title III-A 24130	Technical Education Act of 1998 24145	English Language Acquisition 24153
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
76,310	11,208	17,480	9,992	524,571	82,961
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
76,310	11,208	17,480	9,992	524,571	82,961
58,256	6,207	-	3,810	485,852	74,531
16,078	4,603	17,480	6,182	35,881	426
2,735	398	-	-	314	- 2,936
-	-	_	-	2,524	5,068
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
	- 44 200	- 47.400		-	
 77,069	11,208	17,480	9,992	524,571	82,961
 (759)	-	-	-	-	
(759)	-	-	-	-	-
9,663	-	-	-	-	
\$ 8,904	\$ -	\$ -	\$ -	\$ -	\$ -

Roswell Independent School District No. 4 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances Nonmajor Governmental Funds For the Year Ended June 30, 2019

	 !	Special Revenue	
	Teacher/ Principal Training & Recruiting 24154	Rural and Low Income Schools 24160	Immigrant Funding Title III 24163
Revenues			_
Property taxes	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-
Intergovernmental revenue:			
Federal flowthrough	851,940	49,428	49,996
Federal direct	-	-	-
Local sources	-	-	-
State flowthrough	-	-	-
State direct	-	-	-
Charges for services	-	-	-
Investment income	-	-	
Total revenues	851,940	49,428	49,996
Expenditures			
Current:			
Instruction	766,635	49,428	49,996
Support services - students	11,092	-	-
Support services - instruction	-	-	-
Support services - general administration	30,821	_	-
Support services - school administration	43,392	_	-
Central services	-	-	-
Student transportation	-	-	-
Food services operations	-	-	-
Capital outlay	-	-	-
Total expenditures	851,940	49,428	49,996
Excess (deficiency) of revenues over expenditures	-	-	-
Net change in fund balances	-	-	-
Fund balances - beginning	235		
Fund balances - ending	\$ 235	\$ -	\$ -

Special Revenue

Carl Perkins Secondary 24174	Carl Perkins Secondar Carrover 24175	Re	Carl Perkins Secondary - edistribution 24176	Carl Perkins HSTW - PY Unliq. Obligations 24181	Student Support and Academic Enrichment 24189	Dir	ect Student Services 24193
\$ -	\$ -	\$	-	\$ -	\$ -	\$	-
-	-		-	-	-		-
131,215	20,967		25,416	3,624	299,822		81,576
-	-		-	-	-		-
-	-		-	-	-		-
-	-		-	-	-		-
-	-		-	-	-		-
-	-		-	-	-		-
131,215	20,967		25,416	3,624	299,822		81,576
75,848	15,123		22,924	3,624	27,712		79,878
46,657	-		1,042	-	260,535		-
2 251	-		-	-	173		1 6 4 4
3,351 5,359	- 5,844		- 1,450	-	10,538 864		1,644
-	-			-	-		-
-	-		-	-	-		54
-	-		-	-	-		-
-	-		-	-	-		-
 131,215	20,967		25,416	3,624	299,822		81,576
 -	-		-	-	-		-
-	-		-	-	-		-
-	-		-	-	-		
\$ -	\$ -	\$	-	\$ -	\$ -	\$	

Roswell Independent School District No. 4 Expenditures, and Changes in Fund Balances

Special Revenue

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances Nonmajor Governmental Funds For the Year Ended June 30, 2019

		Spi	eciai Keveilue	
	Title XIX Medicaid 25153		PNM Foundation, Inc. 26123	Daniels Fund 26141
Revenues				
Property taxes	\$ -	\$	- !	\$ -
Oil and gas taxes	-		-	-
Intergovernmental revenue:				
Federal flowthrough	-		-	_
Federal direct	1,713,806		-	-
Local sources	-		-	200,000
State flowthrough	-		-	_
State direct	-		-	-
Charges for services	-		-	_
Investment income	27,499		-	_
Total revenues	1,741,305		-	200,000
Expenditures				
Current:				
Instruction	7,784		-	-
Support services - students	899,969		-	-
Support services - instruction	247		-	-
Support services - general administration	-		-	-
Support services - school administration	46,227		-	-
Central services	-		-	-
Student transportation	-		-	-
Food services operations	-		-	_
Capital outlay	-		-	-
Total expenditures	954,227		-	-
Excess (deficiency) of revenues over expenditures	787,078		-	200,000
Net change in fund balances	787,078		-	200,000
Fund balances - beginning	1,668,082		505	
Fund balances - ending	\$ 2,455,160	\$	505	\$ 200,000

Special Revenue

A+ fo	r Energy 26179	Dual Credit Instructional Materials HB2 27103	2012 GO Bond Student Library 27107	Automated Text Messaging System 27124	Excellence in Teaching Award 27125	Truancy Initiative PED
\$	-	\$ -	\$ -	\$ -	\$ -	\$ -
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	35,589	81,051	2,648	366,011	-
	-	-	-	-	-	-
	-	-	-	-	-	-
		35,589	81,051	2,648	366,011	
	-	35,589	-	-	339,097	-
	-	-	- 04.054	-	-	-
	-	-	81,051	-	-	-
	-	-	-	-	-	-
	-	-	-	2,648	26,913	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	
	-	35,589	81,051	2,648	366,010	
	-	-	-	-	1	
	-	-	-	-	1	-
	2,181	-	-	-	-	961
\$	2,181	\$ -	\$ -	\$ -	\$ 1	\$ 961

Roswell Independent School District No. 4

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances Nonmajor Governmental Funds For the Year Ended June 30, 2019

		,	Special Revenue	:
		Pre-K Initiative 27149	Breakfast for Elementary Students 27155	Improvement
Revenues				
Property taxes	\$	_	\$ -	\$ -
Oil and gas taxes	·	_	<i>.</i> -	-
Intergovernmental revenue:				
Federal flowthrough		-	-	-
Federal direct		-	-	-
Local sources		-	-	-
State flowthrough		2,561,447	154,110	-
State direct		-	-	-
Charges for services		-	-	-
Investment income		-	-	-
Total revenues		2,561,447	154,110	-
Expenditures				
Current:				
Instruction		2,035,574	-	-
Support services - students		128,195	-	-
Support services - instruction		197	-	-
Support services - general administration		22,389	-	-
Support services - school administration		1,432	-	-
Central services		-	-	-
Student transportation		73,538	-	-
Food services operations		-	154,110	-
Capital outlay		300,122	-	-
Total expenditures		2,561,447	154,110	-
Excess (deficiency) of revenues over expenditures		-	-	
Net change in fund balances		-	-	-
Fund balances - beginning		-	-	(30,757)
Fund balances - ending	\$	-	\$ -	\$ (30,757)

Special Revenue

Ki	ndergarten- Three Plus 27166	NM Grown FFV 27183	K 3 Plus 4 & 5 Pilot 27198	Early Intervention CYFD 28108	ASSIST Tobacco DOH 28122	Coordinated Approach to Child Health 28140
	27100	2,103	27130	20100	20122	20140
\$	-	\$ - -	\$ -	\$ -	\$ -	\$ -
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	- 24 750	-	-	-	-
	1,314,108	21,750	505,405	-	-	-
	_	_	_	38,844	_	_
		_	_	_	_	_
	1,314,108	21,750	505,405	38,844	-	_
	1,126,970 27,241	-	499,197 4,204	32,546 -	-	- -
	15,449	_	-,20-	_	_	_
	-	_	_	_	_	_
	130,804	-	-	-	-	_
	-	-	-	-	-	-
	13,644	-	2,003	-	-	-
	-	21,750	-	-	-	-
	-	-	-	-	-	_
	1,314,108	21,750	505,404	32,546	-	
	-	-	1	6,298	-	
	-	-	1	6,298	-	-
	-	-	-	1,921	578	1,542
\$	-	\$ -	\$ 1	\$ 8,219	\$ 578	\$ 1,542

Roswell Independent School District No. 4

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances Nonmajor Governmental Funds For the Year Ended June 30, 2019

Special Revenue

			GRADS	GRADS -
	Med	icaid HSD	Childcare	Instruction
		28144	28189	28190
Revenues				-
Property taxes	\$	-	\$ - \$	-
Oil and gas taxes		-	-	-
Intergovernmental revenue:				
Federal flowthrough		-	-	-
Federal direct		-	-	-
Local sources		-	-	-
State flowthrough		-	-	-
State direct		-	1,500	2,500
Charges for services		-	-	-
Investment income		23	-	
Total revenues		23	1,500	2,500
Expenditures				
Current:				
Instruction		-	1,500	2,500
Support services - students		-	-	-
Support services - instruction		-	-	-
Support services - general administration		-	-	-
Support services - school administration		-	-	-
Central services		-	-	-
Student transportation		-	-	-
Food services operations		-	-	-
Capital outlay		-	-	
Total expenditures		-	1,500	2,500
Excess (deficiency) of revenues over expenditures		23	-	_
Net change in fund balances		23	-	-
Fund balances - beginning		1,535	-	
Fund balances - ending	\$	1,558	\$ - \$	_

		Special F	Revenue		Capital Projects			
	Grad Plus 28203	Private Direct Grants 29102	School Based Health Center 29130	Industrial Revenue Bonds Payment In Lieu of Taxes 29135	Public School Capital Outlay 31200	Capital Improvements SB-9 State 31700		
\$		\$ -	\$ -	\$ -	\$ -	\$ -		
Ą	-	- -	- -	- -	- -	- -		
	_	_	_	_	_	_		
	_	-	-	-	-	-		
	-	52,823	-	276,429	-	-		
	-	-	-	-	979,272	578,880		
	15,999	-	-	-	-	-		
	-	-	-	-	-	-		
	-	251	967	1,520	-	-		
	15,999	53,074	967	277,949	979,272	578,880		
	6,807	50,948	-	-	-	-		
	9,030	-	-	-	-	-		
	-	-	-	-	-	-		
	-	-	-	-	-	264,740		
	162	-	-	-	-	-		
	-	-	-	-	-	-		
	-	-	-	-	-	-		
	-	-	-	-	- 070 272	245 242		
	15,999	50,948	<u>-</u>	772,522	979,272	345,343		
	15,999	50,948	-	772,522	979,272	610,083		
	-	2,126	967	(494,573)	-	(31,203)		
	-	2,126	967	(494,573)	-	(31,203)		
	-	27,012	64,825	583,010	-	(45,430)		
\$		\$ 29,138	\$ 65,792	\$ 88,437	\$ -	\$ (76,633)		

THIS PAGE INTENTIONALLY LEFT BLANK

Roswell Independent School District No. 4 Page 6 of 6 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances Nonmajor Governmental Funds For the Year Ended June 30, 2019

Capital Projects

	lm	Capital provements SB-9 Local 31701	Total Nonmajor Governmental Funds
Revenues			_
Property taxes	\$	2,093,259	\$ 2,093,259
Oil and gas taxes		18,049	18,049
Intergovernmental revenue:			
Federal flowthrough		-	8,775,476
Federal direct		-	1,713,806
Local sources		-	529,252
State flowthrough		-	6,600,271
State direct		-	58,843
Charges for services		-	601,307
Investment income		27,868	141,026
Total revenues		2,139,176	20,531,289
Expenditures Current:			
Instruction			5,981,486
Support services - students		_	1,472,888
Support services - instruction		_	97,117
Support services - matraction Support services - general administration		1,367,228	1,950,135
Support services - school administration		1,307,220	243,556
Central services		_	31,779
Student transportation		_	89,239
Food services operations		_	6,736,381
Capital outlay		371,051	3,386,649
Total expenditures		1,738,279	19,989,230
·		1,730,273	13,303,230
Excess (deficiency) of revenues over expenditures		400,897	542,059
Net change in fund balances		400,897	542,059
Fund balances - beginning		1,927,853	10,524,520
Fund balances - ending	\$	2,328,750	\$ 11,066,579

THIS PAGE INTENTIONALLY LEFT BLANK

General Fund

Roswell Independent School District No. 4 Combining Balance Sheet General Fund June 30, 2019

			Instructional	I
	Operational	Transportation	Materials	
	11000	13000	14000) Total
Assets				
Current assets				
Cash and cash equivalents		\$ -	\$ 489,726	\$ 12,485,578
Investments	1,105	-	-	1,105
Receivables:				
Property taxes	22,778	-	-	22,778
Other	542,551	-	24,666	567,217
Inventory	441,165	-	-	441,165
Prepaid expenses	136,598	-	-	136,598
Due from other funds	6,615,591			6,615,591
Total assets	\$ 19,755,640	\$ -	\$ 514,392	\$ 20,270,032
Liabilities, deferred inflows of resources	, and fund balance	es		
Liabilities				
Accounts payable	\$ 130,685	\$ 1,636	\$ -	\$ 132,321
Accrued payroll	4,894,161	-	_	4,894,161
Total liabilities	5,024,846	1,636	-	5,026,482
Deferred inflows of resources				
Unavailable revenue - property taxes	16,149	-	-	16,149
Total deferred inflows of resources	16,149	-	-	16,149
Fund balances				
Nonspendable:				
Inventory	441,165	-	_	441,165
Prepaid expense	136,598	-	-	136,598
Spendable:				
Restricted for:				
Instructional materials	-	-	514,392	514,392
Committed for:			•	•
Subsequent year's expenditures	5,459,717	-	-	5,459,717
Unassigned	8,677,165	(1,636)) -	8,675,529
Total fund balances	14,714,645	(1,636)		15,227,401
Total liabilities, deferred inflows of				
resources, and fund balances	\$ 19,755,640	\$ -	\$ 514,392	\$ 20,270,032

Roswell Independent School District No. 4 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances General Fund For the Year Ended June 30, 2019

	Operationa 11000	-		Total
Revenues				
Property taxes	\$ 388,620	\$ -	\$ -	\$ 388,620
Oil and gas taxes	4,540	-	-	4,540
Intergovernmental revenues:				
Federal direct	514,087	-	-	514,087
Local sources	13,038	-	-	13,038
State flowthrough	72,659,572	-	362,268	73,021,840
State direct	46,577	-	-	46,577
Transportation distribution	-	3,010,758	-	3,010,758
Charges for services	32,596	-	-	32,596
Investment income	318,032	-	7,262	325,294
Miscellaneous	542,749	-	-	542,749
Total revenues	74,519,811	3,010,758	369,530	77,900,099
Expenditures				
Current:				
Instruction	45,665,819	-	133,398	45,799,217
Support services - students	8,187,831	-	-	8,187,831
Support services - instruction	1,552,352	-	-	1,552,352
Support services - general				
administration	1,328,190	-	-	1,328,190
Support services - school				
administration	5,704,732	-	-	5,704,732
Central services	3,398,865	-	-	3,398,865
Operation and maintenance of plant	8,991,368	-	-	8,991,368
Student transportation	16,844	3,010,673	-	3,027,517
Other support services	8,102	-	-	8,102
Capital outlay	88,700	-	-	88,700
Total expenditures	74,942,803	3,010,673	133,398	78,086,874
Excess (deficiency) of revenues over				
expenditures	(422,992) 85	236,132	(186,775)
Other financing sources (uses)				
Proceeds from sale of capital assets	309	-		309
Total other financing sources (uses)	309	=		309
Net change in fund balances	(422,683) 85	236,132	(186,466)
Fund balances - beginning	15,137,328	(1,721)	278,260	15,413,867
Fund balances - ending of year	\$ 14,714,645	\$ (1,636)	\$ 514,392	\$ 15,227,401

Roswell Independent School District No. 4 Operational Fund (11000) Statement of Revenues, Expenditures, and Changes in Fund Balance Budget (Non-GAAP Budgetary Basis) and Actual For the Year Ended June 30, 2019

Variances

Favorable (Unfavorable) **Budgeted Amounts** Original Final **Final to Actual Actual** Revenues \$ 370,629 370,629 \$ 388,800 \$ Property taxes 18,171 Oil and gas taxes 4,831 4,831 5,005 174 Intergovernmental revenues: Federal direct 200,000 200,000 514,087 314,087 Local sources 12,079 12,079 State flowthrough 72,138,968 72,689,531 72,659,572 (29,959)State direct 24,081 24,081 134,795 158,876 Charges for services 30,000 30,000 32,096 2,096 130,000 130,000 Investment income 318,032 188,032 Miscellaneous 251,500 251,500 795,194 543,694 Total revenues 73,150,009 73,700,572 74,883,741 1,183,169 Expenditures Current: Instruction 46,485,237 51,893,899 45,762,491 6,131,408 Support services - students 6,941,798 10,313,380 8,196,913 2,116,467 Support services - instruction 1,341,849 2,492,140 1,464,385 1,027,755 Support services - general administration 1,387,121 2,419,621 1,336,148 1,083,473 Support services - school administration 4,628,773 7,268,857 5,704,038 1,564,819 Central services 2,608,235 3,483,067 3,364,121 118,946 Operation and maintenance of plant 9,985,302 9,437,420 9,012,716 424,704 Student transportation 16,844 16,844 9,000 898 Other support services 58,430 8,102 Capital outlay 85,500 154,705 88,700 66,005 74,954,458 Total expenditures 73,522,245 87,488,933 12,534,475 Excess (deficiency) of revenues over expenditures (372,236)(13,788,361)(70,717)13,717,644 Other financing sources (uses) Designated cash (budgeted increase in cash) 372,236 13,788,361 (13,788,361)Proceeds from sale of capital assets 743 743 Total other financing sources (uses) 372,236 13,788,361 743 (13,787,618)(69,974)(69,974)Net change in fund balances Fund balances - beginning of year 13,788,361 13,788,361 \$ \$ \$ 13,718,387 \$ 13,718,387 Fund balances - end of year \$ (69,974)Net change in fund balances (Non-GAAP Budgetary Basis) Adjustments to revenues for changes in instructional support revenues and property taxes (364, 364)Adjustments to expenditures for supplies, software, contract services, utilities, and accrued payrol 11,655 Net change in fund balances (GAAP Basis) \$ (422,683)

Roswell Independent School District No. 4 Transportation Fund (13000)

Statement of Revenues, Expenditures, and Changes in Fund Balance Budget (Non-GAAP Budgetary Basis) and Actual For the Year Ended June 30, 2019

Variances Favorable

	Budgeted Original					(Unfavo	rahlel
	Original		r:al		A	-	
Povonuos		<u> </u>	Final		Actual	Final to A	Actuai
Revenues Proporty tayon	\$ -	\$		\$		\$	
Property taxes Oil and gas taxes	-	Ş	-	Ş	-	Ş	-
	_		-		-		-
Intergovernmental revenues:							
Federal flowthrough							-
Federal direct	-		-		-		-
Local sources	-		-		-		-
State flowthrough	-		-		-		-
State direct	-		-		-		-
Transportation distribution	2,841,954	-	3,010,758		3,010,758		-
Charges for services	-		-		-		-
Investment income	-		-		-		-
Miscellaneous	-		-		-		-
Total revenues	2,841,954	3	3,010,758		3,010,758		-
Expenditures							
Current:							
Instruction	_		_		_		_
Support services - students	_		_		_		_
Support services - instruction	_		_		_		-
Support services - general administration	_		_		_		-
Support services - school administration	_		_		_		_
Central services	_		_		_		_
Operation and maintenance of plant	_		_		_		_
Student transportation	2,841,954	3	3,010,759		3,010,759		_
Other support services	_,0,00 .		-		-		_
Capital outlay	_		_		_		_
Total expenditures	2,841,954	3	3,010,759		3,010,759		
-							
Excess (deficiency) of revenues over expenditures	-		(1)		(1)		-
Other financing sources (uses)							
Designated cash (budgeted increase in cash)	_		1		-		(1)
Total other financing sources (uses)	-		1		-		(1)
					(4)		
Net change in fund balances	-		-		(1)		(1)
Fund balances - beginning of year	-		-		1		1
Fund balances - end of year	\$ -	\$	_	\$	-	\$	-
Net change in fund balances (Non-GAAP Budgetary	Basis)					\$	(1)
No adjustments to revenues							-
Adjustments to expenditures for rental and other co	ntract service	expen	ises				86
Net change in fund balances (GAAP Basis)						\$	85

Roswell Independent School District No. 4 Instructional Materials Fund (14000) Statement of Revenues, Expenditures, and Changes in Fund Balance Budget (Non-GAAP Budgetary Basis) and Actual For the Year Ended June 30, 2019

Variances

								Favorable
-		Budgeted	Am					nfavorable)
Revenues		Original		Final		Actual	Fin	al to Actual
Property taxes	\$		\$		\$		\$	
Oil and gas taxes	Ş	-	Ş	-	Ç	-	Ą	-
Intergovernmental revenues:		-		-		-		-
Federal flowthrough								
Federal direct		-		-		-		-
Local sources		-		-		-		-
State flowthrough		227 601		262 267		227 602		(24 GGE)
_		337,601		362,267		337,602		(24,665)
State direct		-		-		-		-
Transportation distribution								-
Charges for services		-		-		7 262		7 262
Investment income		-		-		7,262		7,262
Miscellaneous		227.601		262 267		244.064		(17.402)
Total revenues		337,601		362,267		344,864		(17,403)
Expenditures								
Current:								
Instruction		337,601		640,526		133,398		507,128
Support services - students		-		-		-		-
Support services - instruction		-		-		-		-
Support services - general administration		-		-		-		-
Support services - school administration		-		-		-		-
Central services		-		-		-		-
Operation and maintenance of plant		-		-		-		-
Student transportation		-		-		-		-
Other support services		-		-		-		-
Capital outlay		-		-		-		-
Total expenditures		337,601		640,526		133,398		507,128
Excess (deficiency) of revenues over expenditures		-		(278,259)		211,466		489,725
Other financing sources (uses)								
Designated cash (budgeted increase in cash)		_		278,259		_		(278,259)
Total other financing sources (uses)		_		278,259		_		(278,259)
				270,233				
Net change in fund balances		-		-		211,466		211,466
Fund balances - beginning of year		-		-		278,260		278,260
Fund balances - end of year	\$	-	\$	-	\$	489,726	\$	489,726
Net change in fund balances (Non-GAAP Budgetary	Basi						\$	211,466
Adjustments to expenditures for instructional mater		-					Y	24,666
No adjustments to expenditures								- 1,000
Net change in fund balances (GAAP Basis)							\$	236,132
iver change in runu balances (UMAF basis)							ڔ	230,132

Sidney Gutierrez Charter School Component Unit of Roswell Independent School District

Roswell Independent School District No. 4 Sidney Gutierrez Charter School Combining Balance Sheet Governmental Funds June 30, 2019

	General					Special Revenue				
	Operational 11000		In	Instructional Materials 14000		Challenge Foundation 26138		Iter Family Foundation 26148		
Assets										
Current assets										
Cash and cash equivalents	\$	437,372	\$	9,978	\$	1,659	\$	724		
Receivables:										
Property taxes		-		-		-		-		
Due from other governments		-		162		-		-		
Prepaids		1,464		-		-		-		
Due from other funds		8,453		-		-		-		
Total assets	\$	447,289	\$	10,140	\$	1,659	\$	724		
Liabilities										
Accounts payable	\$	2,481	\$	-	\$	-	\$	-		
Accrued payroll		37,082		-		-		-		
Due to other funds		-		-		-		-		
Total liabilities		39,563		-		-		-		
Deferred inflows of resources										
Unavailable revenue - property taxes		-		-		-		-		
Total deferred inflows of resources		-		-		-				
Fund balances										
Nonspendable:										
Prepaids		1,464		-		-		-		
Spendable:										
Restricted for:										
Instructional materials		-		10,140		-		-		
Education		-		-		1,659		724		
Capital acquisitions and										
improvements		-		-		-		-		
Committed for:										
Subsequent years' expenditures		148,785		-		-		-		
Unassigned		257,477		-		-				
Total fund balances		407,726		10,140		1,659		724		
Total liabilities and fund balances	\$	447,289	\$	10,140	\$	1,659	\$	724		

	Special F	Revenue			Capital I	_			
Exc	cellence in				Capital				
	Teaching	Private	Direct	Pu	blic Schools	lm	provements		
	Award		Grants	Ca	pital Outlay		SB-9 Local		
	27125		29102		31200		31701		Total
\$	-	\$	317	\$	-	\$	44,774	\$	494,824
	_		_		_		838		838
	_		_		8,453		_		8,615
	_		_		-		-		1,464
	_		_		-		-		8,453
\$	-	\$	317	\$	8,453	\$	45,612	\$	514,194
					· · · · · · · · · · · · · · · · · · ·				
		1		_		_		_	
\$	-	\$	-	\$	-	\$	-	\$	2,481
	-		-		-		-		37,082
	-		-		8,453		-		8,453
	-		-		8,453		-		48,016
	-		-		-		599		599
	-		-		-		599		599
	-		-		-		-		1,464
	_		_		_		-		10,140
	-		317		-		-		2,700
	-		-		-		45,013		45,013
	-		-		-		-		148,785
	-				-		-		257,477
	-		317		-		45,013		465,579
\$	-	\$	317	\$	8,453	\$	45,612	\$	514,194

THIS PAGE INTENTIONALLY LEFT BLANK

Roswell Independent School District No. 4 Sidney Gutierrez Charter School Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position June 30, 2019

Amounts reported for governmental activities in the statement of net position are different because:

	Fund balances - total governmental funds	\$	465,579
	Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the funds		52,270
	Delinquent property taxes not collected within sixty days after year end are not considered "available" revenues and are considered to be unavailable revenue in the fund financial statements, but are considered revenue in the statement of activities		599
	Deferred outflows and inflows of resources related to pensions are applicable to future periods and therefore, are not reported in funds:)	
	Deferred outflows - pension (note 9)		413,093
	Deferred inflows - pension (note 9)		(115,499)
	Deferred outflows - OPEB (note 10)		7,231
	Deferred inflows - OPEB (note 10)		(142,291)
	Certain liabilities, including net pension liability and OPEB liablity, are not due are payable in the current period and, therefore, are not reported in the funds:	nd	
	Net pension liability		(1,485,227)
	OPEB liability		(355,261)
Tota	al net position - government funds	\$	(1,159,506)

Roswell Independent School District No. 4 Sidney Gutierrez Charter School Combining Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds For the Year Ended June 30, 2019

	General					Special Revenue			
	0	perational 11000	In	structional Materials 14000		Challenge Wa Foundation 26138	alter Family Foundation 26148		
Revenues									
Property taxes	\$	-	\$	-	\$	- \$	-		
Oil and gas taxes		-		-		-	-		
Intergovernmental revenue:									
State flowthrough		695,218		2,404		-	-		
Local sources		-		-		2,598	-		
Investment income		6,401		143		27	-		
Total revenues		701,619		2,547		2,625			
Expenditures Current: Instruction Support services - students Support services - general administration Support services - school administration Operation and maintenance of plant Capital outlay		435,975 2,795 113,377 36,337 63,544		- - - -		495 - - - - -	- - - - -		
Total expenditures		652,028		-		495	-		
Excess (deficiency) of revenues over expenditures		49,591		2,547		2,130			
Net change in fund balances		49,591		2,547		2,130	-		
Fund balances - beginning of year		358,135		7,593		(471)	724		
Fund balances - ending of year	\$	407,726	\$	10,140	\$	1,659 \$	724		

	Special F	Revenue		Capital					
Ex	cellence in		•			Capital			
	Teaching	Private Direct	Pu	blic Schools	lm	provements			
	Award	Grants	Ca	pital Outlay		SB-9 Local			
	27125	29102		31200		31701		Total	
\$	-	\$ -	\$	-	\$	13,764	\$	13,764	
	-	-		-		136		136	
	26,913	-		33,811		-		758,346	
	-	8,850		-		-		11,448	
	-	40		-		538		7,149	
	26,913	8,890		33,811		14,438		790,843	
	26,913	8,849		_		_		472,232	
	20,913	0,049		-		-			
	-	-		-		-		2,795	
		_		33,811		137		147,325	
	_	_		33,011		137		147,323	
	_	_		_		_		36,337	
	_	_		_		_		63,544	
	_	-		-		571		571	
	26,913	8,849		33,811		708		722,804	
	20,313	0,015		33,011		700		722,001	
	-	41		-		13,730		68,039	
	_	41		_		13,730		68,039	
						_3,.33		23,003	
	-	276		-		31,283		397,540	
\$	-	\$ 317	\$	-	\$	45,013	\$	465,579	

THIS PAGE INTENTIONALLY LEFT BLANK

Roswell Independent School District No. 4 Sidney Gutierrez Charter School

Reconciliation of the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities

For the Year Ended June 30, 2019

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

Net change in fund balances - total governmental funds	\$ 68,039
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:	
Depreciation expense	(4,419)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds:	
Change in unavailable revenue related to property taxes receivable	(117)
Governmental funds report district pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits and opeb benefits earned net of employee contributions is reported as pension and OPEB expense:	
Pension contribution subsequent to the measurement date Pension expense	50,251 (262,064)
OPEB contribution subsequent to the measurement date	7,231
OPEB benefit	11,165
Change in net position of governmental activities	\$ (129,914)

Roswell Independent School District No. 4 Sidney Gutierrez Charter School Operational Fund (11000) Statement of Revenues, Expenditures, and Changes in Fund Balance Budget (Non-GAAP Budgetary Basis) and Actual For the Year Ended June 30, 2019

Variances

		Budgeted Amounts					(He	Favorable favorable)	
		Original		Final		Actual		Final to Actual	
Revenues						71010101			
Property taxes	\$	-	\$	-	\$	-	\$	_	
Oil and gas taxes		_		_		-		_	
Intergovernmental revenue:									
State flowthrough		689,973		689,973		695,218		5,245	
Local sources		-		-		-		-	
Investment income		1,500		1,500		6,401		4,901	
Total revenues		691,473		691,473		701,619		10,146	
Expenditures									
Current:									
Instruction		600,274		600,274		437,106		163,168	
Support services-students		8,207		8,207		2,795		5,412	
Support services-instruction		1,804		1,804		-		1,804	
Support services-general administration		118,067		118,137		113,046		5,091	
Support services-school administration		53,680		54,708		36,337		18,371	
Operation and maintenance of plant		129,735		128,637		61,557		67,080	
Capital outlay		-		-		-			
Total expenditures		911,767		911,767		650,841		260,926	
Excess (deficiency) of revenues over									
expenditures		(220,294)		(220,294)		50,778		271,072	
Other financing sources (uses)									
Designated cash balance (budgeted									
increase in cash)		220,294		220,294		_		(220,294)	
Total other financing sources (uses)		220,294		220,294		_		(220,294)	
Net change in fund balances		-		-		50,778		50,778	
Fund balance - beginning of year		-		-		357,965		357,965	
Fund balance - end of year	\$	-	\$	-	\$	408,743	\$	408,743	
	_						_		
Net change in fund balances (Non-GAAP Budgetar		\$	50,778						
No adjustments to revenue Adjustments to expenditures for utilities, supplies and legal expenses								- (1,187)	
Net change in fund balances (GAAP Basis)		<u> </u>					\$	49,591	
S. S							7	.5,55±	

Roswell Independent School District No. 4 Sidney Gutierrez Charter School Instructional Materials Fund (14000) Statement of Revenues, Expenditures, and Changes in Fund Balance Budget (Non-GAAP Budgetary Basis) and Actual For the Year Ended June 30, 2019

Variances

Favorable Budgeted Amounts (Unfavorable) Original **Final Actual Final to Actual** Revenues Property taxes \$ \$ \$ \$ Oil and gas taxes Intergovernmental revenue: State flowthrough 2,242 2,404 2,242 (162)Local sources Investment income 50 50 143 93 Total revenues 2,292 2,454 2,385 (69)Expenditures Current: Instruction 2,292 2,454 2,454 Support services-students Support services-instruction Support services-general administration Support services-school administration Operation and maintenance of plant Capital outlay 2,292 2.454 2.454 Total expenditures Excess (deficiency) of revenues over expenditures 2,385 2,385 Other financing sources (uses) Designated cash balance (budgeted increase in cash) Total other financing sources (uses) Net change in fund balances 2,385 2,385 Fund balance - beginning of year 7,593 7,593 \$ \$ Fund balance - end of year Ś 9,978 \$ 9,978 \$ Net change in fund balances (Non-GAAP Budgetary Basis) 2,385 Adjustment to revenue for instructional materials 162 No adjustments to expenditures Net change in fund balances (GAAP Basis) 2,547

THIS PAGE INTENTIONALLY LEFT BLANK

Supporting Schedules

Roswell Independent School District No. 4 Schedule of Collateral Pledged by Depository for Public Funds June 30, 2019

Name of Depository	Description of Pledged Collateral	Maturity	CUSIP Number	Fai	r Market Value June 30, 2019
Pioneer Bank	0				
	FFCB	7/13/2023	3130A8PC1	\$	5,696,716
	FFCB	7/12/2023	3133EGLK9		4,999,995
	FFCB	7/25/2025	3130A8RV7		10,760,935
	FFCB	1/11/2024	3133EGKS3		9,414,000
	FFCB	2/16/2024	3133EFA23		9,350,964
	FFCB	1/24/2024	3133EG4P7		4,873,000
	FFC	1/5/2022	3133EGKC8		9,619,000
	Total Pioneer Bank				54,714,610
	Less: collateral allocated			(500,000)	
Total pledged col	lateral			\$	54,214,610

Name and Location of Safekeeper

Federal Home Loan Bank of Dallas
Dallas, TX

Roswell Independent School District No. 4 Schedule of Deposits and Investment Accounts June 30, 2019

	New Mexico	Wells Fargo	Pioneer
Bank Account Type/Name	LGIP	Bank	Bank
New Mexi <i>GROW -</i> LGIP	\$ 2,718	\$ -	\$ -
New MexiGROW - LGIP - Agency	1,081	-	-
Operating Account - Checking	-	-	3,495,144
Operating Account - Checking	-	81,046	-
Sweep Account	-	-	41,060,398
Athletic Change Fund Account - Checking	-	-	5,000
CD (Class of 30-35) 1 year - Agency	-	-	6,523
CD (Bruce Cox Scholarship) 1 year - Agency	-	-	5,041
CD (Worthy Scholarship) 1 year - Agency	-	-	4,577
CD (Worthy Scholarship) - Agency	-	-	34,823
Total	3,799	81,046	44,611,506
Reconciling items	-	-	(2,355,936)
Reconciled balance	\$ 3,799	\$ 81,046	\$ 42,255,570
Petty cash			

Deposits and investments per financial statements:

Cash and cash equivalents - statement of net position

Restricted cash and cash equivalents - statement of net position

Investments - statement of net position

Cash - statement of fiduciary assets and liabilities

Investments - statement of fiduciary assets and liabilities

Total deposits and investments

(Component Unit
Total	Pioneer Bank
\$ 2,718	\$ -
1,081	-
3,495,144	504,857
81,046	-
41,060,398	-
5,000	-
6,523	-
5,041	-
4,577	-
 34,823	-
44,696,351	504,857
(2,355,936)	(3,214)
42,340,415	501,643
920	
\$ 42,341,335	\$ 501,643
\$ 34,976,995	\$ 494,824
6,271,700	-
2,718	-
1,037,868	6,819
52,054	
\$ 42,341,335	\$ 501,643

Roswell Independent School District No. 4 Cash Reconciliation June 30, 2019

			T	ransporation		Instructional
	Ope	erational Fund 11000		Fund 13000	IV	laterials Fund 14000
PED Cash, June 30, 2018	\$	13,909,898	\$	-	\$	278,260
Add:		74 004 404		2 040 750		244.962
2018-2019 receipts		74,884,484		3,010,758		344,862
Total cash available		88,794,382		3,010,758		623,122
Less:						
2018-2019 expenditures		(75,056,297)		(3,010,758)		(133,396)
Adjustments						
PED Cash, June 30, 2019	\$	13,738,085	\$	-	\$	489,726
Add / Less:						
Negative cash loans from (to)	\$	(6,615,591)	\$	-	\$	_
Held checks	,	4,874,463		-	•	-
Cash and investments per financial statements	\$	11,996,957	\$	-	\$	489,726

				Federal				State
	Food			Flowthrough	Federal	Local Grants	ı	lowthrough
9	Services Fund	Α	thletics Fund	Fund	Direct Fund	Fund		Fund
	21000		22000	24000	25000	26000		27000
\$	4,916,519	\$	1,118,589	\$ (2,177,430)	\$ 1,558,905	\$ 2,686	\$	(1,495,946)
	6,358,337		316,595	5,687,642	1,599,323	200,000		4,753,921
	11,274,856		1,435,184	3,510,212	3,158,228	202,686		3,257,975
	(7,081,720) -		(115,447) -	(8,114,341) -	(954,056) -	-		(5,042,118)
\$	4,193,136	\$	1,319,737	\$ (4,604,129)	\$ 2,204,172	\$ 202,686	\$	(1,784,143)
\$	-	\$	-	\$ 4,439,049	\$ -	\$ -	\$	1,587,471
	157,947		-	333,757	70,385	-		201,509
\$	4,351,083	\$	1,319,737	\$ 168,677	\$ 2,274,557	\$ 202,686	\$	4,837

Roswell Independent School District No. 4 Cash Reconciliation June 30, 2019

		State Direct Fund		Local/State	Bond Building Fund
PED Cash, June 30, 2018	\$	28000 5,576	\$	29000 674,847	\$ 31100 8,656,331
Add: 2018-2019 receipts	·	49,756	•	331,589	4,652,136
Total cash available		55,332		1,006,436	13,308,467
Less: 2018-2019 expenditures Adjustments		(52,545) -		(823,469) -	(1,811,935)
PED Cash, June 30, 2019	\$	2,787	\$	182,967	\$ 11,496,532
Add / Less: Negative cash loans from (to) Held checks	\$	5,390 1,919	\$	-	\$ -
Cash and investments per financial statements	\$	10,096	\$	182,967	\$ 11,496,532

	Public School								
	Capital Outlay	(Cap. Improve.	(Cap. Improve.		Debt Service		
	Fund		SB-9 Fund		SB-9 Local		Fund		
	31200		31700		31701		41000		Total
\$	-	\$	(160,658)	\$	1,966,992	\$	6,214,146	\$	35,468,715
	979,272		173,584		2,141,799		6,184,189		111,668,247
	979,272		12,926		4,108,791		12,398,335		147,136,962
	(979,272) -		(596,606) -		(1,628,459) -		(6,125,110) -		(111,525,529)
\$	-	\$	(583,680)	\$	2,480,332	\$	6,273,225	\$	35,611,433
ب		۲.	F02 601	۲.		۲.		۲	
\$	-	\$	583,681	Þ	-	\$	-	\$	-
	-		-		-				5,639,980
\$	-	\$	1	\$	2,480,332	\$	6,273,225	\$	41,251,413

Roswell Independent School District No. 4 Cash Reconciliation June 30, 2019

Component Unit

	Operational Fund 11000	Instructional aterials Fund 14000	Local Grants Fund 26000
PED Cash, June 30, 2018	\$ 357,963	\$ 7,593	\$ 2,853
Add:			
2018-2019 receipts	701,619	2,385	26
Total cash available	1,059,582	9,978	2,879
Less: 2018-2019 expenditures Adjustments	(650,839) -	- -	(496) -
PED Cash, June 30, 2019	\$ 408,743	\$ 9,978	\$ 2,383
Add / Less: Negative cash loans from (to) Held checks	\$ (8,453) 37,082	\$ -	\$ -
Cash and investments per financial statements	\$ 437,372	\$ 9,978	\$ 2,383

Component Unit	Com	pone	nt l	Jnit
----------------	-----	------	------	------

	State				Public School				
	Flowthrough			(Capital Outlay		Cap. Improve.		
	Fund		Local/State		Fund		SB-9 Local		
	27000		29000		31200		31701		Total
\$	11	\$	277	\$	-	\$	31,145	\$	399,842
	26,912		8,890		25,358		14,337		779,527
	26,923		9,167		25,358		45,482		1,179,369
	(26,912)		(8,850)		(33,811)		(708)		(721,616)
	(11)		-		-		-		(11)
\$	_	\$	317	¢	(8,453)	¢	44,774	ς.	457,742
		-	317	7	(0,433)		77,77	7	437,742
\$	-	\$	-	\$	8,453	\$	-	\$	-
	-		-		-		-		37,082
\$	_	\$	317	ς.	_	\$	44,774	\$	494,824

THIS PAGE INTENTIONALLY LEFT BLANK

	Com	ponent Unit
Current assets		
Cash and cash equivalents	\$	6,819
Total assets	\$	6,819
Current liabilities		
Deposits held in trust for others	\$	6,819
Total liabilities	\$	6,819

Roswell Independent School District No. 4 Schedule of Changes in Fiduciary Assets and Liabilities - Agency Funds For the Year Ended June 30, 2019

	Balance			Balance
Primary Government	June 30, 2018	Addition	s Deletio	ns June 30, 2019
Assets				_
Cash and investments:				
Administration	\$ 246,776	\$ 55,144	\$ (43,72	.9) \$ 258,191
Goddard High	218,156	314,013	(290,56	55) 241,604
Roswell High	183,589	173,532	(191,08	166,036
University High	36,784	37,347	(46,44	27,684
Early College High School	5,536	9,034	(7,71	.4) 6,856
Berrendo Middle	89,820	131,664	(114,32	107,161
Mesa Middle	27,177	40,940	(40,73	39) 27,378
Mountain View Middle	17,389	37,553	(34,86	3) 20,079
Sierra Middle	38,882	89,390	(85,02	43,251
Berrendo Elementary	2,378	12,988	(11,91	.6) 3,450
Del Norte	13,481	19,944	(23,55	9,868
East Grand Plains	16,821	38,784	(38,37	'5) 17,230
El Capitan	13,466	13,729	(16,64	5) 10,550
Military Heights	4,125	17,740	(17,32	1) 4,544
Missouri Avenue	7,351	14,609	(15,58	6,378
Monterry	9,023	44,188	(34,77	^{'8)} 18,433
Nancy Lopez	5,748	12,801	(10,65	7,899
Parkview	6,306	12,587	(14,36	55) 4,528
Pecos	14,432	35,055	(40,49	9) 8,988
Sunset	21,439	15,870	(10,96	26,346
Valley View	36,711	61,780	(65,12	25) 33,366
Washington Avenue	19,552	20,275	(24,11	.4) 15,713
Maintenance	25	-	-	- 25
Driver's Ed	673	-	-	- 673
Planetarium	560	-	-	- 560
Vocational Ed	51	-	-	- 51
Arts Fund	73	621		- 694
ESC Building	4,867	-	-	- 4,867
Material Center	322	10)	- 332
Special Ed	2,685	2,562	(2,53	2,709
Teacher Center	8,974	10,667	(6,79	00) 12,851
Key Club	1,000	-	(1,00	- 00)
Other Reserved	5,630	-	(4,00	
Total cash and investments	1,059,802	1,222,827	(1,192,70	1,089,922
Receivables	342	2,365	(34	2,365
Total assets	\$ 1,060,144	\$ 1,225,192	\$ (1,193,04	9) \$ 1,092,287

(Continued on next page)

Roswell Independent School District No. 4 Schedule of Changes in Fiduciary Assets and Liabilities - Agency Funds For the Year Ended June 30, 2019

		Balance					Balance
Primary Government (Continued)	Ju	ne 30, 2018	Additions		Deletions	Ju	ne 30, 2019
Liabilities							
Accounts payable	\$	20,082	\$ 27,346	\$	(20,081)	\$	27,347
Deposits held in trust for others		1,040,062	1,197,846	(1,172,968)		1,064,940
Total liabilities	\$	1,060,144	\$ 1,225,192	\$ (1,193,049)	\$	1,092,287

		Balance				Balance
Component Unit	Jun	e 30, 2018	Additions	Deletions	Jun	e 30, 2019
Assets						
Cash and cash equivalents and investme	nts:					
Interest	\$	1,368	\$ 100	\$ -	\$	1,468
Student council		195	-	-		195
Year books		660	-	-		660
Other fundraisers		358	-	-		358
Other donations		997	-	-		997
Roswell Sertoma		1,982	-	-		1,982
Latimer		16	-	-		16
Mathematica		868	-	-		868
Book Replacement Funds		275	-	-		275
Total assets	\$	6,719	\$ 100	\$ -	\$	6,819
Liabilities						
Deposits held in trust for others	\$	6,719	\$ 100	\$ -	\$	6,819
Total liabilities	\$	6,719	\$ 100	\$ -	\$	6,819

THIS PAGE INTENTIONALLY LEFT BLANK

Compliance Section



Carr, Riggs & Ingram, LLC 2424 Louisiana Boulevard NE Suite 300 Albuquerque, NM 87110

(505) 883-2727 (505) 884-6719 (fax) CRIcpa.com

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

INDEPENDENT AUDITORS' REPORT

Brian S. Colón, Esq.
New Mexico State Auditor
The Office of Management and Budget
The Board of Education
Roswell Independent School District No. 4
Roswell, New Mexico

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the discretely presented component unit, each major fund, the aggregate remaining fund information, and the budgetary comparisons of the general fund and the major special revenue funds of Roswell Independent School District No. 4 (the "District") as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 15, 2019.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Carr, Riggs & Ingram, LLC

Can Rigge & Ingram, L.L.C.

Albuquerque, New Mexico November 15, 2019 THIS PAGE INTENTIONALLY LEFT BLANK

Federal Financial Assistance



Carr, Riggs & Ingram, LLC 2424 Louisiana Boulevard NE Suite 300 Albuquerque, NM 87110

(505) 883-2727 (505) 884-6719 (fax) CRIcpa.com

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

INDEPENDENT AUDITORS' REPORT

Brian S. Colón, Esq.
New Mexico State Auditor
The Office of Management and Budget
The Board of Education
Roswell Independent School District No. 4
Roswell, New Mexico

Report on Compliance for Each Major Federal Program

We have audited Roswell Independent School District No. 4's (the "District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2019. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Report on Internal Control Over Compliance

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

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

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

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

Carr, Riggs & Ingram, LLC Albuquerque, New Mexico

Can Rigge & Ingram, L.L.C.

November 15, 2019

Roswell Independent School District No. 4 Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2019

	Pass	Federal
Federal Grantor/Pass Through	Thru	C.F.D.A.
Grantor/Program Title	Number	Number
U.S. Department of Health and Human Services		
Direct United States Department of Health and Human Services		
Community-Based Child Abuse Prevention Grants	28189	93.590
TANF Cluster:		
Temporary Assistance for Needy Families	28190	93.558
Total TANF Cluster		
Total U.S. Department of Health and Human Services		
U.S. Department of Education		
Passthrough - State of NM Public Education Department		
Rural Education	24160	84.358B
English Language Acquisition State Grants	24153	84.365A
English Language Acquisition State Grants - Immigrant Funding	24163	84.365
Education of Homeless Children and Youth	24113	84.196A
Improving Student Health and Academic Achievement	24130	93.981
Comprehensive Literacy Development - Striving Readers (SRCL)	24145	84.371C
Title I Grants to Local Educational Agencies	24101	84.010
Title I Grants to Local Educational Agencies - Direct Student Services	24193	84.010A
Special Education Cluster (IDEA):		
Special Education Grants to States (IDEA, Part B) - Entitlement	24106	84.027
Special Education Preschool Grants (IDEA Preschool)	24109	84.173
Special Education Grants to States (IDEA, Part B) - Private School Share	24115	84.027
Total Special Education Cluster (IDEA)		
Migrant Education State Grant Program	24103	84.011A
Supporting Effective Instruction State Grant	24154	84.367A
Career and Tech Ed-Basic Grants to States - Secondary- Current Year	24174	84.048
Career and Tech Ed-Basic Grants to States - Secondary - PY Obligations	24175	84.048
Career and Tech Ed-Basic Grants to States - Secondary - PY Obligations	24175	84.048
Career and Tech Ed-Basic Grants to States - Secondary - PY Obligations	24181	84.048
Student Support and Academic Enrichment Program	24189	84.424A
Total U.S. Department of Education Passthrough		

See independent auditors' report.
See accompanying notes to schedule of expenditures of federal awards.

Fv	penditures	Funds Provided to Subrecipients	Noncash Assistance
	penartares	ouble corpients	713313141100
\$	1,500	\$ -	\$ -
	2,500	-	-
	2,500		
	4,000	-	
	49,429	-	_
	82,721	-	-
	49,996	-	-
	11,209	-	
	9,993	-	-
	593,316	-	-
	2,956,652	-	-
	83,868	-	-
	2,822,604	-	-
	77,069	-	-
	17,480	-	
	2,917,153		
	15,163	-	-
	863,411	-	-
	129,147	-	-
	20,967	-	-
	27,873	-	-
	3,624	-	-
	299,820	-	
	8,114,342	-	

See independent auditors' report.
See accompanying notes to schedule of expenditures of federal awards.

Roswell Independent School District No. 4 Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2019

	Pass	Federal
Federal Grantor/Pass Through	Thru	C.F.D.A.
Grantor/Program Title	Number	Number
U.S. Department of Agriculture		
Passthrough - State of NM Public Education Department		
Child Nutrition Cluster:		
School Breakfast Program	21000	10.553
National School Lunch Program	21000	10.555
Total Child Nutrition Cluster		
Total U.S. Department of Agriculture Passthrough		
Total U.S. Department of Agriculture Passthrough Total federal financial assistance		

E:	xpenditures	Funds Provided to Subrecipients	Noncash Assistance
\$	2,705,049 3,617,134	\$ -	\$ 197,136 279,532
	6,322,183	-	476,668
	6,322,183	-	476,668
\$	14,440,525	\$ 	\$ 476,668

THIS PAGE INTENTIONALLY LEFT BLANK

Roswell Independent School District No. 4 Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2019

Notes to Schedule of Expenditures of Federal Awards

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal grant activity of Roswell Independent School District No. 4 (District) and is presented on the accrual basis of accounting, which is the same basis as was used to prepare the financial statements. The information in this schedule is presented in accordance with the requirements of *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

2. Loans

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

3. 10% de minimus Indirect Cost Rate

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

4. Federally Funded Insurance

The District has no federally funded insurance.

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

lotal federal awards expended per schedule of expenditures of federal awards	\$ 14,440,525
Total expenditures funded by other sources	97,551,721
Total expenditures	\$ 111,992,246

Roswell Independent School District No. 4 Schedule of Findings and Questioned Costs June 30, 2019

Yes

SECTION I - SUMMARY OF AUDITORS' RESULTS

6. Auditee qualified as low-risk auditee?

Financial	Statements:
-----------	-------------

1.	Ту	Type of auditors' report issued Unmodified		
2.	Internal control over financial reporting:			
	a.	a. Material weaknesses identified? None note		
	b.	Significant deficiencies identified not co	onsidered to be material weaknesses?	None noted
	c. Noncompliance material to the financial statements noted?			None noted
Federa	lΑu	vards:		
1.	Ту	pe of auditors' report issued on complia	nce for major programs	Unmodified
2.	Int	ternal control over major programs:		
	a.	Material weaknesses identified?		None noted
	b.	Significant deficiencies identified not co	onsidered to be material weaknesses?	None noted
3.		ny audit findings disclosed that are requir cordance with 2 CFR section 200.516(a)	•	None noted
4.	Ide	entification of major programs:		
		CFDA Number	Federal Program	
			Child Nutrition Cluster	
		10.553	School Breakfast Program	
		10.555	National School Lunch Program	
5.	Do	ollar threshold used to distinguish between	en type A and type B programs:	\$750,000

Roswell Independent School District No. 4 Schedule of Findings and Questioned Costs June 30, 2019

SECTION II - FINANCIAL STATEMENT AUDIT FINDINGS	
None noted.	
SECTION III - FINDINGS-SECTION 12-6-5 NMSA 1978 FINDINGS	
None noted.	
SECTION IV - FEDERAL AWARD FINDINGS	
None noted.	
SECTION V - PRIOR YEAR AUDIT FINDINGS	
NM 2018-001 Internal Controls over Suspended and Debarred Vendors (Finding that does not rise to t	the
level of significant deficiency) - Resolved	

Roswell Independent School District No. 4 Other Disclosures June 30, 2019

AUDITOR PREPARED FINANCIAL STATEMENTS

The financial statements were prepared from the original books and records and with the assistance of the management of Roswell Independent School District No. 4 as of June 30, 2019 by Carr, Riggs & Ingram, LLC. The responsibility for these financial statements remains with the District.

EXIT CONFERENCE

An exit conference was held on November 8, 2019. In attendance were the following:

Representing Roswell Independent School District No. 4:

James Edwards School Board Member
Dr. Ann Lynn McIlroy Superintendent of School

Chad Cole Assistant Superintendent for Finance and Operations

Linda Purcella Director of Business Services
Joe Andreis Charter School Principal
Maria Hernandez SGMS Business Manager

Representing Carr, Riggs & Ingram, LLC:

Alan D. "A.J." Bowers, Jr., CPA, CITP Partner

APPENDIX C

BOOK-ENTRY-ONLY SYSTEM

This section describes how ownership of the Bonds is to be transferred and how the principal of, premium, if any, and interest on the Bonds are to be paid to and credited by The Depository Trust Company, New York, New York ("DTC") while the Bonds are registered in its nominee name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The District, the Financial Advisor and the Underwriters believe the source of such information to be reliable, but take no responsibility for the accuracy or completeness thereof.

The District and the Underwriters cannot and do not give any assurance that (1) DTC will distribute payments of debt service on the Bonds, or redemption notices or other notices to DTC Participants, (2) DTC Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Bonds), or redemption notices or other notices to the Beneficial Owners, or that they will do so on a timely basis, or (3) DTC will serve and act in the manner described in this Official Statement. The current rules applicable to DTC are on file with the United States Securities and Exchange Commission, and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC.

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC. National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a S&P Global Ratings rating of AA+. The DTC Rules applicable to its Participants are on file with the United States Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual

Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

All payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or the Paying Agent/Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent/Registrar, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. All payments, with respect to the Bonds, to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) are the responsibility of the District or the Paying Agent/Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of DTC and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the District or the Paying Agent/Registrar. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The District may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor Securities depository). In that event, Bond certificates will be printed and delivered to bond holders.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District, the Financial Advisor and the Underwriters believe to be reliable, but none of the District, the Financial Advisor or the Underwriters take any responsibility for the accuracy thereof.

Use of Certain Terms in Other Sections of this Official Statement

In reading this Official Statement it should be understood that while the Bonds are in the Book-Entry-Only System, references in other sections of this Official Statement to registered owners should be read to include the person for which the Direct or Indirect Participant acquires an interest in the Bonds, but (i) all rights of ownership must be exercised through DTC and the Book-Entry-Only System, and (ii) except as described above, notices that are to be given to registered owners under the Bond Order will be given only to DTC.

Effect of Termination of Book-Entry-Only System

In the event that the Book-Entry-Only System is discontinued by DTC or the use of the Book-Entry-Only System is discontinued by the District, printed Bonds will be issued to the holders and the Bonds will be subject to transfer, exchange and registration provisions as set forth in the Resolution and summarized under "The Bonds" below in this Official Statement.

APPENDIX D

FORM OF BOND COUNSEL OPINION

April	, 2020
ADIII	, 2020

Board of Education Roswell Independent School District Roswell, New Mexico

Re: Roswell Independent School District, General Obligation School Bonds, Series 2020 (the "Bonds")

Ladies and Gentlemen:

We have acted as bond counsel to the Roswell Independent School District (the "District") in connection with the issuance of its \$7,000,000 General Obligation School Building Bonds, Series 2020 (the "Bonds"), dated their date of issuance, with interest payable on August 1, 2020, and semi-annually thereafter on each February 1 and August 1, until maturity, and being bonds in registered form maturing on August 1 in the years 2020 through 2032, inclusive.

We have examined the transcript of proceedings (the "Transcript") relating to the issuance of the Bonds and the law under authority of which the Bonds are issued. Based on our examination, we are of the opinion that, under the law existing on the date of this opinion, subject to the provisions of federal bankruptcy law and other laws affecting creditors' rights and further subject to exercise of judicial discretion in accordance with general principles of equity:

- 1. The Bonds constitute valid and binding general obligations of the District and are to be paid from the proceeds of the levy of ad valorem taxes on all taxable property within the District without limitation as to rate or amount.
- 2. Assuming continuing compliance by the District with the requirements of the Internal Revenue Code of 1986, as amended (the "Code"), and with the covenants contained in the Transcript regarding the use, expenditure and investment of Bond proceeds, interest on the Bonds is excludable from the gross income of the owners of the Bonds for purposes of federal income taxation. Interest on the Bonds is not treated as an item of tax preference for purposes of the alternative minimum tax imposed on individuals and corporations. Failure of the District to comply with its covenants and with the requirements of the Code may cause interest on the Bonds to become includable in gross income for federal income tax purposes retroactive to their date of issuance.
 - 3. Interest on the Bonds is excludable from net income for purposes

Board of Education Roswell Independent School District April _____, 2020 Page 2

of the tax imposed on individuals, estate and trusts under the New Mexico Income Tax Act and for purposes of the tax imposed on corporations under the New Mexico Corporate Income and Franchise Tax Act.

Other than as described herein, we have not addressed nor are we opining on the tax consequences to any person of the investment in, or the receipt of interest on, the Bonds.

The opinions expressed herein represent our legal judgment based upon existing legislation as of the date of issuance and delivery of the Bonds that we deem relevant to render such opinions and are not a guarantee of a result, and we express no opinion as of any date subsequent thereto or with respect to any pending legislation.

We are passing upon only those matters set forth in this opinion and are not passing upon the accuracy or completeness of any statement made in connection with any sale of the Bonds.

Respectfully submitted,

APPENDIX E

CONTINUING DISCLOSURE UNDERTAKING

CONTINUING DISCLOSURE UNDERTAKING

Section 1. <u>Recitals</u>. This Continuing Disclosure Undertaking (the "Undertaking") is executed and delivered by the Roswell Independent School District, Chaves County, New Mexico (the "District"), in connection with the issuance of the Roswell Independent School District, Chaves County, New Mexico, General Obligation School Bonds, Series 2020 (the "Bonds"). The Bonds are being issued pursuant to a Bond Resolution adopted February 11, 2020 and a Bond Award of the District signed by the Superintendent on March 12, 2020 (the "Bond Resolution"). Pursuant to the Bond Resolution to allow the underwriter of the Bonds to comply with the Rule (defined below), the District is required to make certain continuing disclosure undertakings for the benefit of owners (including beneficial owners) of the Bonds (the "Owners"). This Undertaking is intended to satisfy the requirements of the Rule.

Section 2. Definitions.

- (a) "Annual Financial Information" means the financial information (which will be based on financial statements prepared in accordance with generally accepted accounting principles, as in effect from time to time ("GAAP"), for governmental units as prescribed by the Governmental Accounting Standards Board ("GASB")) and operating data with respect to the District, delivered at least annually pursuant to Sections 3(a) and 3(b) of this Undertaking, consisting of information of the type set forth under the captions "NEW MEXICO SCHOOL DISTRICT ENHANCEMENT PROGRAM," "TAX BASE," "THE DISTRICT Student Enrollment," "FINANCES OF THE EDUCATIONAL PROGRAM-State Equalization Guarantee," "District Budget Process," "Balance Sheet General Fund Only" and "Statement of Revenues, Expenditures & Changes in Fund Balances General Fund Only" in the Official Statement. The District will update and provide this information no later than March 31 of each year, commencing March 31, 2021, for the fiscal year ending on the preceding June 30.
- (b) "Audited Financial Statements" means the District's annual financial statements prepared in accordance with generally accepted accounting principles, as in effect from time to time ("GAAP"), for governmental units as prescribed by the Governmental Accounting Standards Board ("GASB"), which financial statements have been audited as may then be required or permitted by the laws of the State.
- (c) "EMMA" means the Municipal Securities Rulemaking Board's Electronic Municipal Market Access System located on its website at emma.msrb.org.
 - (d) "Event Information" means the information delivered pursuant to Section 3(d).
- (e) "MSRB" means the Municipal Securities Rulemaking Board. The current address of the MSRB is 1900 Duke Street, Suite 600, Alexandria, Virginia 22314, phone (703) 797-6600, fax (703) 797-6708.
- (f) "Official Statement" means the Official Statement dated February 13, 2020, delivered in connection with the original issue and sale of the Bonds.
 - (g) "Report Date" means March 31 of each year, beginning in 2020.
- (h) "Rule" means Rule 15c2-12 promulgated by the SEC under the Securities Exchange Act of 1934, as amended (17 C.F.R. Part 240, § 240.15c2-12), as the same may be amended from time to time.
 - (i) "SEC" means the United States Securities and Exchange Commission.
 - (j) "State" means the State of New Mexico.
 - Section 3. Provision of Annual Financial Information and Reporting of Event Information.
- (a) The District, or its designated agent, will provide the Annual Financial Information for the preceding fiscal year to EMMA on or before each Report Date while the Bonds are outstanding.

- (b) If Audited Financial Statements are not provided as a part of the Annual Financial Information, the District, or its designated agent, will provide unaudited financial statements as part of the Annual Financial Information. The District will timely provide to EMMA notice of failure to provide Annual Financial Information or Audited Financial Statements in the event these items are not available by the Report Date.
- (c) The District, or its designated agent, may provide Annual Financial Information by specific reference to other documents, including information reports and official statements relating to other debt issues of the District, which have been submitted to EMMA or filed with the SEC; provided, however, that if the document so referenced is a "final official statement" within the meaning of the Rule, such final official statement must also be available from the MSRB.
- (d) The District, or its designated agent, will provide, to EMMA, notice of any of the following events with respect to the Bonds in a timely manner not in excess of ten (10) business days after the occurrence of the event:
 - (i) principal and interest payment delinquencies;
 - (ii) non-payment related defaults, if material;
 - (iii) unscheduled draws on debt service reserves reflecting financial difficulties;
 - (iv) unscheduled draws on credit enhancements reflecting financial difficulties;
 - (v) substitution of credit or liquidity providers, or their failure to perform;
- (vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
 - (vii) modifications to rights of holders of the Bonds, if material;
 - (viii) bond calls, if material, and tender offers;
 - (ix) defeasances;
 - (x) release, substitution or sale of property securing repayment of the Bonds, if

material:

- (xi) rating changes;
- (xii) bankruptcy, insolvency, receivership or a similar event with respect to the District, which shall occur as described below;
- (xiii) the consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of its assets, other than in the ordinary course of business, the entry into of a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (xiv) appointment of a successor or additional trustee, or the change of name of a trustee, if material.
- (xv) incurrence of a financial obligation of the District, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District, any of which affect security holders, if material; and

(xvi) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the District, any of which reflect financial difficulties.

For these purposes, any event described in (xii) in the immediately preceding paragraph is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the District in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District. For the purposes of the above described event notices (xv) and (xvi), the term "financial obligation" means a (i) debt obligation, (ii) derivative instrument entered into in connection with or pledged as security or a source of payment for, an existing or planned debt obligation, or (iii) a guarantee of (i) or (ii); provided however, that a "financial obligation" shall not include municipal securities as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

- (e) The District, or its designated agent, will provide, in a timely manner not in excess of ten (10) business days after the occurrence of the event, to EMMA, notice of any: (i) failure of the District to timely provide the Annual Financial Information as specified in Sections 3(a) and 3(b); (ii) changes in its fiscal year-end; and (iii) amendment of this Undertaking.
- Section 4. Method of Transmission. The District, or its designated agent, will employ such methods of electronic or physical information transmission as are requested or recommended from time to time by EMMA, the MSRB or the SEC.
- Section 5. Enforcement. The obligations of the District under this Undertaking are for the benefit of the Owners. Each Owner is authorized to take action to seek specific performance by court order to compel the District to comply with its obligations under this Undertaking, which action will be the exclusive remedy available to it or any other Owner. The District's breach of its obligations under this Undertaking will not constitute an event of default under the Resolution, and none of the rights and remedies provided by such Resolution will be available to the Owners with respect to such a breach.
- Section 6. Term. The District's obligations under this Undertaking will be in effect from and after the issuance and delivery of the Bonds and will extend to the earliest of (i) the date all principal and interest on the Bonds has been paid or legally defeased pursuant to the terms of the Resolution; (ii) the date on which the District is no longer an "obligated person" with respect to the Bonds within the meaning of the Rule; or (iii) the date on which those portions of the Rule which require this Undertaking are determined to be invalid or unenforceable by a court of competent jurisdiction in a non-appealable action, have been repealed retroactively or otherwise do not apply to the Bonds.
- Section 7. Amendments. The District may amend this Undertaking from time to time, without the consent of any Owner, upon the District's receipt of an opinion of independent counsel experienced in federal securities laws to the effect that such amendment:
- (a) is made in connection with a change in circumstances that arises from a change in legal requirements, a change in law or a change in the identity, nature or status of the District;
- (b) this Undertaking, as amended, would have complied with the Rule at the time of the initial issue and sale of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any changes in circumstances; and
 - (c) the amendment does not materially impair the interests of the Owners.

Any Annual Financial Information containing amended operating data or financial information will explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided. If an amendment changes the accounting principles to be followed in preparing financial

statements, the Annual Financial Information and Audited Financial Statements for the year in which the change is made will present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 8. Beneficiaries. This Undertaking binds and inures to the sole benefit of the District and the Owners and creates no rights in any other person or entity.

Section 9. Subject to Appropriation. This Undertaking shall be subject to annual appropriation by the District's Board of Education and shall not be construed as a general obligation of the District.

Section 10. Governing Law. This Undertaking is governed by and is to be construed in accordance with the law of the State.

Date: April ______, 2020

BOARD OF EDUCATION
ROSWELL INDEPENDENT SCHOOL DISTRICT

By: ______
President

[SEAL]

ATTEST:

 $Y: \label{eq:client} Y: \label{eq:client} Y: \label{eq:client} AL\label{eq:client} Y: \label{eq:client} Y: \label{eq:client} AL\label{eq:client} Y: \label{eq:client} AL\label{eq:client} Y: \label{eq:client} Y: \label{eq:client} AL\label{eq:client} Y: \label{eq:client} Y: \label{eq:client} Y: \label{eq:client} AL\label{eq:client} Y: \label{eq:client} Y: \label{eq$

Secretary

APPENDIX F

NOTICE OF SALE & BID FORM

OFFICIAL NOTICE OF BOND SALE

ROSWELL INDEPENDENT SCHOOL DISTRICT COUNTY OF CHAVES, NEW MEXICO

\$7,000,000 GENERAL OBLIGATION SCHOOL BONDS, SERIES 2020

PUBLIC NOTICE IS HEREBY GIVEN that the Roswell Independent School District ("District"), Chaves County, New Mexico, will, until the hour of 10:00 a.m., local time on March 12, 2020, or such other date and time as indicated below (the "Rescheduled Bid Date" and "Rescheduled Deadline," respectively, and together with the Original Bid Date and the Original Deadline, the "Bid Date" and "Deadline," respectively), receive bids at RBC Capital Markets, LLC, 6301 Uptown Blvd. NE, Suite 110, Albuquerque, New Mexico, or at such other place to be designated as provided below, for the purchase of the District's General Obligation School Bonds, Series 2020 (the "Series 2020 Bonds") or (the "Bonds") in the aggregate principal amount of \$7,000,000 and then publicly examine bids received. Bids may be submitted as a sealed bid or as an electronic bid using the facilities of PARITY. The Superintendent or Assistant Superintendent for Finance and Operations will not later than 6:00 pm local time, on March 12, 2020 after receipt and opening of such bids, award the Series 2020 Bonds to the best bidder,

Bidders are required to submit a single bid for the series 2020 Bonds.

DESCRIPTION OF ISSUE: \$7,000,000 of the of the Series 2020 Bonds will be issued to erecting, remodeling, making additions to and furnishing school buildings, purchasing or improving school grounds, purchasing computer software and hardware for student use in public schools, providing matching funds for capital outlay projects funded pursuant to the Public School Capital Outlay Act, or any combination of these purposes. The Series 2020 Bonds will be dated the date of delivery, and will mature in the following amounts:

General Obligation School Bonds, Series 2020

Years	Amounts	
<u>Maturing</u>	<u>Maturing</u> *	
2020	\$ 60,000	
2021	70,000	
2022	450,000	
2023	250,000	
2024	695,000	
2025	695,000	
2026	695,000	
2027	695,000	
2028	695,000	
2029	695,000	
2030	695,000	
2031	695,000	
2032	610,000	
TOTAL	\$7,000,000	

^{*}Subject to Change

The Series 2020 Bonds will be fully registered bonds in the denomination of \$5,000 each, or any integral multiple thereof. Interest will be payable on August 1, 2020 and semiannually thereafter on February 1 and August 1 of each year.

ADJUSTMENT OF PRINCIPAL AMOUNTS, MODIFICATION OR CLARIFICATION PRIOR TO BID DEADLINE: The Superintendent may, after consultation with the Board's financial and bond advisors, in the Superintendent's sole discretion and prior to the examination of bids, (i) adjust the aggregate principal amount set forth herein; (ii) adjust individual maturities; and/or (iii) modify or clarify any other term hereof by issuing a notification of the adjusted amounts, modification or clarification via Thomson Municipal News ("TM3") and/or Bloomberg Financial Services no later than 8:30 a.m., prevailing Mountain Time, on the Bid Date.

SALE OF AND ADJUSTMENT OF THE SERIES 2020 BONDS: The District reserves the right to cancel the receipt of bids on the Series 2020 Bonds and not offer such Series 2020 Bonds for sale by giving notice by the TM3 News Service (or any other news wire service widely recognized and relied upon by the municipal securities industry, collectively defined as "TM3"), or by any other available means, of any new date and/or time of receipt of bids on the Bonds, not later than 8:30 A.M., prevailing Mountain time, on March 12, 2020, the date for submission of bids on the Bonds established by this Notice of Sale; provided, however, any bids subsequently received shall be effective with respect to the Series 2020 Bonds. All such notices provided through TM3, or by any other available means, shall be considered an amendment to this Notice of Sale. No additional notice shall be given if the District determines to accept bids for the Bonds, as set forth above.

RESCHEDULING OF BID DATE AND DEADLINE: The Superintendent may, after consultation with the Board's financial and bond advisors, in the Superintendent's sole discretion on notice given at least twenty-four (24) hours prior to the Original Deadline, reschedule the Original Bid Date and Original Deadline, and may, at that time or a subsequent time on at least twenty-four (24) hours prior notice, in each case via TM3 and/or Bloomberg Financial Services, establish a Rescheduled Bid Date and Rescheduled Deadline and a place where electronic bids will be publicly examined.

ADJUSTMENT OF PRINCIPAL AMOUNT OF THE SERIES 2020 BONDS AFTER BIDS RECEIVED: The District in consultation with its financial and bond advisors reserves the right to adjust the principal amount of the Series 2020 Bonds by increasing or decreasing the principal amount of each maturity and adjusting the aggregate principal amount of the Series 2020 Bonds and the maturity schedule in any amount in the years 2020 through 2032 in \$5,000 increments, no later than four (4) hours following receipt of bids to obtain sufficient funds to prepay and redeem the Bonds; notice of any adjustment will be given promptly to the winning bidder and any adjustment will be done in a "spread neutral" manner.

In the event the District exercises its right to make adjustments to the aggregate principal amount of the Series 2020 Bonds and/or the maturity schedule for such series after the deadline for the submission of bids, the winning bidder must execute and promptly deliver to the District an acknowledgment of and agreement with such modification and adjusted maturity schedule, and the Bonds shall be payable in the principal amounts contained therein and shall bear interest at the respective interest rates submitted by the winning bidder in its bid.

For purposes of the written sealed bids, and bids received through the electronic bidding process, the time as maintained by PARITY shall constitute the official time.

BIDS DELIVERED TO THE DISTRICT: Sealed bids, plainly marked "Bid for Bonds," should be addressed to "Superintendent, Roswell Independent School District," and delivered to the Roswell Independent School District, c/o RBC Capital Markets, LLC, 6301 Uptown Blvd. NE, Suite 110, Albuquerque, New Mexico 87110 prior to 10:00 a.m., local time, on March 12, 2020, the date of the bid opening. Such bids must be submitted on the Official Bid Form, without alteration or interlineation or through the electronic bidding process described below.

ELECTRONIC BIDDING PROCEDURES: Any prospective bidder that intends to submit an electronic bid must submit its electronic bid through the facilities of PARITY. Subscription to i-Deal's BIDCOMP Competitive Bidding System is required in order to submit an electronic bid. The Board will neither confirm any subscription nor be responsible for the failure of any prospective bidder to subscribe.

An electronic bid made through the facilities of PARITY shall be deemed an irrevocable offer to purchase the Series 2020 Bonds on the terms provided in this Official Notice of Meeting and Bond Sale ("Notice"), and shall be binding upon the bidder as if made by a signed, sealed bid delivered to the Board. The Board and the Board's financial and bond advisors shall not be responsible for any malfunction or mistake made by or as a result of the use of the facilities of PARITY, the use of such facilities being the sole risk of the prospective bidder.

If any provisions of this Notice conflict with information provided by PARITY, as the approved provider of electronic bidding services, this Notice shall control. Further information about PARITY, including any fee charged, may be obtained from BIDCOMP/PARITY, 1359 Broadway, 2nd Floor, New York, New York 10018, i-Deal Prospectus:(212) 849-5024 or (212) 849-5025; BidComp/Parity: (212) 849-5021.

For information purposes only, bidders are requested to state in their electronic bids the true interest cost to the Board, as described under "BASIS OF AWARD" below. All electronic bids shall be deemed to incorporate the provisions of this Notice and the Official Bid Form.

QUALIFIED TAX-EXEMPT OBLIGATIONS: The District intends to designate the Bonds as "QUALIFIED TAX-EXEMPT OBLIGATIONS" for purposes of Section 265 of the Internal Revenue Code of 1986, as amended (the "Code"). Section 265 of the Code permits the designation of governmental bonds such as these Bonds as qualified tax-exempt obligations, based upon certain representations made hereinbelow (and certain representations by the initial purchaser of the Bonds):

- (a) The Bonds are not private activity bonds;
- (b) The District does not reasonably expect to issue qualified tax-exempt obligations in an aggregate principal amount exceeding \$10,000,000.00 during calendar year 2020; and
- (c) The District has not and will not designate more than \$10,000,000.00 in aggregate principal amount of qualified tax-exempt obligations during calendar year 2020.

REDEMPTION: The Series 2020 Bonds maturing on and after August 1, 2028, may be redeemed prior to their scheduled maturities on August 1, 2027, or on any date thereafter, in whole or in part, at the option of the District at par plus accrued interest to the date of redemption, if any.

PAYMENT OF PURCHASE PRICE: The purchaser will be required to make payment of the balance of the purchase price of the Series 2020 Bonds (after credit for the bidder's good faith deposit, without interest to the purchaser) in immediately available funds at a depository designated by the District on the date of closing.

INTEREST RATE, BID LIMITATIONS: The maximum net effective interest rate permitted on the Bonds is ten percent (10%), and no interest rate on any maturity of the Bonds may be greater than ten percent (10%) per annum. It is permissible to bid different or split rates of interest; provided, however, that: (1) no bid shall specify more than one interest rate for each maturity; (2) each bid shall specify one interest rate applicable for each common maturity of the Series 2020 Bonds; (3) each interest rate specified must be stated in a multiple of one-eighth (1/8) or one-twentieth (1/20) of one percent (1%) per annum; and (4) the maximum interest rate specified for any maturity may not exceed the minimum interest rate specified for any other maturity by no more than three percent (3%). A bid of zero percent is not permitted.

The Bonds will not be sold for less than 100% of par.

Bidders are required to submit a bid specifying the lowest rate or rates of interest and premium, if any, at which such bidder will purchase the Bonds. For informational purposes only, each bidder is requested to specify the True Interest Cost on the Series 2020 Bonds stated as a nominal annual percentage rate (see "BASIS OF AWARD" below). Only unconditional bids shall be considered. Bids should be submitted on the Official Bid Form, which may be obtained from the District's financial advisor (see "FURTHER INFORMATION" below).

NEW MEXICO CREDIT ENHANCEMENT PROGRAM: The District will qualify the Series 2020 Bonds for the New Mexico Credit Enhancement Program created under Section 22-18-13, NMSA 1978 and the District will apply and pay for a Moody's Investor's Service, Inc., rating on the Series 2020 Bonds based on the New Mexico Credit Enhancement Program.

BASIS OF AWARD: The Bonds will be awarded to the best bidder, considering the interest rate or rates specified and the premium offered, if any, and subject to the right of the Board to reject any and all bids and re-advertise. The best bid will be determined and will be awarded on the basis of the True Interest Cost of the Bonds (i.e., using a True Interest Cost method) for each bid received, and an award will be made (if any is made) to the responsible bidder submitting the bid that results in the lowest actuarial yield on the Bonds. "True Interest Cost" of the Series 2020 Bonds, as used herein, means that yield, which if used to compute the present worth, as of the date of the Series 2020 Bonds, of all payments of principal and interest to be made on the Series 2020 Bonds, from their date to their respective maturity dates, as specified in the maturity schedule and without regard to the possible optional prior redemption of the Series 2020 Bonds, using the interest rates specified in the bid, produces an amount equal to the principal amount of the Series 2020 Bonds plus any premium bid. No adjustment shall be made in such calculation for accrued interest on the Series 2020 Bonds from their date to the date of delivery thereof. Such calculation shall be based on a 360-day year consisting of twelve thirty day months and a semiannual compounding interval. The purchaser must pay accrued interest from the date of the Series 2020 Bonds to the date of delivery. The Series 2020 Bonds will not be sold for less than par plus accrued interest. The District reserves the right to waive any irregularity or informality in any bid, except time of filing.

GOOD FAITH DEPOSIT: All bids shall be sealed, except bids received by electronic transmission, and, a good faith deposit of \$140,000, representing 2% of the par amount, (in the form of cash (to be sent by wire transfer to a bank account designated by the District immediately upon notice from the financial advisor to the winning bidder and prior to official award of the Series 2020 Bonds by the Superintendent or Assistant Superintendent of Finance and Operations, a financial security bond, cashier's or treasurer's check of or by certified check drawn on a solvent commercial bank or trust company in the United States of America and payable to "Roswell Independent School District"), must accompany any bid. If a financial security bond is used, it must be from an insurance company that is licensed to issue such a bond in the State of New Mexico and that has a long term rating by a nationally recognized rating agency of one of the two highest rating categories for long term obligations. The financial security bond must identify each bidder whose good faith deposit is guaranteed by such bond. If the Series 2020 Bonds are awarded to a bidder utilizing a financial security bond, then that successful bidder is required to submit the amount of the good faith deposit to the District in the form of a cashier's, treasurer's or certified check as provided in the first sentence of this paragraph (or wire transfer such amount as instructed

by the District or its financial advisor) not later than 2:30 p.m., local time, on the next business day following the opening of the bids for the Series 2020 Bonds. If such good faith deposit is not received by that time, the financial security bond may be drawn upon by the District to satisfy the good faith deposit requirement. No interest on such good faith deposit will accrue to the successful bidder. If the financial security bond is drawn against or the winning bidder wire transfers to the District the amount of the good faith deposit, such cash deposit will be applied to the purchase price of the Series 2020 Bonds.

The good faith deposit shall be returned for all non-successful bids or if no bid is accepted. If the successful bidder fails or neglects to complete the purchase of the Series 2020 Bonds within forty-five (45) days following the acceptance of the bid or within ten (10) days after the Series 2020 Bonds are offered for delivery, whichever is later, the amount of the deposit shall be forfeited to the District as liquidated damages, and, in that event, the Board may accept the bid of the one making the next best bid. If all bids are rejected, the Board shall re-advertise the Series 2020 Bonds for sale in the same manner as herein provided for the original advertisement. If there be two or more equal bids and such bids are the best bids received, the Board shall determine which bid shall be accepted.

TIME OF AWARD AND DELIVERY: The Superintendent or Assistant Superintendent of Finance and Operations will take action awarding the Series 2020 Bonds or rejecting all bids not later than 24 hours after the expiration of the time herein prescribed for the receipt of the bids. Delivery of the Series 2020 Bonds will be made to the successful bidder through the facilities of The Depository Trust Company, New York, New York, within 60 days of the acceptance of the bid. If for any reason delivery cannot be made within 60 days, the successful bidder shall have the right to purchase the Series 2020 Bonds during the succeeding 30 days upon the same terms, or at the request of the successful bidder, during said succeeding 30 days, the good faith deposit will be returned, and such bidder shall be relieved of any further obligation. It is anticipated that the delivery of the Series 2020 Bonds will be on or about April 2, 2020.

FURTHER INFORMATION: Information concerning the Series 2020 Bonds, information regarding electronic bidding procedures, bid submission and other matters related to the Series 2020 Bonds, including printed copies of this Notice, the Official Bid Form, and the Preliminary Official Statement ("Preliminary Official Statement"), may be obtained from the District's financial advisor, RBC Capital Markets, LLC, 6301 Uptown Blvd. NE, Suite 110, Albuquerque, New Mexico 87110. This Notice, the Official Bid Form and the Preliminary Official Statement is available for viewing in electronic format at www.fmhub.com (MuniHub). The District has prepared the accompanying Preliminary Official Statement for dissemination to potential purchasers of the Series 2020 Bonds, but will not prepare any other document or version for such purpose except as described below. In addition, any NASD registered broker-dealers or dealer banks with The Depository Trust Company clearing arrangements who bid on the Series 2020 Bonds are advised that they may either: (a) print out a copy of the Preliminary Official Statement on their own printer or (b) at any time prior to the sale date, elect to receive a photocopy of the Preliminary Official Statement in the mail by requesting it from the District's financial advisor. All bidders must review the Preliminary Official Statement, and by submitting a bid for the Series 2020 Bonds, each bidder certifies that such bidder has done so prior to participating in the bidding.

The District will agree in a separate agreement to provide certain periodic information and notices of material events in accordance with Securities and Exchange Commission Rule 15c2-12 ("Rule"), as described in the Preliminary Official Statement under "Continuing Disclosure of Information." The Preliminary Official Statement is deemed final by the District for purposes of Rule 15c2-12(b)(1) except for the omission of the following information: the offering price(s), interest rate(s), selling compensation, aggregate principal amount, principal amount per maturity, delivery dates, any other terms or provisions required by an insurer of such securities to be specified in the winning bid, ratings, other terms of the securities depending on such matters, and the identity of the purchaser. The Board will furnish to the successful bidder or bidders, acting through a designated senior representative, in accordance with instructions received from such successful bidder(s) in order to comply with the Rule, within seven (7) business days from the sale date an aggregate of 20 copies of the final Official Statement, reflecting interest rates and other terms relating to the initial reoffering of the Series 2020 Bonds. The cost of preparation of the Official Statement shall be borne by the District except for the cost of any final Official Statement in excess of the number specified shall be borne by the successful bidder(s).

TRANSCRIPT AND LEGAL OPINIONS: The legality of the Series 2020 Bonds will be approved by Modrall, Sperling, Roehl, Harris & Sisk, P.A., Attorneys at Law, Albuquerque, New Mexico, whose opinion approving the legality of the Series 2020 and Bonds will be furnished to the successful bidder at no cost to the successful bidder. The opinion will state in substance that the issuance of the Series 2020 Bonds is valid and legally binding upon the District, that all of the taxable property in the District is subject to the levy of a tax to pay the same without limitation of rate or amount, and that interest on the Series 2020 Bonds is excludable from gross income for purposes of federal income tax. The successful bidder (without cost to such bidder) will also be furnished with a complete transcript of the legal proceedings, including a no-litigation certificate stating that to the knowledge of the signer or signers thereof, as of the date of the delivery of the Series 2020 Bonds, no litigation is pending affecting their validity or the levy or collection of such taxes for their payment.

BOOK-ENTRY ONLY OBLIGATIONS: The Series 2020 Bonds will be issued in bookentry only form through the facilities of the Depository Trust Company (see Preliminary Official Statement).

CUSIP NUMBERS: The District's Financial Advisor shall make timely application in writing to the CUSIP Service Bureau for and shall obtain CUSIP numbers. CUSIP identification numbers may be typed or printed on the Bonds, but neither the failure to provide such number on any Bond nor any error with respect thereto will constitute cause for failure or refusal by the purchaser thereof to accept delivery of and to pay for the Bonds in accordance with the terms hereof. All expenses in relation to the CUSIP Service charge for the assignment of said numbers will be the responsibility of and will be paid for by the District's Financial Advisor.

BLUE SKY LAWS: The District has not investigated the eligibility of any institution or person to purchase or participate in the underwriting of the Series 2020 Bonds under any applicable legal investment, insurance, banking, or other laws.

By submitting a bid, the initial purchaser represents that the sale of the Series 2020 Bonds in states other than New Mexico will be made only under exemptions from registration, or, wherever necessary, the initial purchaser will register the Series 2020 Bonds in accordance with the securities laws of the state in which the Series 2020 Bonds are offered or sold. The District agrees to cooperate with the initial purchaser, at the initial purchaser's written request and expense, in registering the Series 2020 Bonds or obtaining an exemption from registration in any state where such action is necessary but will not consent to service of process in any such jurisdiction.

OFFICIAL BID FORM

(March 12, 2020)

Roswell Independent School District c/o RBC Capital Markets, LLC 6301 Uptown Blvd., N.E., Suite 110 Albuquerque, New Mexico 87110

Members of the Board:

Pursuant to your "Official Notice of Bond Sale," dated February 11, 2020, relating to the District's \$7,000,000 General Obligation School Bonds, Series 2020 (the "Bonds") which by reference is made a part hereof, we submit the following bid:

For your legally issued Bonds as described in the "Official Notice of Bond Sale," we will pay you par, plus accrued interest, if any, from the date of the Bonds to the date of delivery to us, provided the Bonds bear interest per annum as follows (August 1 of each year as follows):

General Obligation School Bonds, Series 2020

Maturity Dates	<u>Principal</u>	<u>Interest</u>	<u>Yield</u>
August 1		<u>Rate</u>	
2020	\$ 60,000		
2021	70,000		
2022	450,000		
2023	250,000		
2024	695,000		
2025	695,000		
2026	695,000		
2027	695,000		
2028	695,000		
2029	695,000		
2030	695,000		
2031	695,000		
2032	610,000		
TOTAL	\$7,000,000		

Enclosed herewith is *a financial security bond*, *cash*, * a cashier's or treasurer's check of *, * a certified check drawn on *, a solvent commercial bank or trust company in the United States of America, made payable to the order of the Roswell Independent School District, in the amount of \$140,000, which deposit represents our good faith deposit and is submitted in accordance with the terms set forth in the "Official Notice of Bond Sale." We will pay the CUSIP Service Bureau charge, if any, for the assignment of CUSIP numbers.

The undersigned agrees to complete, execute, and deliver to the District within two business days from the date hereof a Certificate of Underwriter Regarding Issue Price or a similar certificate relating to the "issue price" of the Bonds, in the form attached hereto, within two business days from the date hereof. Exhibit B attached hereto is provided as guidance to assist with completion of the Certificate Regarding Issue Price.

We understand and agree that no more than twenty (20) copies of the final Official Statement, including any amendments or supplements thereto will be supplied to us at the District's expense and that any additional copies requested will be subject to a charge to us. By accepting this bid, you agree to provide such copies of the final Official Statement and of any amendments or supplements thereto in accordance with the Official Notice of Bond Sale, and you undertake your other obligations described therein, as contemplated by Rule 15c2-12 of the Securities and Exchange Commission.

Respectfully submitted,	
	By:Authorized Representative
* (Strike inapplicable words)	
For informational purposes o follows:	nly, our calculation of the True Interest Cost is as
True Interest Cost: (stated a	s a nominal annual percentage)%
Additionally, for informationa	al purposes only, the following is requested:
Gross Interest Cost: \$	Bond Insurance (if any) at Cost of Bidder:
Less Premium Bid: \$	Name of Company:
Net Interest Cost: \$	Insurance Premium: \$
	Additional Rating (if any) at Cost of Bidder:
-	Name of Rating Agency:

ACCEPTANCE CLAUSE

The above bid is hereby in all things accepted by the Roswell Independent School District, County of Chavez, New Mexico, this 12^{th} day of March, 2020.

ROSWELL INDEPENDENT SCHOOL DISTRICT

Assistant Superintendent for Finance and Operations

CERTIFICATE REGARDING ISSUE PRICE

EXHIBIT A [to Bid Form]

The undersigned hereby certifies on behalf of	(the "Underwriter") as
follows with respect to the \$7,000,000 Roswell Independent School	District General Obligation
School Bonds, Series 2020 (the "Bonds").	

1. Reasonably Expected Initial Offering Price.

- (a) As of the Sale Date, the reasonably expected initial offering prices of the Bonds to the Public by the Underwriter are the prices listed in Schedule A (the "Expected Offering Prices"). The Expected Offering Prices are the prices for the Maturities of the Bonds used by the Underwriter in formulating its bid to purchase the Bonds. Attached as Schedule B is a true and correct copy of the bid provided by the Underwriter to purchase the Bonds.
- (b) The Underwriter was not given the opportunity to review other bids prior to submitting its bid.
- (c) The bid submitted by the Underwriter constituted a firm offer to purchase the Bonds.

2. Defined Terms.

- (a) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.
- (b) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.
- (c) Sale Date means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is March 12, 2020.
- (d) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents Underwriter's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the District with respect to certain of the representations set forth in the Tax Compliance Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Modrall, Sperling, Roehl, Harris & Sisk, P.A., as Bond Counsel in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the District from time to time relating to the Bonds.

	By:	
	Name:	
Dated:		

ISSUE PRICE CERTIFICATE SCHEDULE A

EXPECTED OFFERING PRICES (Attached)

ISSUE PRICE CERTIFICATE SCHEDULE B

COPY OF UNDERWRITER'S BID (Attached)

EXHIBIT B

ESTABLISHING THE ISSUE PRICE FOR THE BONDS

The District intends to rely on Treasury Regulation section 1.148-1(f)(3)(i) (defining "competitive sale" for purposes of establishing the issue price of municipal bonds), which require, among other things, that the District receives bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds ("Competitive Sale Requirement").

In the event that the bidding process does not satisfy the Competitive Sale Requirement, the fact of which will be communicated by the District's Financial Advisor to the winning bidder by 2:30 p.m. the day of sale or, in the event such information is not communicated by the District's Financial Advisor, then promptly upon the request of the winning bidder, bids will not be subject to cancellation and the winning bidder (i) agrees to promptly report to the District the first prices at which at least 10% of each maturity of the Bonds (the "First Price Maturity") have been sold to the Public on the Sale Date (the "10% Test") and (ii) agrees to hold-the-offering-price of each maturity of the Bonds that does not satisfy the 10% Test ("Hold-the-Price Maturity"), as described below.

In order to provide the District with information that enables it to comply with the establishment of the issue price of the Bonds under the Internal Revenue Code of 1986, as amended, the winning bidder agrees to complete, execute, and timely deliver to the District or to the District's Financial Advisor a certification as to the Bonds' "issue price" ("Issue Price Certificate") substantially in the form and to the effect accompanying this Notice, within five business days prior to the Closing Date if the Competitive Sale Requirement is satisfied or within five business days of the date on which the 10% Test is satisfied with respect to all of the maturities. In the event the winning bidder will not reoffer any maturity of the Bonds for sale to the Public (as defined herein) by the Closing Date, the Issue Price Certificate may be modified in a manner approved by the District. It will be the responsibility of the winning bidder to institute such syndicate reporting requirements, to make such investigation, or otherwise to ascertain such facts necessary to enable it to make such certification with reasonable certainty. Any questions concerning such certification should be directed to Bond Counsel (identified in the Preliminary Official Statement).

For purposes of this section of this Notice of Sale:

- (i) "Public" means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a Related Party to the Underwriter,
- (ii) "Underwriter" means (A) any person that agrees pursuant to a written contract with the District (or with the lead Underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public),

- (iii) "Related Party" means any two or more persons (including an individual, trust, estate, partnership, association, company, or corporation) that are subject, directly or indirectly, to (a) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (b) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (c) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and
- (iv) "Sale Date" means the date that the Bonds are awarded by the Pricing Officer pursuant to the Bond Resolution to the winning bidder.

All actions to be taken by the District under this Notice to establish the issue price of the Bonds may be taken on behalf of the District by the District's Financial Advisor, and any notice or report to be provided to the District may be provided to the District's Financial Advisor.

The District will consider any bid submitted pursuant to this Notice to be a firm offer for the purchase of the Bonds, as specified in the bid and, if so stated, in the Official Bid Form.

By submitting a bid, each bidder confirms that: (i) any agreement among underwriters, any selling group agreement and each retail distribution agreement (to which the bidder is a party) relating to the initial sale of the Bonds to the Public, together with the related pricing wires, contains or will contain language obligating each Underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such retail distribution agreement, as applicable, to report the prices at which it sells to the Public the unsold Bonds of each maturity allotted to it until it is notified by the winning bidder that either the 10% Test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the Public, if and for so long as directed by the winning bidder and as set forth in the related pricing wires, and (ii) any agreement among underwriters relating to the initial sale of the Bonds to the Public, together with the related pricing wires, contains or will contain language obligating each Underwriter that is a party to a retail distribution agreement to be employed in connection with the initial sale of the Bonds to the Public to require each broker-dealer that is a party to such retail distribution agreement to report the prices at which it sells to the Public the unsold Bonds of each maturity allotted to it until it is notified by the winning bidder or such Underwriter that either the 10% Test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the Public, if and for so long as directed by the winning bidder or such Underwriter and as set forth in the related pricing wire.

By submitting a bid, the winning bidder agrees, on behalf of each Underwriter participating in the purchase of the Bonds, that each Underwriter will neither offer nor sell any Hold-the-Price Maturity to any person at a price that is higher than the initial offering price to the Public during the period starting on the Sale Date and ending on the earlier of (1) the close of the fifth (5th) business day after the Sale Date; or (2) the date on which the Underwriters have sold at least 10% of that Hold-the-Price Maturity to the Public at a price that is no higher than the initial offering price to the Public. The winning bidder shall promptly advise the District when the Underwriters have sold 10% of a Hold-the-Price Maturity to the Public at a price that is no

higher than the initial offering price to the Public, if that occurs prior to the close of the fifth (5th) business day after the Sale Date.