



**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

JUNE 30, 2019

INTRODUCTORY SECTION

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CARLSBAD MUNICIPAL SCHOOL DISTRICT
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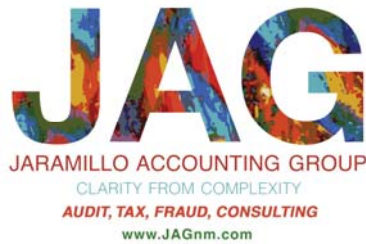
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**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
OFFICIAL ROSTER
JUNE 30, 2019**

<u>Name</u>	<u>Board of Education</u>	<u>Title</u>
David Shoup		Board President
Ron Singleton		Board Vice - President
Simon Rubio		Board Secretary
Abel Montoya		Board Member
Trent Cornum		Board Member
	<u>School Officials</u>	
Dr. Gerry Washburn		Superintendent

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

The Board of Education
Carlsbad Municipal School District
Carlsbad, New Mexico and
Mr. Brian Colón, Esq.
New Mexico State Auditor
Santa Fe, New Mexico

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, the aggregate remaining fund information, and the budgetary comparison for the general fund of Carlsbad Municipal School District (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. We have also audited the financial statements of the governmental activities of each discretely presented component unit, presented as supplementary information, as defined by the Government Accounting Standards Board, in the accompanying combining financial statements as of and for the year ended June 30, 2019, as listed in the Table of Contents. We have also audited each major fund, the aggregate remaining fund information, and the respective budgetary comparisons of each of the following discretely presented component units: Jefferson Montessori Academy Charter School and Pecos Connections Academy Charter School, presented as supplementary information, as defined by the Government Accounting Standards Board, in accompanying combining and individual fund financial statements as listed in the Table of Contents as of and for the year ended June 30, 2019.

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 responsibility includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

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

The Board of Education
Carlsbad Municipal School District and
Mr. Brian Colón, Esq.
New Mexico State Auditor

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 District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our 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 units, each major fund, and the aggregate remaining fund information of the District as of June 30, 2019, and the respective changes in financial position and the respective budgetary comparisons for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund, and the aggregate remaining fund information and the respective budgetary comparisons of the following component units (Jefferson Montessori Academy Charter School and Pecos Connections Academy Charter School) as of June 30, 2019, and the respective changes in financial position thereof for the year ended in accordance with accounting principles generally accepted in the United State of America.

Other Matters

Required Supplementary Information

Management has omitted the Management Discussion and Analysis that accounting principles, generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by the missing information.

Accounting principles generally accepted in the United States of America requires the Schedules and Notes in the Required Supplementary Information section on pages 54 - 62 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The Board of Education
Carlsbad Municipal School District and
Mr. Brian Colón, Esq.
New Mexico State Auditor

Other Information

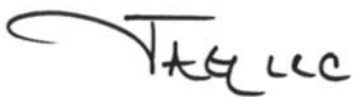
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District’s basic financial statements. The combining and individual nonmajor fund financial statements, the Schedule of Expenditures of Federal Awards as required by Title 2 *U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the schedules required by NMAC 2.2.2 (Schedule of Deposits, Schedule of Cash Reconciliations, Schedule of Collateral Pledged by Depository for Public Funds, and the Schedule of Changes in Fiduciary Assets and Liabilities – Agency Funds), and other information, such as the Introductory Section and Corrective Action Plan, which are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, the Schedule of Expenditures of Federal Awards, and the schedules required by NMAC 2.2.2 (Schedule of Deposits, Schedule of Cash Reconciliations, Schedule of Collateral Pledged by Depository for Public Funds, and the Schedule of Changes in Fiduciary Assets and Liabilities – Agency Funds), are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, the Schedule of Expenditures of Federal Awards, and the schedules required by NMAC 2.2.2 (Schedules, and the Schedule of Deposits, Schedule of Cash Reconciliations, Schedule of Collateral Pledged by Depository for Public Funds, and the Schedule of Changes in Fiduciary Assets and Liabilities – Agency Funds), are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Introductory Section and the Corrective Action Plan have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District’s internal control over financial reporting and compliance.



Jaramillo Accounting Group LLC (JAG)
Albuquerque, New Mexico
November 15, 2019

BASIC FINANCIAL STATEMENTS

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2019**

	Primary	Component Units	
	Government	Jefferson Montessori Academy Charter School	Pecos Academy Charter School
	Governmental Activities		
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 49,223,167	\$ 736,826	\$ 1,046,363
Investments	24,121,729	-	-
Receivables			
Taxes	5,641,185	1,424	-
Due from other governments	3,901,391	135,207	75,580
Other	38,829	580	-
Inventory	150,071	-	-
Total current assets	<u>83,076,372</u>	<u>874,037</u>	<u>1,121,943</u>
Non-current Assets			
Restricted cash and cash equivalents	6,957,801	-	-
Restricted investments	1,153,440	-	-
Capital assets, net	119,562,606	12,670	-
Total non-current assets	<u>127,673,847</u>	<u>12,670</u>	<u>-</u>
Total assets	<u>210,750,219</u>	<u>886,707</u>	<u>1,121,943</u>
DEFERRED OUTFLOWS OF RESOURCES			
Related to pensions	42,710,413	1,209,498	2,474,492
Related to retiree healthcare	1,119,023	24,460	499,326
Total deferred outflows of resources	<u>43,829,436</u>	<u>1,233,958</u>	<u>2,973,818</u>
LIABILITIES			
Current liabilities			
Accounts payable	4,822,512	5,185	418,908
Accrued payroll	3,551,566	145,141	67,784
Accrued interest payable	732,370	-	-
Compensated absences	290,371	-	-
Current portion of bonds payable	5,050,000	-	-
Total current liabilities	<u>14,446,819</u>	<u>150,326</u>	<u>486,692</u>
Non-current liabilities			
Bonds payable	43,956,000	-	-
Net pension liability	165,077,835	4,676,860	4,141,751
Net OPEB liability	39,521,762	1,117,962	1,068,826
Total non-current liabilities	<u>248,555,597</u>	<u>5,794,822</u>	<u>5,210,577</u>
Total liabilities	<u>263,002,416</u>	<u>5,945,148</u>	<u>5,697,269</u>
DEFERRED INFLOWS OF RESOURCES			
Related to pensions	3,141,697	182,501	78,824
Related to retiree healthcare	10,211,696	433,463	276,165
Total deferred inflows of resources	<u>13,353,393</u>	<u>615,964</u>	<u>354,989</u>
NET POSITION			
Net investment in capital assets	70,556,606	12,670	-
Restricted for			
Special revenue	5,992,160	3,288	-
Debt service	30,027,470	-	-
Capital projects	41,180,727	232,955	-
Unrestricted (deficit)	(169,533,117)	(4,689,360)	(1,956,497)
Total net position	<u>\$ (21,776,154)</u>	<u>\$ (4,440,447)</u>	<u>\$ (1,956,497)</u>

See Accompanying Notes.

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	Component Units	
					Governmental Activities	Jefferson Montessori Academy Charter School	Pecos Academy Charter School
Primary Government							
Governmental activities							
Instruction	\$ 68,299,115	\$ 6,547	\$ 5,004,816	\$ -	\$ (63,287,752)		
Support services	14,285,758	658,212	2,224,429	333,953	(11,069,164)		
Central services	2,929,214	-	-	-	(2,929,214)		
Operation & maintenance of plant	17,829,167	-	-	-	(17,829,167)		
Student transportation	2,245,499	-	2,066,283	-	(179,216)		
Food services operation	4,283,821	719,815	2,856,603	-	(707,403)		
Community services	96,258	-	-	-	(96,258)		
Interest on long-term obligations	1,460,353	-	-	-	(1,460,353)		
Total governmental activities	\$ 111,429,185	\$ 1,384,574	\$ 12,152,131	\$ 333,953	(97,558,527)		
Component Unit Activities							
Jefferson Montessori Academy	\$ 2,913,243	\$ 34,850	\$ 116,071	\$ 120,182		\$ (2,642,140)	\$ -
Pecos Connections Academy	7,799,156	-	202,768	22,751		-	(7,573,637)
	<u>\$ 10,712,399</u>	<u>\$ 34,850</u>	<u>\$ 318,839</u>	<u>\$ 142,933</u>		<u>(2,642,140)</u>	<u>(7,573,637)</u>
General revenues							
Taxes							
Property taxes, levied for operating programs					593,523	146,846	-
Property taxes, levied for debt services					8,296,010	-	-
Property taxes, levied for capital projects					4,897,568	-	-
Oil and gas					27,379,201	-	-
State equalization guarantee					54,361,132	2,160,158	6,407,061
Interest and investment earnings					326,634	-	-
Miscellaneous					1,365,627	7,915	-
Total general revenues					<u>97,219,695</u>	<u>2,314,919</u>	<u>6,407,061</u>
Changes in net position					<u>(338,832)</u>	<u>(327,221)</u>	<u>(1,166,576)</u>
Net position, beginning of year (deficit)					(21,187,322)	(4,113,226)	(789,921)
Restatement					(250,000)	-	-
Net position, beginning, restated (deficit)					<u>(21,437,322)</u>	<u>(4,113,226)</u>	<u>(789,921)</u>
Net position - end of year					<u>\$ (21,776,154)</u>	<u>\$ (4,440,447)</u>	<u>\$ (1,956,497)</u>

See Accompanying Notes.

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2019**

	Combined General Fund	31100 Bond Building	31600 Capital Improvements HB-33	31701 Capital Improvements SB-9 Local	31900 Education Technology Notes	41000 Debt Service	43000 Ed Tech Debt Service	Other Governmental Funds	Total
ASSETS									
Cash and cash equivalents	\$ 5,034,964	\$ 2,957,801	\$ 21,129,215	\$ 9,412,110	\$ 9,336,798	\$ 2,323,190	\$ 1,483,285	\$ 4,503,605	\$ 56,180,968
Investments	-	1,153,440	-	-	-	14,009,842	8,944,848	\$ 1,167,039	25,275,169
Accounts receivable									
Property taxes	258,854	-	1,040,316	1,044,608	-	2,304,698	992,709	-	5,641,185
Due from other governments	20,620	-	-	-	-	-	-	3,880,771	3,901,391
Other receivables	30,241	-	-	-	-	-	-	8,588	38,829
Interfund receivables	3,088,428	-	-	-	-	-	-	1,996,468	5,084,896
Inventory	77,426	-	-	-	-	-	-	72,645	150,071
Total assets	\$ 8,510,533	\$ 4,111,241	\$ 22,169,531	\$ 10,456,718	\$ 9,336,798	\$ 18,637,730	\$ 11,420,842	\$ 11,629,116	\$ 96,272,509
LIABILITIES									
Accounts payable	\$ 227,455	\$ 2,159,163	\$ 117,119	\$ 566,134	\$ 1,609,862	\$ -	\$ -	\$ 142,779	\$ 4,822,512
Accrued payroll	3,027,249	-	-	-	-	-	-	524,318	3,551,567
Interfund payables	89,518	-	346,341	348,226	-	581,942	542,817	3,176,052	5,084,896
Total liabilities	3,344,222	2,159,163	463,460	914,360	1,609,862	581,942	542,817	3,843,149	13,458,975
DEFERRED INFLOWS OF RESOURCES									
Delinquent property taxes	19,311	-	82,853	81,828	-	136,416	116,857	-	437,265
Total liabilities and deferred inflows of resources	3,363,533	2,159,163	546,313	996,188	1,609,862	718,358	659,674	3,843,149	13,896,240
FUND BALANCES									
Nonspendable	77,426	-	-	-	-	-	-	72,645	150,071
Restricted for									
General fund	172,987	-	-	-	-	-	-	-	172,987
Special revenue	-	-	-	-	-	-	-	5,992,160	5,992,160
Capital projects	-	1,952,078	21,623,218	9,460,530	7,726,936	-	-	417,965	41,180,727
Debt service	-	-	-	-	-	17,919,372	10,761,168	1,346,930	30,027,470
Assigned	-	-	-	-	-	-	-	-	-
Unassigned	4,896,587	-	-	-	-	-	-	(43,733)	4,852,854
Total fund balances	5,147,000	1,952,078	21,623,218	9,460,530	7,726,936	17,919,372	10,761,168	7,785,967	82,376,269
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 8,510,533	\$ 4,111,241	\$ 22,169,531	\$ 10,456,718	\$ 9,336,798	\$ 18,637,730	\$ 11,420,842	\$ 11,629,116	\$ 96,272,509

See Accompanying Notes.

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
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	\$ 82,376,269
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds:

Capital assets	192,417,768
Accumulated depreciation	(72,855,162)

Other assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.

Property taxes	437,265
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Deferred inflow of resources are not financial resources and are not reported in the funds and include:

Related to pensions	42,710,413
Related to retiree healthcare	1,119,023

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:

Bonds payable	(49,006,000)
Accrued interest payable	(732,370)
Compensated absences	(290,370)
Net pension liability	(165,077,835)
Net OPEB liability	(39,521,762)

Deferred outflow of resources are not financial resources and are not reported in the funds and include:

Related to pensions	(3,141,697)
Related to retiree healthcare	<u>(10,211,696)</u>

Total net position - governmental activities	<u>\$ (21,776,154)</u>
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STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Combined General Fund	31100 Bond Building	31600 Capital Improvements HB-33	31701 Capital Improvements SB-9 Local	31900 Education Technology Notes	41000 Debt Service	43000 Ed Tech Service	Other Governmental Funds	Total
REVENUES									
Property taxes	\$ 1,865,392	\$ -	\$ 7,504,522	\$ 7,538,660	\$ -	\$ 14,921,677	\$ 9,284,982	\$ -	\$ 41,115,233
Intergovernmental revenues									
Federal grants	134,161	-	-	-	-	-	-	7,215,544	7,349,705
State grants	54,896,398	-	-	-	-	-	-	2,534,830	57,431,228
Transportation distribution	2,066,283	-	-	-	-	-	-	-	2,066,283
Charges for services	6,547	-	-	-	-	-	-	1,378,027	1,384,574
Investment income	11,236	243,057	44,247	-	-	26,014	-	2,080	326,634
Miscellaneous	296,364	-	-	24,123	-	-	-	1,045,140	1,365,627
Total revenues	59,276,381	243,057	7,548,769	7,562,783	-	14,947,691	9,284,982	12,175,621	111,039,284
EXPENDITURES									
Current									
Instruction	35,082,195	-	-	-	-	-	-	4,975,434	40,057,629
Support services									
Students	5,059,881	-	-	-	-	-	-	1,477,320	6,537,201
Instruction	2,102,511	-	-	-	-	-	-	89,059	2,191,570
General administration	758,549	-	24,286	24,318	-	57,886	24,263	112,564	1,001,866
School administration	4,198,067	-	-	-	-	-	-	5,471	4,203,538
Central services	2,380,392	-	-	-	-	-	-	532,343	2,912,735
Operation & maintenance of plant	6,509,614	-	-	-	-	-	-	-	6,509,614
Student transportation	2,078,502	-	-	-	-	-	-	112,062	2,190,564
Food services operations	-	-	-	-	-	-	-	4,190,431	4,190,431
Community services	85,271	-	-	-	-	-	-	-	85,271
Capital outlay	-	13,572,907	3,051,769	4,129,126	5,558,731	-	-	375,203	26,687,736
Debt service									
Principal	-	-	-	-	-	6,790,000	11,600,000	-	18,390,000
Interest	-	-	-	-	-	1,916,475	680	-	1,917,155
Total expenditures	58,254,982	13,572,907	3,076,055	4,153,444	5,558,731	8,764,361	11,624,943	11,869,887	116,875,310
Excess (deficiency) of revenues over (under) expenditures	1,021,399	(13,329,850)	4,472,714	3,409,339	(5,558,731)	6,183,330	(2,339,961)	305,734	(5,836,026)
Other financing sources									
Operating transfers	-	-	-	-	-	-	-	-	-
Proceeds from bond issuance	-	-	-	-	11,600,000	-	-	-	11,600,000
Proceeds from refunding debt issuance	-	-	-	-	-	-	-	-	-
Bond underwriter premium discount	-	-	-	-	-	-	-	-	-
Total other financing sources	-	-	-	-	11,600,000	-	-	-	11,600,000
Net changes in fund balances	1,021,399	(13,329,850)	4,472,714	3,409,339	6,041,269	6,183,330	(2,339,961)	305,734	5,763,974
Fund balances, beginning of year	4,177,135	15,531,928	17,350,078	6,251,691	1,685,667	11,976,436	13,507,812	6,381,548	76,862,295
Prior Period Restatement	(51,534)	(250,000)	(199,574)	(200,500)	-	(240,394)	(406,683)	1,098,685	(250,000)
Fund balance, beginning of year, restated	4,125,601	15,281,928	17,150,504	6,051,191	1,685,667	11,736,042	13,101,129	7,480,233	76,612,295
Fund balances, end of year	\$ 5,147,000	\$ 1,952,078	\$ 21,623,218	\$ 9,460,530	\$ 7,726,936	\$ 17,919,372	\$ 10,761,168	\$ 7,785,967	\$ 82,376,269

See Accompanying Notes.

STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

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

Net changes in fund balances - total governmental funds	\$ 5,763,974
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Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation expenses in the Statement of Activities. This is the amount by which capital outlays exceeds depreciation in the period.

Capital outlays	16,148,035
Depreciation expense	(5,493,470)
Adjustments	(180,997)

Revenue in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds

Decrease in deferred inflow related to the property taxes receivable	51,069
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The issuance of long-term debt (e.g., bonds, notes, leases) provides current financial resources to governmental funds, while the repayments of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position:

Bond proceeds	(11,600,000)
Principal payments on bonds	18,390,000
Amortization of premiums	456,802

Some expenses reported in the Statement of Activities do not require the use of current financial resources and are not reported as expenditures in the governmental funds:

Decrease in accrued interest payable	132,324
Decrease in accrued compensated absences	69,189
Loss on disposal of capital assets	(445,038)
Contributions to pension plan subsequent to measurement date	5,536,536
Contributions to retiree health plan subsequent to measurement date	797,229
Pension expense	(29,950,637)
OPEB expense	<u>(13,848)</u>

Change in net position of governmental activities	\$ <u>(338,832)</u>
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**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
COMBINED GENERAL FUND BUDGET
FOR THE YEAR ENDED JUNE 30, 2019**

	Budgeted Amounts		Actual Amount	Variance
	Original Budget	Final Budget		(Unfavorable) Final to Actual
REVENUES				
Taxes	\$ 1,001,045	\$ 1,001,045	\$ 1,792,032	\$ 790,987
Intergovernmental revenue				
Federal	34,387	34,387	131,706	97,319
State	55,193,363	55,213,983	54,860,779	(353,204)
Transportation distribution	1,920,326	2,066,283	2,066,283	-
Charges for services	82,581	82,581	1,322	(81,259)
Investment income	14,115	14,115	11,236	(2,879)
Miscellaneous	382,154	382,154	286,347	(95,807)
Total revenues	58,627,971	58,794,548	59,149,705	355,157
EXPENDITURES				
Current				
Instruction	38,573,198	38,593,818	34,993,690	3,600,128
Support services	13,374,547	13,374,547	12,139,223	1,235,324
Central services	2,321,099	2,321,099	2,379,766	(58,667)
Operation and maintenance of plant	6,925,087	6,925,087	6,517,682	407,405
Student transportation	1,923,843	2,069,800	2,078,502	(8,702)
Food services operations	-	-	-	-
Community services operations	78,540	78,540	85,271	(6,731)
Capital outlay	-	-	-	-
Total expenditures	63,196,314	63,362,891	58,194,134	5,168,757
Excess (deficiency) of revenues over (under) expenditures	(4,568,343)	(4,568,343)	955,571	(5,523,914)
Other financing sources (uses)				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in (out)	-	-	-	-
Proceeds from the sale of capital assets	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances (Budget Basis)			955,571	
Adjustments to revenues			126,676	
Adjustments to expenditures			(60,848)	
Net change in fund balances (GAAP Basis)			\$ 1,021,399	

See Accompanying Notes.

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
STATEMENT OF FIDUCIARY
ASSETS AND LIABILITIES - AGENCY FUNDS
JUNE 30, 2019**

ASSETS

Cash and cash equivalents	<u>\$ 135,491</u>
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LIABILITIES

Deposits held in trust for others	<u>\$ 135,491</u>
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STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Carlsbad Municipal School District (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 in the City of Carlsbad and surrounding area. The District is responsible for all activities related to public elementary and secondary school education within its jurisdiction. The District receives funding from local, state, and federal government sources and must comply with the requirements of these funding source entities.

The School Board is authorized to establish policies and regulations for its own government consistent with the laws of the State of New Mexico and the regulations of the Legislative Finance Committee. The School Board is comprised of five members who are elected for terms of four years. The District operates three schools and two charter school within the District. In conjunction with the regular educational programs, some of these schools offer special education.

This summary of significant accounting policies of the District is presented to assist in the understanding of the District's and the Charter Schools' 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.

A. 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 amended by GASB Statements No. 39, 61 and 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.

Each discretely presented component unit is reported in a separate column in the governmentwide 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.

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Reporting entity (Continued)

The District's Board of Education approved the Jefferson Montessori Academy Charter School and Pecos Connections Academy Charter School for operation in accordance with the criteria listed above. The charter schools are deemed to be fiscally dependent upon the District and have been deemed to be a separate legal entity based on state statute and are presented as a discrete component unit.

The discretely presented component units do not have separately issued financial statements.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary 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 segments are 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 such as the sale of lunch tickets and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function such as state and federal grants. Taxes and other items not properly included among program revenues are reported instead *as general revenues*.

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

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as is the fiduciary fund financial statement. Revenues are recorded when earned

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

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:

General Fund (Funds 11000, 13000, and 14000) – 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 schools 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.

Bond Building Capital Projects Fund (31100) – is used to account for the erecting, remodeling, additions and furnishings of school buildings.

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Capital Improvements HB-33 Fund (31600) – is used to account for two mill levy funds authorized by the Public-School Capital Improvement Act. The levy must be voted on by local residents and allows the District to impose a property tax.

Capital Improvements SB-9 – Local (31701) is used 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.

Education Technology Notes (31900) – To account for revenue received from any revenue bonds issued into as part of a lease purchase agreement under the Education Technology Act. The Education Technology Act was enacted to implement a provision of Article IX Section 11 of the Constitution of New Mexico which declares that a school district may create a debt under the constitution by entering into a lease purchase arrangement to acquire education technology without submitting the proposition to a vote of the qualified electors of the school district.

Debt Service Fund (41000) – is used to accumulate resources for payment of principal and interest due on general obligation bonds. Financing is provided by a special tax levy approved by the voters and assessed by the County Assessor and collected and remitted to the District by the County Treasurer.

Education Technology Debt Service Fund (43000) – is used to account for tax collections and debt service payments specific to the Education Technology note funding. Authority for this fund is the New Mexico Public Education Department.

Additionally, the District reports the following agency fund:

Fiduciary Funds – are used to account for assets held by the District in a trustee capacity or as an agent for individual, 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.

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Fund 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 Schools to invest in Certificates of Deposit, obligations of the U.S. Government, and the Local Government Investment Pool. The Local Government Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of pool shares. As of June 30, 2019, the District does not have any investments with Local Governmental Investment Pool.

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Restricted Assets. Certain proceeds of the District's revenue bonds and general obligation bonds are classified as restricted assets on the balance sheet because their use is limited by the applicable bond covenants. The Bond Building fund has \$1,153,440 in unspent bond proceeds included in investments as of June 30, 2019.

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 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.

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 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 from Eddy 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 60 days subsequent to year end. The portion of property taxes receivable not collected within 60 days is classified as a deferred inflow.

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 incur the cost and submit the necessary request for reimbursement or advance, respectively.

Inventory. The District's method of accounting for inventory is the consumption method. Under the consumption approach, governments report inventories they purchase as an asset and defer recognition of the expenditures until the period in which the inventories actually are consumed. Inventory in the General Fund consists of expendable supplies held for consumption. Inventory in the Food Service Special Revenue Fund consists of U.S.D.A. commodities and other purchased food and non-food supplies. The cost of purchased food is recorded as expenditures at the time individual inventory items are consumed.

U.S.D.A. commodities consumed during the year are reported as revenues and expenditures; unused commodities are reported as inventories.

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Capital Assets. Capital assets, which include property, plant, and equipment, are reported in the applicable governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Information Technology equipment including software is being capitalized and included in furniture, fixtures and equipment in accordance with NMAC 2.20.1.9 C (5). The District does not have any infrastructure. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Library books are deemed to have useful lives of one year and are not capitalized.

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

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

<u>Assets</u>	<u>Years</u>
Land improvements	20
Buildings and improvements	20-50
Equipment	5-20

Unearned Revenues. The District recognizes grant revenue at the time the related expense is made if the expenditure of funds is the prime factor for determining eligibility for reimbursement; therefore, amounts received and not expended in the Special Revenue Funds are shown as unearned revenues. Amounts receivable from the property taxes levied for the current year that are not considered to be “available” under the current financial resource’s measurement focus are reported as deferred revenues in the governmental fund financial statements. 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 becomes available. The District has recorded \$437,265 related to property taxes considered “unavailable.”

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

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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 District policy. All vacation pay and applicable accumulated sick leave is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements. No liability is reported for unpaid accumulated sick leave, as no payment is required upon termination of service employees.

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. In prior years, substantially all of the related expenditures have been liquidated by the general fund. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported in the government-wide Statement of Net Position.

Long-term Obligations. In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts are included in bonds payable reported in the Statement of Net Position and are amortized into interest expense over the term of the bonds using the straight-line method.

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 the Board of Education.

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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. The District's estimates include the useful lives of depreciable assets, net pension liability and related deferred inflows and outflows of resources, and the current portion of compensated absences. 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, the net pension liability and related amounts, and the current portion of accrued compensated absences.

E. Revenues

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

The District received \$54,361,132 in state equalization guarantee distributions during the year ended June 30, 2019. Jefferson Montessori Academy Charter School received \$2,160,158 in state equalization guarantee distributions during the year ended June 30, 2019. Pecos Connections Academy Charter School received \$6,407,061 in state equalization guarantee distributions during the year ended June 30, 2019.

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

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Revenues (Continued)

with the levies becoming delinquent 30 days (one month) thereafter. The District recognizes tax revenues in the period for which they are levied in the government-wide financial statements.

The District records only the portion of the taxes considered 'measurable' and 'available' in the governmental fund financial statements. The District recognized \$13,736,032 and Jefferson Montessori Academy Charter School recognized \$145,409 in property tax revenues during the year ended June 30, 2019. The amounts are included in revenue from taxes reported in the Statement of Activities. 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. The District recognized \$27,379,201 in oil and gas tax revenues in fiscal year 2019.

Transportation Distribution. School districts in the State of New Mexico receive student transportation distributions. The transportation distribution is allocated to each school district in accordance with formulas developed by the State Transportation Director and the Director of Public School Finance. The funds shall be used only for the purpose of making payments to each school district for the to-and-from school transportation costs of students in grades K through twelve attending public school within the school district. The District received \$2,066,283 in transportation distributions during the year ended June 30, 2019.

Instructional Materials. The Public Education 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, 70% is restricted to the requisition of materials listed in the State Board of Education "State Adopted Instructional Material" list, while 30% of each allocation is available for purchases directly from vendors. The District received \$240,042, Jefferson Montessori Academy Charter School received \$8,522, and Pecos Connections Academy Charter School received \$32,523 in instructional materials during the year ended June 30, 2019.

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 100% collection rate, is less than an amount calculated by multiplying the product obtained by the rate imposed in the Schools 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. This District received \$0 in State SB-9 matching during the year ended June 30, 2019.

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 education program per Section 22-24-4(B); core administrative function of the public-school facilities authority and for project management expense 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

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Revenues (Continued)

Finance and Administration following certification by the council that the application has been approved. The District did not receive any funds from PSCOC awards 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.

The District also receives reimbursement under the National School Lunch and Breakfast for its food services operations, and the distribution of commodities through the New Mexico Human Services Department.

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

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

These budgets are prepared on the Non-GAAP cash basis, excluding encumbrances, and secure appropriation of funds for only one year. Carryover funds must be re-appropriated in the budget of the subsequent fiscal year.

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

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

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

1. In April or May, the local school board submits to the District Budget Planning Unit (DBPU) of the New Mexico Public Education Department (PED) a proposed operating budget for the ensuing fiscal year commencing July 1. The operating budget includes proposed expenditures and the means of financing them. All budgets are submitted to the State of New Mexico Public Education Department.

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

2. In May or June of each year, the proposed “operating” budget will be reviewed and approved by the DBPU and certified and approved by the local school board at a public hearing of which notice has been published by the local school board which fixes the estimated budget for the school district for the ensuing fiscal year.
3. The school board meeting is open for the general public unless a closed meeting has been called.
4. The “operating” budget will be used by the District until they have been notified that the budget has been approved by the DBPU and the local school board. The budget shall be integrated formally into the accounting system. Encumbrances shall be used as an element of control and shall be integrated into the budget system.
5. The District shall make corrections, revisions and amendments to the estimated budgets fixed by the local school board to recognize actual cash balances and carryover funds, if any. These adjustments shall be reviewed and approved by the DBPU.
6. The superintendent is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the school board and the State of New Mexico Public Education Department.
7. Budget change requests are processed in accordance with Supplement 1 (Budget Preparation and Maintenance) of the Manual of Procedures Public School Accounting and Budgeting. Such changes are initiated by the school district and approved by the DBPU.
8. Legal budget control for expenditures is by function.
9. Appropriations lapse at fiscal yearend. Funds unused during the fiscal year may be carried over into the next fiscal year by budgeting those in the subsequent fiscal year’s budget. The budget schedules included in the accompanying financial statements reflect the original budget and the final budget.
10. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Funds.

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

The appropriated budget for the year ended June 30, 2019, was properly amended by the District’s Board of Education throughout the year.

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.

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

The District and Charter Schools budget on a modified cash basis with payroll or held checks being accrued and expensed. Therefore, fund balances on the budget statements do not reconcile to cash due to the Charter Schools' accrued payroll which is presented on the accrual basis.

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 100% of the asked price on United States treasury bills of the same maturity on the day of deposit.

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

All of the District's accounts at an insured depository institution, including non-interest-bearing accounts are insured by the FDIC up to the standard maximum deposit insurance amount of \$250,000.

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, \$80,909,196 of the District's bank balance of \$82,812,636 was subject to custodial credit risk. \$63,387,412 was uninsured and collateralized by collateral held by the pledging bank's trust department, not in the District's name. \$20,744,511 of the District's deposits were uninsured and uncollateralized at June 30, 2019.

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

District:

	Carlsbad National Bank	Wells Fargo Bank	Wells Fargo Bank - Sweep	Western Commerce	Total
Demand deposits	\$ 4,211,117	\$ 7,533,272	\$ -	\$ 45,793,078	\$ 57,537,467
Time and savings deposits	-	-	-	1,153,440	1,153,440
Repurchase Agreement	-	-	24,121,729	-	24,121,729
Subtotal	4,211,117	7,533,272	24,121,729	46,946,518	82,812,636
FDIC coverage	(250,000)	(250,000)	-	(1,403,440) *	(1,903,440)
Total uninsured public funds	3,961,117	7,283,272	24,121,729	45,543,078	80,909,196
Collateralized by securities held by pledging institutions or by its trust department or agent in other than the District's name	6,701,409	5,977,459	24,604,164	26,104,380	63,387,412
	<u>\$ (2,740,292)</u>	<u>\$ 1,305,813</u>	<u>\$ (482,435)</u>	<u>\$ 19,438,698</u>	<u>\$ 17,521,784</u>
Collateral requirements					
(102% of repurchase agreement)	\$ -	\$ -	\$ 24,604,164	\$ -	\$ 24,604,164
(50% of uninsured funds)	1,980,559	3,641,636	-	22,771,539	28,393,734
Pledged collateral	6,701,409	5,977,459	24,604,164	26,104,380	63,387,412
Over (under) collateralized	<u>\$ 4,720,850</u>	<u>\$ 2,335,823</u>	<u>\$ -</u>	<u>\$ 3,332,841</u>	<u>\$ 10,389,514</u>

*Western Commerce Bank maintains multiple brokered CDs for the District which are individually collateralized by the FDIC for up to \$250,000. Total brokered CDs were \$1,153,440 at June 30, 2019.

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.

The District has presented certificates of deposits and a repurchase agreement of \$25,274,730 as investments in the Statement of Net Position; however, these are classified as deposits for disclosure purposes.

Reconciliation to the Statement of Net Position

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

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

Cash and cash equivalents	\$ 49,223,166
Investments	24,121,729
Restricted cash and cash equivalents	6,957,831
Restricted investments	1,153,441
Agency funds cash	<u>135,491</u>
Total cash and cash equivalents	81,591,658
Petty cash	(51,950)
Outstanding checks	1,166,291
Other reconciling items	<u>106,637</u>
Bank balance of deposits	<u><u>\$ 82,812,636</u></u>

Jefferson Montessori Academy Charter School:

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the Charter School’s deposits may not be returned to it. The Jefferson Montessori Academy Charter School 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, \$533,277 of the component unit’s bank balance of \$783,277 was subject to custodial credit risk. \$364,491 was uninsured and collateralized by collateral held by the pledging bank’s trust department, not in the Charter School’s name. \$168,786 of the Charter School’s deposits were uninsured and uncollateralized at June 30, 2019.

	<u>Wells Fargo Bank</u>
Amount of deposits	\$ 783,277
FDIC Insurance	<u>(250,000)</u>
Total uninsured public funds	533,277
Collateralized by securities held by pledging institutions or by its trust department or agent in other than the Component Unit’s name	<u>364,491</u>
Uninsured and uncollateralized	<u><u>\$ 168,786</u></u>
Collateral requirement (50 % of uninsured funds)	\$ 266,639
Pledged collateral	<u>364,491</u>
Over (under) collateralized	<u><u>\$ 97,853</u></u>

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.

As of June 30, 2019, the Charter School did not have any investment balances.

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

Reconciliation to the Statement of Net Position

The carrying amount of deposits shown above are included in the Jefferson Montessori Academy Charter School's Statement of Net Position as follows:

Cash and cash equivalents	\$ 736,826
Total cash and cash equivalents	<u>736,826</u>
Add outstanding checks	46,451
Less petty cash	-
Bank balance of deposits	<u><u>\$ 783,277</u></u>

Pecos Connections Academy Charter School:

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the Component Unit's deposits may not be returned to it. The Pecos Connections Academy Charter School 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, \$805,832 of the component unit's bank balance of \$1,055,832 was subject to custodial credit risk. \$87,753 was uninsured and collateralized by collateral held by the pledging bank's trust department, not in the Charter School's name. \$718,079 of the Charter School's deposits were uninsured and uncollateralized at June 30, 2019.

	<u>Wells Fargo Bank</u>
Amount of deposits	\$ 1,055,832
FDIC Insurance	<u>(250,000)</u>
Total uninsured public funds	805,832
Collateralized by securities held by pledging institutions or by its trust department or agent in other than the Component Unit's name	<u>87,753</u>
Uninsured and uncollateralized	<u><u>\$ 718,079</u></u>
Collateral requirement (50 % of uninsured funds)	\$ 402,916
Pledged collateral	<u>87,753</u>
Over (under) collateralized	<u><u>\$ (315,163)</u></u>

As of June 30, 2019, the Charter School did not have any investment balances.

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

Reconciliation to the Statement of Net Position

The carrying amount of deposits shown above are included in the Pecos Connections Academy Charter School's Statement of Net Position as follows:

Cash and cash equivalents	\$ 1,046,363
Total cash and cash equivalents	1,046,363
Add outstanding checks	9,469
Less petty cash	<u>-</u>
Bank balance of deposits	<u>\$ 1,055,832</u>

NOTE 4. RECEIVABLES

Receivables for the District as of June 30, 2019 are as follows:

	Combined General Fund	Capital Improvements HB-33	Capital Improvements SB-9 Local	Debt Service	Ed Tech Debt Service	Other Governmental Funds	Total
Taxes receivable							
Property taxes	\$ 27,675	\$ 121,180	\$ 119,888	\$ 228,120	\$ 162,451	\$ -	\$ 659,314
Oil and gas taxes	231,179	919,136	924,720	2,076,578	830,258	-	4,981,871
Due from other governments							
State	20,620	-	-	-	-	3,162,023	3,182,643
Federal	-	-	-	-	-	718,748	718,748
Other receivables							
Reimbursements	<u>30,241</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,588</u>	<u>38,829</u>
Totals by fund	<u>\$ 309,715</u>	<u>\$ 1,040,316</u>	<u>\$ 1,044,608</u>	<u>\$2,304,698</u>	<u>\$ 992,709</u>	<u>\$ 3,889,359</u>	<u>\$ 9,581,405</u>

The above receivables are deemed 100% collectible.

Property tax revenues in the amount of \$437,265 were not collected within the period of availability have been reclassified as deferred inflows for unavailable revenue in the governmental fund financial statements. All of the above receivables, net of deferred inflows, are deemed to be fully collectible.

Component Units:

The Jefferson Montessori Academy Charter School had receivables due from state and local sources in the amount of \$136,631 and other receivables in the amount of \$580. All receivables are considered 100% collectible.

The Pecos Connections Academy Charter School had receivables due from state and local sources in the amount of \$75,580 and other receivables in the amount of \$0. All receivables are considered 100% collectible.

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 5. INTERFUND RECEIVABLES AND PAYABLE

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

Governmental Activities	Due from other funds	Due to other funds
Major Funds		
General Fund	\$ 3,088,428	\$ 89,518
Capital Improvements HB-33	-	346,341
Capital Improvements SB-9 Local	-	348,226
Debt Service	-	581,942
Ed Tech Debt Service	-	542,817
Nonmajor Funds		
Special Revenue Funds	<u>1,996,468</u>	<u>3,176,052</u>
Total	<u><u>\$ 5,084,896</u></u>	<u><u>\$ 5,084,896</u></u>

Component Unit – Jefferson Montessori Academy Charter School:

Governmental Activities	Due from other funds	Due to other funds
Major Funds		
General Fund	\$ 101,716	\$ -
Special Revenue Funds	-	99,500
Nonmajor Funds		
Capital Projects Funds	<u>-</u>	<u>2,216</u>
Total	<u><u>\$ 101,716</u></u>	<u><u>\$ 101,716</u></u>

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

Component Unit – Pecos Connections Academy Charter School:

Governmental Activities	Due from other funds	Due to other funds
Major Funds		
General Fund - Operational	\$ 73,559	\$ -
General Fund - Instructional Materials	-	14,637
Nonmajor Funds		
Special Revenue Funds	-	44,332
Capital Projects Funds	<u>-</u>	<u>14,590</u>
Total	<u><u>\$ -</u></u>	<u><u>\$ 73,559</u></u>

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

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 6. CAPITAL ASSETS

A summary of capital assets and changes occurring during the year ended June 30, 2019 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:

	Balance					Balance
	June 30, 2018	Adjustments	Additions	Deletions	Transfers	June 30, 2019
Governmental activities						
Capital Assets not being depreciated:						
Land	\$ 1,346,923	\$ (13,021)	\$ -	\$ -	\$ -	\$ 1,333,902
Construction in process	3,476,882	(66,345)	14,902,122	-	(2,346,777)	15,965,882
Total capital assets not being depreciated	<u>4,823,805</u>	<u>(79,366)</u>	<u>14,902,122</u>	<u>-</u>	<u>(2,346,777)</u>	<u>17,299,784</u>
Capital Assets being depreciated:						
Land improvements	18,052,034	(255,784)	-	-	308,238	18,104,488
Buildings and improvements	144,885,248	-	-	-	2,038,539	146,923,787
Equipment	9,484,629	-	1,245,913	(640,833)	-	10,089,709
Total capital assets being depreciated	<u>172,421,911</u>	<u>(255,784)</u>	<u>1,245,913</u>	<u>(640,833)</u>	<u>2,346,777</u>	<u>175,373,768</u>
Less accumulated depreciation:						
Land improvements	6,977,476	(108,809)	752,745	-	-	7,621,412
Buildings and improvements	55,170,269	(45,344)	3,472,309	-	-	58,597,234
Equipment	5,563,896	-	1,268,415	(195,795)	-	6,636,516
Total accumulated depreciation	<u>67,711,641</u>	<u>(154,153)</u>	<u>5,493,469</u>	<u>(195,795)</u>	<u>-</u>	<u>72,855,162</u>
Net capital assets being depreciated	<u>\$ 109,534,075</u>	<u>\$ (180,997)</u>	<u>\$ 10,654,566</u>	<u>\$ (445,038)</u>	<u>\$ -</u>	<u>\$ 119,562,606</u>

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

Direct instruction	\$ 4,812,279
Support services	351,583
Central services	16,479
Operation & maintenance of plant	153,817
Student transportation	54,935
Food services operations	93,390
Community service operations	<u>10,986</u>
Total	<u>\$ 5,493,469</u>

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 6. CAPITAL ASSETS (CONTINUED)

Component Unit - Jefferson Montessori Academy Charter School:

	Balance June 30, 2018	Additions	Deletions	Adjustments/ Transfers	Balance June 30, 2019
Capital assets being depreciated:					
Furniture, fixtures and equipment	\$ 6,995	\$ 9,186	\$ -	\$ -	\$ 16,181
Less accumulated depreciation:					
Furniture, fixtures and equipment	<u>2,800</u>	<u>707</u>	<u>-</u>	<u>4</u>	<u>3,511</u>
Total capital assets, net of depreciation	<u>\$ 4,195</u>	<u>\$ 8,479</u>	<u>\$ -</u>	<u>\$ (4)</u>	<u>\$ 12,670</u>

Depreciation expense in the amount of \$707 was charged to Direct Instruction in the Statement of Activities.

Component Unit - Pecos Connections Academy Charter School:

The Pecos Connections Academy Charter School does not have any capital assets as of June 30, 2019.

NOTE 7. LONG-TERM DEBT

Primary Government

On November 20, 2007, the District issued general obligation bonds secured by ad valorem taxes to provide funds for purposes of purchasing, improving, renovating, remodeling, upgrading, and making additions to the heating and cooling systems in elementary and secondary schools, restrooms at P.R. Leyva Middle School auditorium, playground equipment at elementary schools, and outside lockers at Carlsbad High School. The original amount of the issue was \$7,100,000. The bonds are issued with varying terms, interest rates that range between 3.75% to 4%, and varying amounts of principal maturing each year.

On June 24, 2011, the District issued general obligation bonds secured by ad valorem taxes for purposes of providing funds for an on-going school building and renovation program, to purchase or improve schools' grounds, to purchase computer software and hardware for student use in public schools, and to provide matching funds for capital outlay projects funded pursuant to the Public-School Capital Outlay Act. The original amount of the issue was \$7,000,000. The bonds are issued with varying terms, interest rates that range between 2% to 3.5%, and varying amounts of principal maturing each year.

On May 21, 2014, the District issued general obligation bonds secured by ad valorem taxes for purposes of erecting, remodeling and making additions to and furnish school buildings within the District, to purchase or improve school grounds, to purchase computer software and hardware for student use in public schools, and to provide matching funds for capital outlay projects funded pursuant the Public-School Capital Outlay Act. The original amount of the issue was \$30,000,000. The bonds are issued with varying terms, interest rates that range between 2.5% and 5% and varying amounts of principal maturing each year through August 1, 2027.

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 7. LONG- TERM DEBT (CONTINUED)

On January 19, 2016, the District issued general obligation bonds secured by ad valorem taxes for purposes of erecting, remodeling and making additions to and furnishing school buildings within the District, to purchase or improve school grounds, to purchase computer software and hardware for student use in public schools, and to provide matching funds for capital outlay projects funded pursuant the Public-School Capital Outlay Act. The original amount of the issue was \$30,000,000. The bonds are issued with varying terms, interest rate of 1.97% and varying amounts of principal maturing each year through August 1, 2029.

The following is a summary of the long-term debt and the activity for the District for the year ending June 30, 2019:

	Balance June 30, 2018	Additions	Deletions	Balance June 30, 2019	Due Within One Year
Bonds payable	\$ 51,070,000	\$ -	\$ 6,790,000	\$ 44,280,000	\$ 5,050,000
Bond issuance premium	5,182,802	-	456,802	4,726,000	-
Educational technology notes	-	11,600,000	11,600,000	-	-
Compensated absences	359,560	224,384	293,573	290,371	290,371
Total	<u>\$ 56,612,362</u>	<u>\$ 11,824,384</u>	<u>\$ 19,140,375</u>	<u>\$ 49,296,371</u>	<u>\$ 5,340,371</u>

The final year of payment for bonds outstanding is fiscal year 2030. The annual requirements to amortize all general obligation bonds outstanding as of June 30, 2019, including interest payments, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2020	\$ 5,050,000	\$ 1,642,094	\$ 6,692,094
2021	4,250,000	1,425,250	5,675,250
2022	4,350,000	1,220,500	5,570,500
2023	4,400,000	1,012,688	5,412,688
2024	4,400,000	831,063	5,231,063
2025-2029	18,795,000	1,924,350	20,719,350
2030	3,035,000	45,525	3,080,525
	<u>\$ 44,280,000</u>	<u>\$ 8,101,469</u>	<u>\$ 52,381,469</u>

Compensated Absences – Administrative employees of the District are able to accrue a limited amount of vacation and other compensatory time during the year. During fiscal year June 30, 2019, compensated absences decreased by \$65,987 from the prior year accrual. In prior years, the general fund was typically used to liquidate long-term liabilities.

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 7. LONG- TERM DEBT (CONTINUED)

Component Unit - Jefferson Montessori Academy Charter School:

The Jefferson Montessori Academy Charter School has no long-term debt for the year ending June 30, 2019.

Component Unit - Pecos Connections Academy Charter School:

The Pecos Connections Academy Charter School has no long-term debt for the year ending June 30, 2019.

NOTE 8. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. Therefore, the District is a member of the New Mexico Public School Insurance Authority (NMPSIA). NMPSIA was created to provide comprehensive core insurance programs by expanding the pool of subscribers to maximize cost containment opportunities for required insurance coverage. The District pays an annual premium to the NMPSIA based on claim experience and the status of the pool.

The Risk Management Program includes Workers Compensation, General and Automobile Liability, Automobile Physical Damage, and Property and Crime coverage. Also included under the risk management program are Boiler, Machinery and Student Accident Insurance. The NMPSIA provides coverage for up to a maximum of \$500,000 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 are 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. No settlements exceeded insurance coverage for 2019.

NOTE 9. PENSION PLAN – EDUCATIONAL RETIREMENT BOARD

Plan description. The New Mexico Educational Retirement Act (ERA) was enacted in 1957. The act created the Educational Employees Retirement Plan (Plan) and, to administer it, the New Mexico Educational Retirement Board (NMERB). The Plan is included in NMERB's comprehensive annual financial report. The report can be found on NMERB's Web site at https://www.nmerb.org/Annual_reports.html.

The Plan is a cost-sharing, multiple-employer pension plan established to provide retirement and disability benefits for certified teachers and other employees of the state's public schools, institutions of higher learning, and state agencies providing educational programs. Additional tenets of the ERA can be found in Section 22-11-1 through 22-11-52, NMSA 1978, as amended.

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 6. CAPITAL ASSETS (CONTINUED)

Component Unit - Jefferson Montessori Academy Charter School:

	Balance June 30, 2018	Additions	Deletions	Adjustments/ Transfers	Balance June 30, 2019
Capital assets being depreciated:					
Furniture, fixtures and equipment	\$ 6,995	\$ 9,186	\$ -	\$ -	\$ 16,181
Less accumulated depreciation:					
Furniture, fixtures and equipment	<u>2,800</u>	<u>707</u>	<u>-</u>	<u>4</u>	<u>3,511</u>
Total capital assets, net of depreciation	<u>\$ 4,195</u>	<u>\$ 8,479</u>	<u>\$ -</u>	<u>\$ (4)</u>	<u>\$ 12,670</u>

Depreciation expense in the amount of \$707 was charged to Direct Instruction in the Statement of Activities.

Component Unit - Pecos Connections Academy Charter School:

The Pecos Connections Academy Charter School does not have any capital assets as of June 30, 2019.

NOTE 7. LONG-TERM DEBT

Primary Government

On November 20, 2007, the District issued general obligation bonds secured by ad valorem taxes to provide funds for purposes of purchasing, improving, renovating, remodeling, upgrading, and making additions to the heating and cooling systems in elementary and secondary schools, restrooms at P.R. Leyva Middle School auditorium, playground equipment at elementary schools, and outside lockers at Carlsbad High School. The original amount of the issue was \$7,100,000. The bonds are issued with varying terms, interest rates that range between 3.75% to 4%, and varying amounts of principal maturing each year.

On June 24, 2011, the District issued general obligation bonds secured by ad valorem taxes for purposes of providing funds for an on-going school building and renovation program, to purchase or improve schools' grounds, to purchase computer software and hardware for student use in public schools, and to provide matching funds for capital outlay projects funded pursuant to the Public-School Capital Outlay Act. The original amount of the issue was \$7,000,000. The bonds are issued with varying terms, interest rates that range between 2% to 3.5%, and varying amounts of principal maturing each year.

NOTE 7. LONG- TERM DEBT (CONTINUED)

On May 21, 2014, the District issued general obligation bonds secured by ad valorem taxes for purposes of erecting, remodeling and making additions to and furnish school buildings within the District, to purchase or improve school grounds, to purchase computer software and hardware for student use in public schools, and to provide matching funds for capital outlay projects funded pursuant the Public-School Capital Outlay Act. The original amount of the issue was \$30,000,000. The bonds are issued with varying terms, interest rates that range between 2.5% and 5% and varying amounts of principal maturing each year through August 1, 2027.

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 7. LONG- TERM DEBT (CONTINUED)

On January 19, 2016, the District issued general obligation bonds secured by ad valorem taxes for purposes of erecting, remodeling and making additions to and furnishing school buildings within the District, to purchase or improve school grounds, to purchase computer software and hardware for student use in public schools, and to provide matching funds for capital outlay projects funded pursuant the Public-School Capital Outlay Act. The original amount of the issue was \$30,000,000. The bonds are issued with varying terms, interest rate of 1.97% and varying amounts of principal maturing each year through August 1, 2029.

The following is a summary of the long-term debt and the activity for the District for the year ending June 30, 2019:

	Balance June 30, 2018	Additions	Deletions	Balance June 30, 2019	Due Within One Year
Bonds payable	\$ 51,070,000	\$ -	\$ 6,790,000	\$ 44,280,000	\$ 5,050,000
Bond issuance premium	5,182,802	-	456,802	4,726,000	-
Educational technology notes	-	11,600,000	11,600,000	-	-
Compensated absences	359,560	224,384	293,573	290,371	290,371
Total	<u>\$ 56,612,362</u>	<u>\$ 11,824,384</u>	<u>\$ 19,140,375</u>	<u>\$ 49,296,371</u>	<u>\$ 5,340,371</u>

The final year of payment for bonds outstanding is fiscal year 2030. The annual requirements to amortize all general obligation bonds outstanding as of June 30, 2019, including interest payments, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2020	\$ 5,050,000	\$ 1,642,094	\$ 6,692,094
2021	4,250,000	1,425,250	5,675,250
2022	4,350,000	1,220,500	5,570,500
2023	4,400,000	1,012,688	5,412,688
2024	4,400,000	831,063	5,231,063
2025-2029	18,795,000	1,924,350	20,719,350
2030	3,035,000	45,525	3,080,525
	<u>\$ 44,280,000</u>	<u>\$ 8,101,469</u>	<u>\$ 52,381,469</u>

Compensated Absences – Administrative employees of the District are able to accrue a limited amount of vacation and other compensatory time during the year. During fiscal year June 30, 2019, compensated absences decreased by \$65,987 from the prior year accrual. In prior years, the general fund was typically used to liquidate long-term liabilities.

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 7. LONG- TERM DEBT (CONTINUED)

Component Unit - Jefferson Montessori Academy Charter School:

The Jefferson Montessori Academy Charter School has no long-term debt for the year ending June 30, 2019.

Component Unit - Pecos Connections Academy Charter School:

The Pecos Connections Academy Charter School has no long-term debt for the year ending June 30, 2019.

NOTE 8. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. Therefore, the District is a member of the New Mexico Public School Insurance Authority (NMPSIA). NMPSIA was created to provide comprehensive core insurance programs by expanding the pool of subscribers to maximize cost containment opportunities for required insurance coverage. The District pays an annual premium to the NMPSIA based on claim experience and the status of the pool.

The Risk Management Program includes Workers Compensation, General and Automobile Liability, Automobile Physical Damage, and Property and Crime coverage. Also included under the risk management program are Boiler, Machinery and Student Accident Insurance. The NMPSIA provides coverage for up to a maximum of \$500,000 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 are 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. No settlements exceeded insurance coverage for 2019.

NOTE 9. PENSION PLAN – EDUCATIONAL RETIREMENT BOARD

Plan description. The New Mexico Educational Retirement Act (ERA) was enacted in 1957. The act created the Educational Employees Retirement Plan (Plan) and, to administer it, the New Mexico Educational Retirement Board (NMERB). The Plan is included in NMERB's comprehensive annual financial report. The report can be found on NMERB's Web site at https://www.nmerb.org/Annual_reports.html.

The Plan is a cost-sharing, multiple-employer pension plan established to provide retirement and disability benefits for certified teachers and other employees of the state's public schools, institutions of higher learning, and state agencies providing educational programs. Additional tenets of the ERA can be found in Section 22-11-1 through 22-11-52, NMSA 1978, as amended.

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 9. PENSION PLAN – EDUCATIONAL RETIREMENT BOARD (CONTINUED)

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

All accumulated assets are held by the Plan in trust to pay benefits, including refunds of contributions as defined in the terms of the Plan. Eligibility for membership in the Plan is a condition of employment, as defined Section 22-112, 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.

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 65 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 67 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.

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 9. PENSION PLAN – EDUCATIONAL RETIREMENT BOARD (CONTINUED)

- The member's minimum age and earned service credit add up to the sum of 80 or more. Those who retire under the age of 65, and who have fewer than 30 years of earned service credit will receive reduced retirement benefits.
- The member's age is 67 and has earned 5 or more years of service credit.

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

Benefit Options. The Plan has three benefit options available:

- **Option A – Straight Life Benefit.** The single life annuity option has no reductions to the monthly benefit, and there is 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.

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 9. PENSION PLAN – EDUCATIONAL RETIREMENT BOARD (CONTINUED)

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%.

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

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

Contributions. For the fiscal years ended June 30, 2019 and 2018, educational employers contributed to the Plan based on the following rate schedule:

Fiscal Year	Date Range	Wage Category	Member Rate	Employer Rate	Combined Rate	Increase Over Prior Year
2019	7-1-18 to 6-30-19	Over \$20K	10.70%	13.90%	24.60%	0.00%
2019	7-1-18 to 6-30-19	\$20K or less	7.90%	13.90%	21.80%	0.00%
2018	7-1-17 to 6-30-18	Over \$20K	10.70%	13.90%	24.60%	0.00%
2018	7-1-17 to 6-30-18	\$20K or less	7.90%	13.90%	21.80%	0.00%

The contribution requirements are established in statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the New Mexico Legislature. For the fiscal years ended June 30, 2019 and 2018, the District paid employee and employer contributions of \$9,742,314 and \$9,480,026, respectively, which equal the amount of the required contributions for each fiscal year. For the fiscal years ended June 30, 2019 and 2018, the Jefferson Montessori Academy Charter School paid employee and employer contributions of \$297,627 and \$268,660, respectively, which equal the amount of the required contributions for each fiscal year. For the fiscal years ended June 30, 2019 and 2018, the Pecos Connections Academy Charter School paid employee and employer contributions of \$394,716 and \$239,457, respectively, which equal the amount of the required contributions for each fiscal year.

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 9. PENSION PLAN – EDUCATIONAL RETIREMENT BOARD (CONTINUED)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2019, the District reported a liability of \$165,077,835 for its proportionate share of the net pension liability. At June 30, 2019, the Jefferson Montessori Academy Charter School reported a liability of \$4,676,860 for its proportionate share of the net pension liability. At June 30, 2019, the Pecos Connections Academy Charter School reported a liability of \$4,141,751 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 ERB 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 District’s and Charter’s portion was established as of the measurement date of June 30, 2018. The District’s and Charter’s proportion of the net pension liability was based on a projection of the District and Charter long- term share of contributions to the pension plan relative to the projected contributions of all participating educational institutions at June 30, 2018, actuarially determined. At June 30, 2018, the District’s proportion was 1.38822% which was an increase of 0.02873% from its proportion measured at June 30, 2017. At June 30, 2018, the Jefferson Montessori Academy Charter School proportion was 0.03933%, which was a decrease of 0.00081% from its proportion measured at June 30, 2017. At June 30, 2018, the Pecos Connections Academy Charter School proportion was 0.03483%, which was an increase of 0.01266% from its proportion measured at June 30, 2017.

For the year ended June 30, 2019, the District recognized pension expense of \$29,950,637. For the year ended June 30, 2019, Jefferson Montessori Academy Charter School recognized pension expense of \$780,119. For the year ended June 30, 2019, Pecos Connections Academy Charter School recognized pension expense of \$1,385,750.

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

District:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 120,480	\$ 3,141,697
Changes of assumptions	34,021,761	-
Net difference between projected and actual earnings on pension plan investments	365,440	-
Changes in proportion and differences between contributions and proportionate share of contributions	2,666,196	
District contributions subsequent to the measurement date	5,536,536	-
Total	\$ 42,710,413	\$ 3,141,697

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 9. PENSION PLAN – EDUCATIONAL RETIREMENT BOARD (CONTINUED)

Jefferson Montessori Academy Charter School:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 3,413	\$ 89,008
Changes of assumptions	963,879	-
Net difference between projected and actual earnings on pension plan investments	10,353	-
Changes in proportion and differences between contributions and proportionate share of contributions	62,290	93,493
Charter contributions subsequent to the measurement date	<u>169,563</u>	<u>-</u>
Total	<u>\$ 1,209,498</u>	<u>\$ 182,501</u>

Pecos Connections Academy Charter School:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 3,023	\$ 78,824
Changes of assumptions	853,595	-
Net difference between projected and actual earnings on pension plan investments	9,169	-
Changes in proportion and differences between contributions and proportionate share of contributions	1,397,478	-
Charter contributions subsequent to the measurement date	<u>211,227</u>	<u>-</u>
Total	<u>\$ 2,474,492</u>	<u>\$ 78,824</u>

The District reported \$5,536,536, Jefferson Montessori Academy Charter School reported \$169,563 and Pecos Connections Academy Charter School reported \$211,227 as deferred outflows of resources related to pensions resulting from the District's, Jefferson Montessori Academy Charter School and Pecos Connections Academy Charter School contributions subsequent to the measurement date June 30, 2018 will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 9. PENSION PLAN – EDUCATIONAL RETIREMENT BOARD (CONTINUED)

District:	Jefferson Montessori Academy		Pecos Connections Academy		
<u>Year Ending June 30,</u>	Charter School:		Charter School:		
<u>Year Ending June 30,</u>	<u>Year Ending June 30,</u>		<u>Year Ending June 30,</u>		
2020	\$ 20,688,637	2020	\$ 518,160	2020	\$ 1,172,619
2021	13,203,525	2021	355,800	2021	857,652
2022	135,208	2022	(16,662)	2022	154,049
2023	<u>4,810</u>	2023	<u>136</u>	2023	<u>121</u>
Total	<u>\$ 34,032,180</u>	Total	<u>\$ 857,434</u>	Total	<u>\$ 2,184,441</u>

Actuarial assumptions. The total pension liability in the June 30, 2018 actuarial valuation was determined using the following significant actuarial assumptions, applied to all periods included in the measurement:

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 9. PENSION PLAN – EDUCATIONAL RETIREMENT BOARD (CONTINUED)

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.												
Average of expected remaining service lives	<table border="0" style="margin-left: 40px;"> <tr> <td style="text-align: right;">Fiscal year</td> <td style="text-align: center;"><u>2018</u></td> <td style="text-align: center;"><u>2017</u></td> <td style="text-align: center;"><u>2016</u></td> <td style="text-align: center;"><u>2015</u></td> <td style="text-align: center;"><u>2014</u></td> </tr> <tr> <td style="text-align: right;">Service life in years</td> <td style="text-align: center;">3.56</td> <td style="text-align: center;">3.65</td> <td style="text-align: center;">3.77</td> <td style="text-align: center;">3.92</td> <td style="text-align: center;">3.88</td> </tr> </table>	Fiscal year	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	Service life in years	3.56	3.65	3.77	3.92	3.88
Fiscal year	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>								
Service life in years	3.56	3.65	3.77	3.92	3.88								
Mortality	<p>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.</p> <p>Healthy females: Based on GRS Southwest Region Teacher Mortality Table, set back one year. Generational mortality improvements in accordance with Scale BB from the table’s base year of 2012.</p> <p>Disabled males: RP-2000 Disabled Mortality Table for males, set back three years, projected to 2016 with Scale BB.</p> <p>Disabled females: RP-2000 Disabled Mortality Table for females, no set back, projected to 2016 with Scale BB.</p> <p>Active members: RP-2000 Employee Mortality Tables, with males set back two years and scaled at 80%, and females set back five years and scaled at 70%. Static mortality improvement from the table’s base year of 2000 to the year 2016 in accordance with Scale BB. No future improvement was assumed for preretirement mortality.</p>												
Retirement age	Experience-based table rates based on age and service, adopted by the Board on June 12, 2015 in conjunction with the six-year experience study for the period ending June 30, 2014.												
Cost-of-living increases	1.90% per year, compounded annually; 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 disabled 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.												

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

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.

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

Discount rate. A single discount rate of 5.69% was used to measure the total pension liability as of June 30, 2018. This rate is .21% less than the 5.90% discount rate used for June 30, 2017.

The June 30, 2018 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%. Based on the stated assumptions and the projection of cash flows, the pension 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 the June 30, 2018 single discount rate assumed that plan member and employer contributions will be made at the current statutory levels.

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

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 presents the District's proportionate share of the net pension liability calculated using the discount rate of 5.69%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.69%) or 1-percentage-point higher (6.69%) than the current rate.

	1 % Decrease 4.69%	Current Discount Rate 5.69%	1 % Increase 6.69%
District's proportionate share of the net pension liability	<u>\$ 214,537,961</u>	<u>\$ 165,077,835</u>	<u>\$ 124,721,459</u>
Jefferson Montessori Academy Charter School's proportionate share of the net pension liability	<u>\$ 6,078,127</u>	<u>\$ 4,676,860</u>	<u>\$ 3,533,514</u>
Pecos Connection Academy Charter School's proportionate share of the net pension liability	<u>\$ 5,382,689</u>	<u>\$ 4,141,751</u>	<u>\$ 3,129,222</u>

Pension Plan Fiduciary Net Position. Detailed information about the ERB's fiduciary net position is available in the separately issued audited financial statements as of and for the years ended June 30, 2019 and 2018, which are publicly available at www.nmerb.org.

NOTE 10. OTHER POST EMPLOYMENT BENEFITS (OPEB) – STATE RETIREE HEALTH CARE 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.

**STATE OF NEW MEXICO
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JUNE 30, 2019**

NOTE 10. OTHER POST EMPLOYMENT BENEFITS (OPEB) – STATE RETIREE HEALTH CARE PLAN (CONTINUED)

Employees covered by benefit terms. At June 30, 2018, the Fund’s measurement date, the following State of New Mexico 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. Contributions to the Fund from the District were \$797,229 for the year ended June 30, 2019. Contributions to the Fund from the Jefferson Montessori Academy Charter Schools were \$24,460 for the year ended June 30, 2019. Contributions to the Fund from the Pecos Connections Academy Charter Schools were \$31,553 for the year ended June 30, 2019.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. At June 30, 2019, the District reported a liability of \$39,521,762 for its proportionate share of the net OPEB liability. At June 30, 2019, Jefferson Montessori Academy Charter School reported a liability of \$1,117,962 for its proportionate share of the net OPEB liability. At June 30, 2019, Pecos Connections Academy Charter School reported a liability of \$1,068,826 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 that date.

The District’s and Charter’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 proportion was 0.90889%. At June 30, 2018, the Jefferson Montessori Academy Charter School’s proportion was 0.02571%. At June 30, 2018, the Pecos Connections Academy Charter School’s proportion was 0.02458%.

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 10. OTHER POST EMPLOYMENT BENEFITS (OPEB) – STATE RETIREE HEALTH CARE PLAN (CONTINUED)

For the year ended June 30, 2019, the District recognized OPEB expense of \$13,848. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u>Resources</u>	<u>Resources</u>
Difference between expected and actual experience	\$ -	\$ 2,339,941
Differences between actual and projected earnings on OPEB plan investments	-	493,217
Changes of assumptions	-	7,378,538
Change in Proportion	321,794	-
Contributions made after the measurement date	<u>797,229</u>	<u>-</u>
Total	<u>\$ 1,119,023</u>	<u>\$ 10,211,696</u>

For the year ended June 30, 2019, the Jefferson Montessori Academy Charter School recognized OPEB income of \$32,108. At June 30, 2019, the Charter reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u>Resources</u>	<u>Resources</u>
Difference between expected and actual experience	\$ -	\$ 66,191
Differences between actual and projected earnings on OPEB plan investments	-	13,952
Changes of assumptions	-	208,719
Change in Proportion	-	144,601
Contributions made after the measurement date	<u>24,460</u>	<u>-</u>
Total	<u>\$ 24,460</u>	<u>\$ 433,463</u>

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 10. OTHER POST EMPLOYMENT BENEFITS (OPEB) – STATE RETIREE HEALTH CARE PLAN (CONTINUED)

For the year ended June 30, 2019, the Pecos Connections Academy Charter School recognized OPEB expense of \$98,767. At June 30, 2019, the Charter reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ 63,281
Differences between actual and projected earnings on OPEB plan investments	-	13,339
Changes of assumptions	-	199,545
Change in Proportion	467,773	-
Contributions made after the measurement date	<u>31,553</u>	<u>-</u>
Total	<u>\$ 499,326</u>	<u>\$ 276,165</u>

Deferred outflows of resources totaling \$797,229 represent District 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

<u>Year Ending June 30,</u>	
2020	\$(1,977,665)
2021	(1,977,665)
2022	(1,977,665)
2023	(1,391,314)
2024	<u>(1,391,314)</u>
Total	<u>\$(8,715,623)</u>

Deferred outflows of resources totaling \$24,460 represent Jefferson Montessori Academy Charter School 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 10. OTHER POST EMPLOYMENT BENEFITS (OPEB) – STATE RETIREE HEALTH CARE PLAN (CONTINUED)

<u>Year Ending June 30,</u>	
2020	\$ (63,285)
2021	(63,285)
2022	(63,285)
2023	(44,521)
2024	<u>(44,521)</u>
Total	<u>\$ (278,897)</u>

Deferred outflows of resources totaling \$31,553 represent Pecos Connections Academy Charter School 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

<u>Year Ending June 30,</u>	
2020	\$ (31,555)
2021	(31,555)
2022	(31,555)
2023	(22,198)
2024	<u>(22,198)</u>
Total	<u>\$ (139,061)</u>

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

Valuation Date	June 30, 2018
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 years for Medicare medical plan costs

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 10. OTHER POST EMPLOYMENT BENEFITS (OPEB) – STATE RETIREE HEALTH CARE PLAN (CONTINUED)

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

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

Asset Class	Target Allocation	Long-Term Rate of Return
U.S. core fixed income	20%	2.1%
U.S. equity - large cap	20%	7.7%
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 Fund’s 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.

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%) or 1-percentage-point higher (5.08%) than the **current discount rate**:

1% Decrease (3.08%)	Current Discount (4.08%)	1% Increase (5.08%)
\$ 47,830,639	\$ 39,521,762	\$ 32,972,515

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 10. OTHER POST EMPLOYMENT BENEFITS (OPEB) – STATE RETIREE HEALTH CARE PLAN (CONTINUED)

The following presents the net OPEB liability of Jefferson Montessori Academy Charter School, 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%) or 1-percentage-point higher (5.08%) than the **current discount rate**:

<u>1% Decrease (3.08%)</u>	<u>Current Discount (4.08%)</u>	<u>1% Increase (5.08%)</u>
\$ 1,352,997	\$ 1,117,962	\$ 932,702

The following presents the net OPEB liability of Pecos Connections Academy Charter School, 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%) or 1-percentage-point higher (5.08%) than the **current discount rate**:

<u>1% Decrease (3.08%)</u>	<u>Current Discount (4.08%)</u>	<u>1% Increase (5.08%)</u>
\$ 1,293,531	\$ 1,068,826	\$ 891,708

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

<u>1% Decrease</u>	<u>Current Trend Rates</u>	<u>1% Increase</u>
\$ 33,409,745	\$ 39,521,762	\$ 44,313,721

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

<u>1% Decrease</u>	<u>Current Trend Rates</u>	<u>1% Increase</u>
\$ 945,070	\$ 1,117,962	\$ 1,253,513

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

<u>1% Decrease</u>	<u>Current Trend Rates</u>	<u>1% Increase</u>
\$ 903,532	\$ 1,068,826	\$ 1,198,419

OPEB plan fiduciary net position. Detailed information about the OPEB plan’s fiduciary net position is available in NMRHCA’s audited financial statements for the year ended June 30, 2019.

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
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. 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 following funds maintained a deficit fund balance as of June 30, 2019:

Primary Government:

Non-major Funds	
Athletics (Fund 22000)	\$ 25,981
Title I (Fund 24101)	28
Entitlement IDEA-B (Fund 24106)	8,902
IDEA-B "Risk Plan" (Fund 24132)	550
Carl D Perkins Secondary Current (Fund 24174)	634
Truancy Initiative PED (Fund 27141)	1,220
Breakfast for Elementary Students (Fund 27155)	<u>6,418</u>
Total Governmental Funds	<u><u>\$ 43,733</u></u>

The District had more liabilities than assets in these funds in the current year. The District anticipates these fund balances will not be in a deficit state in subsequent years.

Component Unit – Jefferson Montessori Academy Charter School:

Non-major Funds	
Capital Improvements SB-9 State (31701)	\$ 1,948
Total Governmental Funds	<u><u>\$ 1,948</u></u>

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 12. OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES (CONTINUED)

B. Excess of expenditures over appropriations. The following funds exceeded approved budgetary authority for the year ended June 30, 2019, as more fully described in audit finding 2019-010:

Primary Government:

Major Funds	
General Fund - Operational (11000)	
Operation of Non-instructional Services	\$ 6,731
Capital Improvements HB-33 (31600)	
Support Services	2,227
Debt Service (41000)	
Support Services	34,609
Non-major Funds	
Competitive IDEA-B (24108)	
Instruction	3,117

C. Designated cash appropriations in excess of available balance The District, Jefferson Montessori Academy Charter School and Pecos Connections Academy Charter School had no designated cash appropriations in excess of available balances in any funds as of June 30, 2019.

NOTE 13. PAYROLL RELATED EXPENDITURES

The District and Charter Schools' expenditures are budgeted on a cash basis, with the exception of those expenditures related to payroll. Payroll expenditures are budgeted on the accrual basis and the beginning fund balance and current year actual expenditures are budgeted on the budgetary comparisons in those funds that have accrued payroll at year end have been adjusted to account for this requirement.

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 14. TAX ABATEMENTS

The District was impacted by the following tax abatements:

Agency number for Agency making the disclosure (Abating Agency)	5008
Abating Agency Name	Eddy County
Abating Agency Type	County
Tax Abatement Agreement Name	Industrial Revenue Bond Agreement
Name of agency affected by abatement agreement (Affected Agency)	Carlsbad Municipal Schools
Agency number of Affected Agency	7010
Agency type of Affected Agency	School District
Recipient(s) of tax abatement	Enterprise Field Services, LLC
Tax abatement program (name and brief description)	Industrial Revenue Bond
Specific Tax(es) Being Abated	Gross Receipts Taxes, Compensating Taxes and Ad Valorem taxes
Authority under which abated tax would have been paid to Affected Agency	NMSA 4-59-1 et seq, 1978 Comp as amended
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	\$818,548.42
For any Payments in Lieu of Taxes (PILOTs) or similar payments receivable by the Affected Agency in association with the foregone tax revenue, list the amount of payments received in the current fiscal year	\$818,548.42
If the Abating Agency is omitting any information required in this spreadsheet or by GASB 77, cite the legal basis for such omission	N/A

NOTE 15. 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 intergovernmental revenues based on modifications to Federal and State laws and Federal and State Appropriations.

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 16. RESTRICTED NET POSITION

The government-wide Statement of Net Position for the District reports \$77,200,357 of restricted amounts, all of which is restricted by enabling legislation. For the Jefferson Montessori Academy Charter School restricted net position is \$232,955. For the Pecos Connections Academy Charter School there is not a restricted net position.

NOTE 17. RESTATEMENT OF FUND BALANCE – PAYMENT IN LIEU OF TAXES

The District is subject to tax abatements granted by Eddy County through the Industrial Revenue Bond Act, which exempt projects from certain gross receipt, compensating, and ad valorem taxes (Note 14). The District receives payments in lieu of these abated taxes to compensate in whole or in part for these lost tax revenues.

In the financial statements for the year ended June 30, 2018, these balances were included in certain funds associated with the receipt of ad valorem tax revenue. In the financial statements for the year ended June 30, 2019, as more fully described in finding 2019-001, these amounts are shown as a restatement reducing beginning fund balance in those funds and increasing beginning fund balance in the Industrial Revenue Bonds PILOT Fund (29315), on the Statement of Revenues, Expenditures, and Changes in Fund Balances. The restatement of these balances during the year ended June 30, 2019 is as follows:

General Fund	\$ (51,534)
Capital Improvements HB-33	(199,574)
Capital Improvements SB-9 Local	(200,500)
Debt Service	(240,394)
Ed Tech Debt Service	(406,683)
Industrial Revenue Bonds PILOT	<u>1,098,685</u>
Total	<u><u>\$ -</u></u>

NOTE 18. RESTATEMENT OF FUND BALANCE AND NET POSITION – INVESTMENTS

In fiscal year 2018, the District’s bank erroneously double-entered a purchase of a certificate of deposit for \$250,000. This error resulted in an overstatement of investments in Fund 31100 in the financial statements for the year ended June 30, 2018. The error was identified and corrected in fiscal year 2019, as more fully described in finding 2019-002.

In the financial statements for the year ended June 30, 2019, this amount is shown as a restatement reducing beginning fund balance on the Statement of Revenues, Expenditures, and Changes in Fund Balances and reducing net position of the Statement of Activities.

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 19. GOVERNMENTAL FUND BALANCE

In the fund financial statements, governmental funds are reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Some governments may not have policies or procedures that are comparable to those policies that underlie the classifications and therefore would not report amounts in all possible fund balance classifications. In the governmental financial statements, fund balance is classified and is displayed in five components:

Nonspendable: Consists of amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted: Consists of amounts that are restricted to specific purposes as a result of a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation.

Committed: Consist of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority. Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action (for example, legislation, resolution, ordinance) it employed to previously commit those amounts.

Assigned: Consist of amounts that are constrained by the government's *intent* to be used for specific purposes, but are neither restricted nor committed. Intent should be expressed by (a) the governing body itself or (b) a body (a budget or finance committee, for example) or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes.

Unassigned: Represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

	Major Funds			Other	Total
	Operational	Capital Project	Debt Service	Governmental	
	Fund	Funds	Funds	Funds	
Fund Balances					
Nonspendable					
Inventory	\$ 77,426	\$ -	\$ -	\$ 72,645	\$ 150,071
Prepaid expenditures	-	-	-	-	-
Restricted for					
Instructional materials	172,987	-	-	-	172,987
Food service	-	-	-	1,406,619	1,406,619
Special revenue	-	-	-	4,585,541	4,585,541
Capital projects	-	40,762,762	-	417,965	41,180,727
Debt service	-	-	28,680,540	1,346,930	30,027,470
Committed to	-	-	-	-	-
Assigned to	-	-	-	-	-
Unassigned	<u>4,896,587</u>	<u>-</u>	<u>-</u>	<u>(43,733)</u>	<u>4,852,854</u>
Total fund balances	<u>\$ 5,147,000</u>	<u>\$ 40,762,762</u>	<u>\$ 28,680,540</u>	<u>\$ 7,785,967</u>	<u>\$ 82,376,269</u>

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 20. OIL AND GAS LEASE

On October 22, 2017, the District (lessor) entered into an oil and gas lease with SPC Resources, LLC (lessee), for ten dollars and a period of five years, the exclusive rights for the purpose of investigating, exploring, drilling and mining for and producing, extracting, severing, storing and marketing all oil and gas and all associated gaseous minerals and products and hydrocarbons located in, under, and that may be produced from approximately 149 acres of land owned by the District. The lessor and lessee agree this is a “no surface occupancy” lease and that any operations on the surface of the ground require written consent by the lessor. Lessee agrees to pay oil and gas royalties to the District at a rate of 18.75%.

NOTE 21. SUBSEQUENT EVENT

On November 5, 2019, voters of Eddy County passed the \$80,000,000 General Obligation Bond question in support of the Carlsbad Municipal Schools. The General Obligation Bond proceeds will fund various projects, including elementary school renovation and expansion, construction of a new Performing Arts Center, and a new Multi-Sport Locker Room Facility.

The first General Obligation bond sale is expected in January 2020 to fund Phase 1 projects.

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
EDUCATIONAL RETIREMENT BOARD (ERB) PENSION PLAN
FOR THE YEARS ENDED JUNE 30, 2019 - 2015
LAST 10 FISCAL YEARS* (UNAUDITED)**

	Fiscal Year Measurement Date	2019 2018	2018 2017	2017 2016	2016 2015	2015 2014
Primary Government						
District's proportion of the net pension liability		1.38822%	1.35949%	1.34099%	1.30623%	1.26280%
District's proportionate share of the net pension liability		\$ 165,077,835	\$ 151,086,489	\$ 96,503,454	\$ 84,607,996	\$ 72,050,819
District's covered employee payroll		\$ 38,809,376	\$ 38,715,655	\$ 38,299,188	\$ 35,664,263	\$ 34,806,911
District's proportionate share of the net pension liability as a percentage of its covered employee payroll		425%	390%	252%	237%	207%
ERB Plan fiduciary net position as a percentage of the total pension liability		52.17%	52.95%	61.58%	63.97%	66.54%

* Governmental Accounting Standards Board Statement No. 68 requires ten years of historical information be presented; however, until a full 10-year trend is compiled, the statement only requires presentation of information for those years that information is available. Complete information for the District is not available prior to fiscal year 2015, the year the statement's requirements became effective.

STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
EDUCATIONAL RETIREMENT BOARD (ERB) PENSION PLAN
FOR THE YEARS ENDED JUNE 30, 2019 - 2015
LAST 10 FISCAL YEARS* (UNAUDITED)

	Fiscal Year Measurement Date	2019 2018	2018 2017	2017 2016	2016 2015	2015 2014
Component Unit -						
Jefferson Montessori Academy						
Charter's proportion of the net pension liability		0.03933%	0.04014%	0.03807%	0.04164%	0.03926%
Charter's proportionate share of the net pension liability		\$ 4,676,860	\$ 4,460,946	\$ 2,739,682	\$ 2,697,134	\$ 2,240,061
Charter's covered employee payroll		\$ 1,099,113	\$ 1,143,110	\$ 1,082,295	\$ 1,136,905	\$ 1,082,138
Charter's proportionate share of the net pension liability as a percentage of its covered employee payroll		426%	390%	253%	237%	207%
ERB Plan fiduciary net position as a percentage of the total pension liability		52.17%	52.95%	61.58%	63.97%	66.54%
Component Unit -						
Pecos Connections Academy						
Charter's proportion of the net pension liability		0.03483%	0.02217%	0.00000%	0.00000%	0.00000%
Charter's proportionate share of the net pension liability		\$ 4,141,751	\$ 2,463,856	\$ -	\$ -	-
Charter's covered employee payroll		\$ 973,404	\$ 631,359	\$ -	\$ -	-
Charter's proportionate share of the net pension liability as a percentage of its covered employee payroll		425%	390%	0%	0%	0%
ERB Plan fiduciary net position as a percentage of the total pension liability		52.17%	52.95%	0.00%	0.00%	0.00%

* Governmental Accounting Standards Board Statement No. 68 requires ten years of historical information be presented; however, until a full 10-year trend is compiled, the statement only requires presentation of information for those years that information is available. Complete information for the Charter is not available prior to fiscal year 2015, the year the statement's requirements became effective.

STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
SCHEDULE OF PROPORTIONATE SHARE OF NET OPEB LIABILITY
RETIREE HEALTH CARE AUTHORITY (RHCA) OPEB PLAN
FOR THE YEARS ENDED JUNE 30, 2019 - 2018
LAST 10 FISCAL YEARS* (UNAUDITED)

	Fiscal Year Measurement Date	2019 2018	2018 2017
Primary Government			
District's proportion of the net OPEB liability		0.90889%	0.90188%
District's proportionate share of the net OPEB liability		\$ 39,521,762	\$ 40,870,253
District's covered employee payroll		\$ 38,996,987	\$ 37,569,140
District's proportionate share of the net OPEB liability as a percentage of its covered employee payroll		101.35%	108.79%
RHCA Plan fiduciary net position as a percentage of the total pension liability		13.14%	11.34%

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the District will present information for available years. Complete information for the District is not available prior to 2018, the year the statement's requirements became effective.

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
SCHEDULE OF PROPORTIONATE SHARE OF NET OPEB LIABILITY
RETIREE HEALTH CARE AUTHORITY (RHCA) OPEB PLAN
FOR THE YEARS ENDED JUNE 30, 2019 - 2018
LAST 10 FISCAL YEARS* (UNAUDITED)**

	Fiscal Year Measurement Date	2019 2018	2018 2017
Component Unit - Jefferson Montessori Academy			
Charter's proportion of the net OPEB liability		0.02571%	0.02886%
Charter's proportionate share of the net OPEB liability		\$ 1,117,962	\$ 1,307,841
Charter's covered employee payroll		\$ 1,103,118	\$ 1,202,206
Charter's proportionate share of the net OPEB liability as a percentage of its covered employee payroll		101.35%	108.79%
RHCA Plan fiduciary net position as a percentage of the total pension liability		13.14%	11.34%
Component Unit - Pecos Connections Academy			
Charter's proportion of the net OPEB liability		0.02458%	0.01439%
Charter's proportionate share of the net OPEB liability		\$ 1,068,826	\$ 652,108
Charter's covered employee payroll		\$ 1,054,634	\$ 599,437
Charter's proportionate share of the net OPEB liability as a percentage of its covered employee payroll		101.35%	108.79%
RHCA Plan fiduciary net position as a percentage of the total pension liability		13.14%	11.34%

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Charter will present information for available years. Complete information for the Charter is not available prior to 2018, the year the statement's requirements became effective.

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
SCHEDULE OF CONTRIBUTIONS
EDUCATIONAL RETIREMENT BOARD (ERB) PENSION PLAN
FOR THE YEARS ENDED JUNE 30, 2019 - 2015
LAST 10 FISCAL YEARS* (UNAUDITED)**

Primary Government	June 30,				
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutorily required contributions	\$ 5,536,536	\$ 5,380,803	\$ 5,381,682	\$ 5,316,325	\$ 5,161,306
Contribution in relation to the statutorily required contributions	<u>\$ 5,536,536</u>	<u>\$ 5,380,803</u>	<u>\$ 5,381,682</u>	<u>\$ 5,316,325</u>	<u>\$ 5,161,306</u>
Annual contribution deficiency	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

* Governmental Accounting Standards Board Statement No. 68 requires ten years of historical information be presented; however, until a full 10-year trend is compiled, the statement only requires presentation of information for those years that information is available. Complete information for the District is not available prior to fiscal year 2015, the year the statement's requirements became effective.

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
SCHEDULE OF CONTRIBUTIONS
EDUCATIONAL RETIREMENT BOARD (ERB) PENSION PLAN
FOR THE YEARS ENDED JUNE 30, 2019 - 2015
LAST 10 FISCAL YEARS* (UNAUDITED)**

	June 30,				
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Component Unit - Jefferson Montessori Academy					
Statutorily required contributions	\$ 169,563	\$ 152,777	\$ 158,874	\$ 151,242	\$ 164,554
Contribution in relation to the statutorily required contributions	<u>\$ 169,563</u>	<u>\$ 152,777</u>	<u>\$ 158,874</u>	<u>\$ 151,242</u>	<u>\$ 164,554</u>
Annual contribution deficiency	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Component Unit - Pecos Connections Academy					
Statutorily required contributions	\$ 211,227	\$ 135,303	\$ 87,771	\$ -	\$ -
Contribution in relation to the statutorily required contributions	<u>\$ 211,227</u>	<u>\$ 135,303</u>	<u>\$ 87,771</u>	<u>\$ -</u>	<u>\$ -</u>
Annual contribution deficiency	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

* Governmental Accounting Standards Board Statement No. 68 requires ten years of historical information be presented; however, until a full 10-year trend is compiled, the statement only requires presentation of information for those years that information is available. Complete information for the Charter is not available prior to fiscal year 2015, the year the statement's requirements became effective.

STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
SCHEDULE OF CONTRIBUTIONS
RETIREE HEALTH CARE AUTHORITY (RHCA) OPEB PLAN
FOR THE YEARS ENDED JUNE 30, 2019 - 2018
LAST 10 FISCAL YEARS* (UNAUDITED)

	June 30,	
	2019	2018
Primary Government		
Contractually required contribution	\$ 1,420,293	\$ 2,863,892
Contributions in relation to the contractually required	<u>\$ 1,402,951</u>	<u>\$ 1,437,355</u>
Contribution deficiency (excess)	<u>\$ 17,342</u>	<u>\$ 1,426,537</u>
Employer's covered employee payroll	\$ 38,996,987	\$ 37,569,140
Contributions as a percentage of covered employee payroll	3.60%	3.83%

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the District will present information for available years. Complete information for the District is not available prior to fiscal year 2018, the year the statement's requirements became effective.

STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
SCHEDULE OF CONTRIBUTIONS
RETIREE HEALTH CARE AUTHORITY (RHCA) OPEB PLAN
FOR THE YEARS ENDED JUNE 30, 2019 - 2018
LAST 10 FISCAL YEARS* (UNAUDITED)

	June 30,	
	2019	2018
Component Unit - Jefferson Montessori Academy		
Contractually required contribution	\$ 40,176	\$ 91,644
Contributions in relation to the contractually required	<u>\$ 39,686</u>	<u>\$ 45,995</u>
Contribution deficiency (excess)	<u>\$ 491</u>	<u>\$ 45,649</u>
Employer's covered employee payroll	\$ 1,103,118	\$ 1,202,206
Contributions as a percentage of covered employee payroll	3.60%	3.83%
Component Unit - Pecos Connections Academy		
Contractually required contribution	\$ 38,410	\$ 45,695
Contributions in relation to the contractually required	<u>\$ 37,941</u>	<u>\$ 22,934</u>
Contribution deficiency (excess)	<u>\$ 469</u>	<u>\$ 22,761</u>
Employer's covered employee payroll	\$ 1,054,634	\$ 599,437
Contributions as a percentage of covered employee payroll	3.60%	3.83%

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Charter will present information for available years. Complete information for the Charter is not available prior to fiscal year 2018, the year the statement's requirements became effective.

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
JUNE 30, 2019**

ERB PLAN

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

Changes in assumptions and methods. There were no modifications to the actuarial assumptions and methods reflected in the actuarial valuation at June 30, 2018.

RHCA PLAN

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

Changes in assumptions and methods. The actuary removed 4,010 members that were deemed participants of non-participating employers. There were no other modifications to the assumptions and methods that were reflected in the actuarial valuation at June 30, 2018.

SUPPLEMENTARY INFORMATION

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
NON-MAJOR FUND DESCRIPTIONS
JUNE 30, 2019**

SPECIAL REVENUE FUNDS

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

Food Services (21000) – This fund is utilized to account for Federal and Local sources of income relating to the food service programs. The Cafeteria Fund is segregated into two categories, one being the Federal funds and the other being Non-Federal funds. Federal funds consist of 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. Authority for the creation of this fund is NMSA 22-13-13.

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

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

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

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

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

Competitive IDEA-B (24108) – Research-based model program for the New Mexico Autism Project to improve the outcomes for students with Autism Spectrum Disorders.

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

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
NON-MAJOR FUND DESCRIPTIONS
JUNE 30, 2019**

SPECIAL REVENUE FUNDS (CONTINUED)

Education of Homeless (24113) – To ensure that homeless children and youth have equal access to the same free, appropriate public education as other children; to provide activities for and services to ensure that these children enroll in, attend, and achieve success in school; to establish or designate an office in each State educational agency (SEA) for the coordination of education for homeless children and youth; to develop and implement programs for school personnel to heighten awareness of specific problems of homeless children and youth; and to provide grants to local educational agencies (LEAs). Program funding is authorized by authorized by McKinney-Vento Homeless Assistance Act, Title VII, Subtitle B.

IDEA Private School Share (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 non-profit 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.

IDEA-B “Risk Pool” (24120) – Entitlement funds that are set aside each year for the Puente para los Ninos high-cost child program.

IDEA-B Results Plan (24132) – This account is to support the individual school site's Educational Plan for Student Success, or areas of need of improvement as identified through an instructional audit. This is a pilot program for the New Mexico Real Results program required by US Dept. of Education of Special Education Programs. Authority for creation of this fund is New Mexico Public Education Department. -

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.

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.

Title I 1300A School Improvement (24162) – To improve Title I schools identified for improvement, corrective action, or restructuring. Authority for the creation of this fund is School Improvement Grants (SIG) section 1003 (g) of Title I of the Elementary and Secondary Education Act of 1965.

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
NON-MAJOR FUND DESCRIPTIONS
JUNE 30, 2019**

SPECIAL REVENUE FUNDS (CONTINUED)

Carl D Perkins Secondary – Current (24174), Carl D Perkins Secondary- PY Unliq. Obligation (24175), Carl D Perkins Redistribution (24176) and Carl D Perkins HSTW - Redistribution (24182) – 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.

Title IV - Student Support and Academic Enrichment Program (24189) – To account for funds used to improve student’s academic achievement by increasing the capacity of States, local educational agencies (LEAs), schools and local communities to: (1) provide all students with access to a well-rounded education; (2) improve school conditions for student learning; and (3) improve the use of technology in order to improve the academic achievement and digital literacy for all students. Authorized by Section 4101 of the Elementary and Secondary Education Act.

Title XIX Medicaid 3/21 Years (25153) – To account for a program providing school-based screening, diagnostic services and other related health services and administrative activities in conformance with the approved Medicaid State Plan in order to improve health and developmental outcomes for children.

Exxon Education Foundation (26102) – Donations from the Exxon Education Foundation to support education with an emphasis on math and science. Authority for the creation of this fund is the New Mexico Public Education Department.

Chevron School Grant (26205) - The Chevron School Grant program supports education by helping fund eligible classroom projects at local public schools. Authority for the creation of this fund is the New Mexico Public Education Department.

Bridge Early College High School (26215) – To account for a program that is educationally driven by local business community to develop the local workforce and reduce the high school drop-out rate. Authority is Public School Code Section 22, NMSA 1978.

United Way (26218) – To account for mini-grants awarded to the District by the United Way of Carlsbad and South Eddy County. The awards are based on grant applications submitted by various schools and departments for instruction and instructional support purposes. The expenditures of the grant funds are made in support of the approved/funded proposals. The authority for this fund is the New Mexico Public Education Department.

Dual Credit Instructional Materials (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. Authority is Senate Bills 943 and 31.

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.

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
NON-MAJOR FUND DESCRIPTIONS
JUNE 30, 2019**

SPECIAL REVENUE FUNDS (CONTINUED)

New Mexico Reads to Lead (27114) – To account for a program that increases the quality of reading instruction, provides screening assessment for use in planning data-driven instruction and reaches out to parents and families with free resources in English and Spanish to support children’s reading at home. Authority is Laws of 2013 House Bill 2.

Excellence in Teaching Awards (27125) - To account for state special appropriation funding to be used solely for Excellence in Teacher 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.

Teacher Recruitment Support Initiative (27128) – Teacher recruitment awarded to all LEA’s by the NM PED for signing bonuses for new teachers, covering cost of travel to recruit/hire, update district web site with regards to recruitment or the cost of other advertising such as newspaper or external website.

Truancy Initiative PED (27141) – The purpose of the Truancy and Dropout Prevention Coaches program is to establish a cohort of truancy and dropout prevention coaches placed in Elementary, Middle and High Schools whose role is to work with students, families, communities, schools, and districts to improve attendance for habitually truant students as well as to decrease the number of students dropping out of school.

Pre-K Initiative (27149) – Half-day program services for 300 students. Funding provided shall be used as specified by the 2015 PreK Act. Must be implemented as specified in the approved application.

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

K3 Plus (27166) –To account for a program that extends the school year for K-3 by 25 instructional days beginning before school starts. Authority for the creation of this fund is the New Mexico Public Education Department (Title II part A).

Workforce Readiness (27179) – This fund is used to help students discover the wide range of career options available to them, chart the most efficient path for students to achieve those goals and work directly with business and industry partners to ensure that their experience results in the most necessary skills, credentials, and technical knowledge to be successful in the students’ next step as they enter postsecondary or workforce engagement. House Bill 2 of the regular 2013 Legislative Session provides funding for this fund.

New Mexico Grown Fruits & Vegetables (27183) – To account for appropriations received from the New Mexico Public Education Department for the purchase of New Mexico grown fresh fruits and vegetables for school meal programs. Authority for the creation of this fund is the New Mexico Public Education Department.

Teachers “Hard to Staff” Stipend (27195) – To account for the grant awarded to a school district as additional compensation for hard to staff positions of teachers. Funding authority for this fund is the New Mexico Public Education Department.

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
NON-MAJOR FUND DESCRIPTIONS
JUNE 30, 2019**

SPECIAL REVENUE FUNDS (CONTINUED)

K3+ 4&5 PILOT (27198) – Provides funding for additional educational time for students in the kindergarten through fifth grade with at least 25 instructional days, beginning up to two months earlier than the regular school year.

NM Highway Dept (Road) (28120) – To account for road funds, provided by the New Mexico Department of Transportation for parking lot and bus area improvements. Authority for creation of this fund is the Board of Education pursuant to grant agreement requirements.

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

Industrial Revenue Bonds PILOT (29135) – Funds received from a natural gas processing plant located in the District. Funds are for textbook and construction services. The authority for creation of this fund is the New Mexico Public Education Department.

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
NON-MAJOR FUND DESCRIPTIONS
JUNE 30, 2019**

CAPITAL PROJECTS FUNDS

Capital projects funds are used to account for acquisition and construction of major facilities.

Special Capital Outlay – Local (31300) – To account for special appropriations monies received from the State of New Mexico under Chapter 4, Laws of 1996 for the purpose of specific capital outlay projects. To account for special appropriations made by the Public Schools Capital Outlay Council (PSCOC) based on school facility needs. The allocations are made through a standards-based process that ranks the condition of every school building in the State and provides funding to allow public school facilities to meet an adequate level statewide.

Special Capital Outlay – State (31400) – To account for special appropriations monies received from the State of New Mexico under Chapter 4, Laws of 1966 for the purpose of specific capital outlay projects. Funding authority is the New Mexico Public Education Department.

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).

DEBT SERVICE FUNDS

Deferred Sick Leave Reserve (42000) – To account for the transfers from other funds. The expenditures are restricted to paying terminated employees their sick leave.

NON-MAJOR GOVERNMENTAL FUNDS

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2019**

	Special Revenue Funds				
	21000	22000	23000	24101	24103
	Food Services	Athletics	Non-Instruct Support	Title I	Migrant Children Education
ASSETS					
Cash and cash equivalents	\$ 1,227,926	\$ -	\$ 588,245	\$ -	\$ -
Investments	-	-	-	-	-
Accounts receivable, collectible					
Taxes	-	-	-	-	-
Due from other governments	325,590	-	-	783,982	-
Other receivables	8,588	-	-	-	-
Interfund receivables	87,624	-	-	-	-
Inventory	72,645	-	-	-	-
Total assets	<u>\$ 1,722,373</u>	<u>\$ -</u>	<u>\$ 588,245</u>	<u>\$ 783,982</u>	<u>\$ -</u>
LIABILITIES					
Accounts payable	133,882	-	1,610	-	-
Accrued payroll	109,227	-	9,959	70,954	-
Interfund payables	-	25,981	-	713,056	-
Total liabilities	<u>243,109</u>	<u>25,981</u>	<u>11,569</u>	<u>784,010</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES					
Delinquent property taxes	-	-	-	-	-
Total liabilities and deferred inflows of resources	<u>243,109</u>	<u>25,981</u>	<u>11,569</u>	<u>784,010</u>	<u>-</u>
FUND BALANCES					
Nonspendable	72,645	-	-	-	-
Restricted for					
General fund	-	-	-	-	-
Special revenue	1,406,619	-	576,676	-	-
Capital projects	-	-	-	-	-
Debt service	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	(25,981)	-	(28)	-
Total fund balances	<u>1,479,264</u>	<u>(25,981)</u>	<u>576,676</u>	<u>(28)</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 1,722,373</u>	<u>\$ -</u>	<u>\$ 588,245</u>	<u>\$ 783,982</u>	<u>\$ -</u>

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2019**

	Special Revenue Funds				
	24106	24108	24109	24113	24115
	Entitlement IDEA-B	Competitive IDEA-B	IDEA-B Preschool	Education of Homeless	IDEA Private School Share
ASSETS					
Cash and cash equivalents	\$ -	\$ -	\$ 4,269	\$ -	\$ -
Investments	-	-	-	-	-
Accounts receivable, collectible					
Taxes	-	-	-	-	-
Due from other governments	1,366,848	5,885	4,472	8,469	630
Other receivables	-	-	-	-	-
Interfund receivables	-	-	-	-	-
Inventory	-	-	-	-	-
Total assets	<u>\$ 1,366,848</u>	<u>\$ 5,885</u>	<u>\$ 8,741</u>	<u>\$ 8,469</u>	<u>\$ 630</u>
LIABILITIES					
Accounts payable	-	-	-	-	-
Accrued payroll	96,303	1,286	676	181	-
Interfund payables	1,279,447	4,599	-	8,288	630
Total liabilities	<u>1,375,750</u>	<u>5,885</u>	<u>676</u>	<u>8,469</u>	<u>630</u>
DEFERRED INFLOWS OF RESOURCES					
Delinquent property taxes	-	-	-	-	-
Total liabilities and deferred inflows of resources	<u>1,375,750</u>	<u>5,885</u>	<u>676</u>	<u>8,469</u>	<u>630</u>
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted for					
General fund	-	-	-	-	-
Special revenue	-	-	8,065	-	-
Capital projects	-	-	-	-	-
Debt service	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	(8,902)	-	-	-	-
Total fund balances	<u>(8,902)</u>	<u>-</u>	<u>8,065</u>	<u>-</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 1,366,848</u>	<u>\$ 5,885</u>	<u>\$ 8,741</u>	<u>\$ 8,469</u>	<u>\$ 630</u>

See Accompanying Notes.

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2019**

	Special Revenue Funds				
	24120	24132	24153	24154	24162
	IDEA-B "Risk Pool"	IDEA-B "Risk Plan"	English Language Acquisition	Teacher/Prin Training & Recruiting	Title I 1300A School Improvement
ASSETS					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-
Accounts receivable, collectible					
Taxes	-	-	-	-	-
Due from other governments	-	103,467	4,990	74,283	-
Other receivables	-	-	-	-	-
Interfund receivables	-	-	-	-	-
Inventory	-	-	-	-	-
Total assets	<u>\$ -</u>	<u>\$ 103,467</u>	<u>\$ 4,990</u>	<u>\$ 74,283</u>	<u>\$ -</u>
LIABILITIES					
Accounts payable	-	-	-	-	-
Accrued payroll	-	5,190	262	7,212	-
Interfund payables	-	98,827	4,728	45,545	-
Total liabilities	<u>-</u>	<u>104,017</u>	<u>4,990</u>	<u>52,757</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES					
Delinquent property taxes	-	-	-	-	-
Total liabilities and deferred inflows of resources	<u>-</u>	<u>104,017</u>	<u>4,990</u>	<u>52,757</u>	<u>-</u>
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted for					
General fund	-	-	-	-	-
Special revenue	-	-	-	21,526	-
Capital projects	-	-	-	-	-
Debt service	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	(550)	-	-	-
Total fund balances	<u>-</u>	<u>(550)</u>	<u>-</u>	<u>21,526</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ -</u>	<u>\$ 103,467</u>	<u>\$ 4,990</u>	<u>\$ 74,283</u>	<u>\$ -</u>

See Accompanying Notes.

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2019**

	Special Revenue Funds				
	24174 Carl D Perkins Secondary Current	24175 Carl D Perkins Secondary-PY Unliq. Oblig.	24176 Carl D Perkins Redistribution	24182 Impact Aid Carl D Perkins HSTW	24189 Title IV
ASSETS					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-
Accounts receivable, collectible					
Taxes	-	-	-	-	-
Due from other governments	32,964	-	-	-	37,976
Other receivables	-	-	-	-	-
Interfund receivables	-	-	-	-	-
Inventory	-	-	-	-	-
Total assets	<u>\$ 32,964</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 37,976</u>
LIABILITIES					
Accounts payable	-	-	-	-	-
Accrued payroll	-	-	-	-	3,987
Interfund payables	33,598	-	-	-	33,989
Total liabilities	<u>33,598</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>37,976</u>
DEFERRED INFLOWS OF RESOURCES					
Delinquent property taxes	-	-	-	-	-
Total liabilities and deferred inflows of resources	<u>33,598</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>37,976</u>
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted for					
General fund	-	-	-	-	-
Special revenue	-	-	-	-	-
Capital projects	-	-	-	-	-
Debt service	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	(634)	-	-	-	-
Total fund balances	<u>(634)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 32,964</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 37,976</u>

See Accompanying Notes.

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2019**

	Special Revenue Funds				
	25153 Title XIX Medicaid 3/21 Years	26102 Exxon Education Foundation	26205 Chevron School Grant	26215 Bridge Early College High School	26218 United Way
ASSETS					
Cash and cash equivalents	\$ 1,536,495	\$ 20,000	\$ 375,022	\$ -	\$ 4,188
Investments	-	-	-	-	-
Accounts receivable, collectible					
Taxes	-	-	-	-	-
Due from other governments	78,514	-	-	-	-
Other receivables	-	-	-	-	-
Interfund receivables	-	-	-	-	-
Inventory	-	-	-	-	-
Total assets	<u>\$ 1,615,009</u>	<u>\$ 20,000</u>	<u>\$ 375,022</u>	<u>\$ -</u>	<u>\$ 4,188</u>
LIABILITIES					
Accounts payable	1,287	-	-	-	-
Accrued payroll	51,462	-	-	-	-
Interfund payables	-	-	-	-	-
Total liabilities	<u>52,749</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES					
Delinquent property taxes	-	-	-	-	-
Total liabilities and deferred inflows of resources	<u>52,749</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted for					
General fund	-	-	-	-	-
Special revenue	1,562,260	20,000	375,022	-	4,188
Capital projects	-	-	-	-	-
Debt service	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balances	<u>1,562,260</u>	<u>20,000</u>	<u>375,022</u>	<u>-</u>	<u>4,188</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 1,615,009</u>	<u>\$ 20,000</u>	<u>\$ 375,022</u>	<u>\$ -</u>	<u>\$ 4,188</u>

See Accompanying Notes.

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2019**

	Special Revenue Funds				
	27103 Dual Credit Instructional Materials	27107 2012 GO Bond Student Library Fund	27114 NM Reads to Lead	27125 Excellence in Teaching Awards	27128 Teacher Recruitment Support Initiative
ASSETS					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 6,000
Investments	-	-	-	-	-
Accounts receivable, collectible					
Taxes	-	-	-	-	-
Due from other governments	7,638	45,048	6,976	25,363	-
Other receivables	-	-	-	-	-
Interfund receivables	-	-	-	-	-
Inventory	-	-	-	-	-
Total assets	<u>\$ 7,638</u>	<u>\$ 45,048</u>	<u>\$ 6,976</u>	<u>\$ 25,363</u>	<u>\$ 6,000</u>
LIABILITIES					
Accounts payable	-	-	-	-	6,000
Accrued payroll	-	-	934	-	-
Interfund payables	7,638	45,046	6,042	25,363	-
Total liabilities	<u>7,638</u>	<u>45,046</u>	<u>6,976</u>	<u>25,363</u>	<u>6,000</u>
DEFERRED INFLOWS OF RESOURCES					
Delinquent property taxes	-	-	-	-	-
Total liabilities and deferred inflows of resources	<u>7,638</u>	<u>45,046</u>	<u>6,976</u>	<u>25,363</u>	<u>6,000</u>
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted for					
General fund	-	-	-	-	-
Special revenue	-	2	-	-	-
Capital projects	-	-	-	-	-
Debt service	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balances	<u>-</u>	<u>2</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 7,638</u>	<u>\$ 45,048</u>	<u>\$ 6,976</u>	<u>\$ 25,363</u>	<u>\$ 6,000</u>

See Accompanying Notes.

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2019**

	Special Revenue Funds				
	27141	27149	27155	27166	27179
	Truancy Initiative PED	Pre-K Initiative	Breakfast for Elementary Students	K3 Plus	Workforce Readiness
ASSETS					
Cash and cash equivalents	\$ -	\$ -	\$ 81,206	\$ -	\$ -
Investments	-	-	-	-	-
Accounts receivable, collectible					
Taxes	-	-	-	-	-
Due from other governments	61,649	295,270	-	219,037	-
Other receivables	-	-	-	-	-
Interfund receivables	-	-	-	-	-
Inventory	-	-	-	-	-
Total assets	<u>\$ 61,649</u>	<u>\$ 295,270</u>	<u>\$ 81,206</u>	<u>\$ 219,037</u>	<u>\$ -</u>
LIABILITIES					
Accounts payable	-	-	-	-	-
Accrued payroll	6,526	85,227	-	50,566	-
Interfund payables	56,343	204,069	87,624	168,466	-
Total liabilities	<u>62,869</u>	<u>289,296</u>	<u>87,624</u>	<u>219,032</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES					
Delinquent property taxes	-	-	-	-	-
Total liabilities and deferred inflows of resources	<u>62,869</u>	<u>289,296</u>	<u>87,624</u>	<u>219,032</u>	<u>-</u>
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted for					
General fund	-	-	-	-	-
Special revenue	-	5,974	-	5	-
Capital projects	-	-	-	-	-
Debt service	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	(1,220)	-	(6,418)	-	-
Total fund balances	<u>(1,220)</u>	<u>5,974</u>	<u>(6,418)</u>	<u>5</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 61,649</u>	<u>\$ 295,270</u>	<u>\$ 81,206</u>	<u>\$ 219,037</u>	<u>\$ -</u>

See Accompanying Notes.

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2019**

	Special Revenue Funds				
	27183	27195	27198	28120	29102
	NM Grown Fruits & Vegetables	Teachers "Hard to Staff" Stipend	K3+ 4&5 PILOT	NM Highway Dept (Road)	Private Direct Grants
ASSETS					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 59,000	\$ 43,979
Investments	-	-	-	-	-
Accounts receivable, collectible					
Taxes	-	-	-	-	-
Due from other governments	3,839	-	53,928	-	-
Other receivables	-	-	-	-	-
Interfund receivables	-	-	-	-	-
Inventory	-	-	-	-	-
Total assets	<u>\$ 3,839</u>	<u>\$ -</u>	<u>\$ 53,928</u>	<u>\$ 59,000</u>	<u>\$ 43,979</u>
LIABILITIES					
Accounts payable	-	-	-	-	-
Accrued payroll	-	-	10,732	-	-
Interfund payables	3,839	-	43,196	-	-
Total liabilities	<u>3,839</u>	<u>-</u>	<u>53,928</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES					
Delinquent property taxes	-	-	-	-	-
Total liabilities and deferred inflows of resources	<u>3,839</u>	<u>-</u>	<u>53,928</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted for					
General fund	-	-	-	-	-
Special revenue	-	-	-	59,000	43,979
Capital projects	-	-	-	-	-
Debt service	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>59,000</u>	<u>43,979</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 3,839</u>	<u>\$ -</u>	<u>\$ 53,928</u>	<u>\$ 59,000</u>	<u>\$ 43,979</u>

See Accompanying Notes.

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2019**

	Special Revenue	Capital Projects Funds			Debt Service	Total Nonmajor Governmental Funds
	Fund					
	29135	31300	31400	31700	42000	
	Industrial	Special	Special	Capital	Deferred	
	Revenue	Capital	Capital	Improvements	Sick	
	Bonds PILOT	Outlay - Local	Outlay - State	SB-9 State	Leave Reserve	
ASSETS						
Cash and cash equivalents	\$ -	\$ 363,750	\$ -	\$ -	\$ 193,525	\$ 4,503,605
Investments	-	-	-	-	1,167,039	1,167,039
Accounts receivable, collectible						-
Taxes	-	-	-	-	-	-
Due from other governments	-	-	-	333,953	-	3,880,771
Other receivables	-	-	-	-	-	8,588
Interfund receivables	1,908,844	-	-	-	-	1,996,468
Inventory	-	-	-	-	-	72,645
Total assets	<u>\$ 1,908,844</u>	<u>\$ 363,750</u>	<u>\$ -</u>	<u>\$ 333,953</u>	<u>\$ 1,360,564</u>	<u>\$ 11,629,116</u>
LIABILITIES						
Accounts payable	-	-	-	-	-	142,779
Accrued payroll	-	-	-	-	13,634	524,318
Interfund payables	-	-	-	279,738	-	3,176,052
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>279,738</u>	<u>13,634</u>	<u>3,843,149</u>
DEFERRED INFLOWS OF RESOURCES						
Delinquent property taxes	-	-	-	-	-	-
Total liabilities and deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>279,738</u>	<u>13,634</u>	<u>3,843,149</u>
FUND BALANCES						
Nonspendable	-	-	-	-	-	72,645
Restricted for						
General fund	-	-	-	-	-	-
Special revenue	1,908,844	-	-	-	-	5,992,160
Capital projects	-	363,750	-	54,215	-	417,965
Debt service	-	-	-	-	1,346,930	1,346,930
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	(43,733)
Total fund balances	<u>1,908,844</u>	<u>363,750</u>	<u>-</u>	<u>54,215</u>	<u>1,346,930</u>	<u>7,785,967</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 1,908,844</u>	<u>\$ 363,750</u>	<u>\$ -</u>	<u>\$ 333,953</u>	<u>\$ 1,360,564</u>	<u>\$ 11,629,116</u>

See Accompanying Notes.

STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Special Revenue Funds				
	21000	22000	23000	24101	24103
	Food Services	Athletics	Non-Instruct Support	Title I	Migrant Children Education
REVENUES					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues			-		
Federal grants	2,856,603	-	-	1,233,862	-
State grants	-	-	-	-	-
Transportation distribution	-	-	-	-	-
Charges for services	719,815	121,019	537,193	-	-
Investment income	1,053	-	1,027	-	-
Miscellaneous	53	6,749	95,779	-	-
Total revenues	<u>3,577,524</u>	<u>127,768</u>	<u>633,999</u>	<u>1,233,862</u>	<u>-</u>
EXPENDITURES					
Current					
Instruction	-	150,747	605,581	857,245	-
Support services					
Students	-	-	-	310,578	-
Instruction	-	-	-	23,766	-
General administration	-	-	-	42,301	-
School administration	-	-	-	-	-
Central services	-	-	-	-	-
Operation & maintenance of plant	-	-	-	-	-
Student transportation	-	-	-	-	-
Operation of non-instructional services					
Food services operations	4,040,538	-	-	-	-
Community services	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	<u>4,040,538</u>	<u>150,747</u>	<u>605,581</u>	<u>1,233,890</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(463,014)</u>	<u>(22,979)</u>	<u>28,418</u>	<u>(28)</u>	<u>-</u>
Other financing sources					
Operating transfers	-	-	-	-	-
Proceeds from bond issuance	-	-	-	-	-
Proceeds from refunding debt issuance	-	-	-	-	-
Bond underwriter premium discount	-	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	<u>(463,014)</u>	<u>(22,979)</u>	<u>28,418</u>	<u>(28)</u>	<u>-</u>
Fund balances, beginning of year	1,942,278	(3,002)	548,258	-	-
Prior Period Restatement	-	-	-	-	-
Fund balance, beginning of year, restated	<u>1,942,278</u>	<u>(3,002)</u>	<u>548,258</u>	<u>-</u>	<u>-</u>
Fund balances, end of year	<u>\$ 1,479,264</u>	<u>\$ (25,981)</u>	<u>\$ 576,676</u>	<u>\$ (28)</u>	<u>\$ -</u>

See Accompanying Notes.

STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2019

	Special Revenue Funds				
	24106	24108	24109	24113	24115
	Entitlement IDEA-B	Competitive IDEA-B	IDEA-B Preschool	Education of Homeless	IDEA Private School Share
REVENUES					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues					
Federal grants	1,596,964	5,886	26,829	19,577	630
State grants	-	-	-	-	-
Transportation distribution	-	-	-	-	-
Charges for services	-	-	-	-	-
Investment income	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total revenues	<u>1,596,964</u>	<u>5,886</u>	<u>26,829</u>	<u>19,577</u>	<u>630</u>
EXPENDITURES					
Current					
Instruction	1,060,414	3,295	2,615	8,959	-
Support services					
Students	110,681	2,389	14,967	9,968	630
Instruction	10,770	-	539	-	-
General administration	55,082	202	643	650	-
School administration	-	-	-	-	-
Central services	368,562	-	-	-	-
Operation & maintenance of plant	-	-	-	-	-
Student transportation	357	-	-	-	-
Operation of non-instructional services					
Food services operations	-	-	-	-	-
Community services	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	<u>1,605,866</u>	<u>5,886</u>	<u>18,764</u>	<u>19,577</u>	<u>630</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(8,902)</u>	<u>-</u>	<u>8,065</u>	<u>-</u>	<u>-</u>
Other financing sources					
Operating transfers	-	-	-	-	-
Proceeds from bond issuance	-	-	-	-	-
Proceeds from refunding debt issuance	-	-	-	-	-
Bond underwriter premium discount	-	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	<u>(8,902)</u>	<u>-</u>	<u>8,065</u>	<u>-</u>	<u>-</u>
Fund balances, beginning of year	-	-	-	-	-
Prior Period Restatement	-	-	-	-	-
Fund balance, beginning of year, restated	-	-	-	-	-
Fund balances, end of year	<u>\$ (8,902)</u>	<u>\$ -</u>	<u>\$ 8,065</u>	<u>\$ -</u>	<u>\$ -</u>

See Accompanying Notes.

STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2019

	Special Revenue Funds				
	24120	24132	24153	24154	24162
	IDEA-B "Risk Pool"	IDEA-B "Risk Plan"	English Language Acquisition	Teacher/Prin Training & Recruiting	Title I 1300A School Improvement
REVENUES					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues					
Federal grants	-	115,670	22,863	160,640	-
State grants	-	-	-	-	-
Transportation distribution	-	-	-	-	-
Charges for services	-	-	-	-	-
Investment income	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total revenues	<u>-</u>	<u>115,670</u>	<u>22,863</u>	<u>160,640</u>	<u>-</u>
EXPENDITURES					
Current					
Instruction	-	116,220	22,079	154,613	-
Support services					
Students	-	-	-	421	-
Instruction	-	-	-	99	-
General administration	-	-	784	5,507	-
School administration	-	-	-	-	-
Central services	-	-	-	-	-
Operation & maintenance of plant	-	-	-	-	-
Student transportation	-	-	-	-	-
Operation of non-instructional services					
Food services operations	-	-	-	-	-
Community services	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	<u>-</u>	<u>116,220</u>	<u>22,863</u>	<u>160,640</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(550)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources					
Operating transfers	-	-	-	-	-
Proceeds from bond issuance	-	-	-	-	-
Proceeds from refunding debt issuance	-	-	-	-	-
Bond underwriter premium discount	-	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	<u>-</u>	<u>(550)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, beginning of year	-	-	-	21,526	-
Prior Period Restatement	-	-	-	-	-
Fund balance, beginning of year, restated	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,526</u>	<u>-</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ (550)</u>	<u>\$ -</u>	<u>\$ 21,526</u>	<u>\$ -</u>

See Accompanying Notes.

STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2019

	Special Revenue Funds				
	24174	24175	24176	24182	24189
	Carl D Perkins Secondary Current	Carl D Perkins Secondary-PY Unliq. Oblig.	Carl D Perkins Redistribution	Impact Aid Carl D Perkins HSTW	Title IV
REVENUES					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues					
Federal grants	50,428	3,508	7,384	-	37,975
State grants	-	-	-	-	-
Transportation distribution	-	-	-	-	-
Charges for services	-	-	-	-	-
Investment income	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total revenues	<u>50,428</u>	<u>3,508</u>	<u>7,384</u>	<u>-</u>	<u>37,975</u>
EXPENDITURES					
Current					
Instruction	49,875	3,508	7,384	-	36,767
Support services					
Students	-	-	-	-	-
Instruction	-	-	-	-	-
General administration	1,187	-	-	-	1,208
School administration	-	-	-	-	-
Central services	-	-	-	-	-
Operation & maintenance of plant	-	-	-	-	-
Student transportation	-	-	-	-	-
Operation of non-instructional services					
Food services operations	-	-	-	-	-
Community services	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	<u>51,062</u>	<u>3,508</u>	<u>7,384</u>	<u>-</u>	<u>37,975</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(634)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources					
Operating transfers	-	-	-	-	-
Proceeds from bond issuance	-	-	-	-	-
Proceeds from refunding debt issuance	-	-	-	-	-
Bond underwriter premium discount	-	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	<u>(634)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, beginning of year	-	-	-	-	-
Prior Period Restatement	-	-	-	-	-
Fund balance, beginning of year, restated	-	-	-	-	-
Fund balances, end of year	<u>\$ (634)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See Accompanying Notes.

STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2019

	Special Revenue Funds				
	25153	26102	26205	26215	26218
	Title XIX Medicaid 3/21 Years	Exxon Education Foundation	Chevron School Grant	Bridge Early College High School	United Way
	-	-	-	-	-
REVENUES					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues					
Federal grants	1,076,725	-	-	-	-
State grants	-	-	-	-	-
Transportation distribution	-	-	-	-	-
Charges for services	-	-	-	-	-
Investment income	-	-	-	-	-
Miscellaneous	-	15,000	2,400	-	-
Total revenues	<u>1,076,725</u>	<u>15,000</u>	<u>2,400</u>	<u>-</u>	<u>-</u>
EXPENDITURES					
Current					
Instruction	139,782	-	122,952	-	-
Support services					
Students	858,240	-	-	-	-
Instruction	7,938	-	-	-	-
General administration	5,000	-	-	-	-
School administration	-	-	-	-	-
Central services	-	-	-	-	-
Operation & maintenance of plant	-	-	-	-	-
Student transportation	-	-	-	-	-
Operation of non-instructional services					
Food services operations	-	-	-	-	-
Community services	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	<u>1,010,960</u>	<u>-</u>	<u>122,952</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>65,765</u>	<u>15,000</u>	<u>(120,552)</u>	<u>-</u>	<u>-</u>
Other financing sources					
Operating transfers	-	-	-	-	-
Proceeds from bond issuance	-	-	-	-	-
Proceeds from refunding debt issuance	-	-	-	-	-
Bond underwriter premium discount	-	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	<u>65,765</u>	<u>15,000</u>	<u>(120,552)</u>	<u>-</u>	<u>-</u>
Fund balances, beginning of year	1,496,495	5,000	495,574	-	4,188
Prior Period Restatement	-	-	-	-	-
Fund balance, beginning of year, restated	<u>1,496,495</u>	<u>5,000</u>	<u>495,574</u>	<u>-</u>	<u>4,188</u>
Fund balances, end of year	<u>\$ 1,562,260</u>	<u>\$ 20,000</u>	<u>\$ 375,022</u>	<u>\$ -</u>	<u>\$ 4,188</u>

See Accompanying Notes.

STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2019

	Special Revenue Funds				
	27103	27107	27114	27125	27128
	Dual Credit Instructional Materials	2012 GO Bond Student Library Fund	NM Reads to Lead	Excellence in Teaching Awards	Teacher Recruitment Support Initiative
REVENUES					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues					
Federal grants	-	-	-	-	-
State grants	48,219	45,048	110,713	181,331	-
Transportation distribution	-	-	-	-	-
Charges for services	-	-	-	-	-
Investment income	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total revenues	<u>48,219</u>	<u>45,048</u>	<u>110,713</u>	<u>181,331</u>	<u>-</u>
EXPENDITURES					
Current					
Instruction	48,219	-	110,713	155,968	-
Support services					
Students	-	-	-	-	-
Instruction	-	42,735	-	-	-
General administration	-	-	-	-	-
School administration	-	-	-	-	-
Central services	-	-	-	25,363	-
Operation & maintenance of plant	-	-	-	-	-
Student transportation	-	-	-	-	-
Operation of non-instructional services					
Food services operations	-	-	-	-	-
Community services	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	<u>48,219</u>	<u>42,735</u>	<u>110,713</u>	<u>181,331</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>2,313</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources					
Operating transfers	-	-	-	-	-
Proceeds from bond issuance	-	-	-	-	-
Proceeds from refunding debt issuance	-	-	-	-	-
Bond underwriter premium discount	-	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	<u>-</u>	<u>2,313</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, beginning of year	-	(2,311)	-	-	-
Prior Period Restatement	-	-	-	-	-
Fund balance, beginning of year, restated	<u>-</u>	<u>(2,311)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ 2</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See Accompanying Notes.

STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2019

	Special Revenue Funds				
	27141	27149	27155	27166	27179
	Truancy Initiative PED	Pre-K Initiative	Breakfast for Elementary Students	K3 Plus	Workforce Readiness
REVENUES					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues					
Federal grants	-	-	-	-	-
State grants	159,293	1,010,549	132,201	389,321	-
Transportation distribution	-	-	-	-	-
Charges for services	-	-	-	-	-
Investment income	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total revenues	<u>159,293</u>	<u>1,010,549</u>	<u>132,201</u>	<u>389,321</u>	<u>-</u>
EXPENDITURES					
Current					
Instruction	-	930,978	-	342,118	-
Support services					
Students	160,513	-	-	8,933	-
Instruction	-	-	-	3,212	-
General administration	-	-	-	-	-
School administration	-	-	-	5,471	-
Central services	-	-	-	-	-
Operation & maintenance of plant	-	-	-	-	-
Student transportation	-	73,597	-	29,582	-
Operation of non-instructional services					
Food services operations	-	-	138,619	-	-
Community services	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	<u>160,513</u>	<u>1,004,575</u>	<u>138,619</u>	<u>389,316</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,220)</u>	<u>5,974</u>	<u>(6,418)</u>	<u>5</u>	<u>-</u>
Other financing sources					
Operating transfers	-	-	-	-	-
Proceeds from bond issuance	-	-	-	-	-
Proceeds from refunding debt issuance	-	-	-	-	-
Bond underwriter premium discount	-	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	<u>(1,220)</u>	<u>5,974</u>	<u>(6,418)</u>	<u>5</u>	<u>-</u>
Fund balances, beginning of year	-	-	-	-	-
Prior Period Restatement	-	-	-	-	-
Fund balance, beginning of year, restated	-	-	-	-	-
Fund balances, end of year	<u>\$ (1,220)</u>	<u>\$ 5,974</u>	<u>\$ (6,418)</u>	<u>\$ 5</u>	<u>\$ -</u>

See Accompanying Notes.

STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2019

	Special Revenue Funds				
	27183	27195	27198	28120	29102
	NM	Teachers			
	Grown Fruits & Vegetables	"Hard to Staff" Stipend	K3+ 4&5 PILOT	NM Highway Dept (Road)	Private Direct Grants
REVENUES					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues					
Federal grants	-	-	-	-	-
State grants	11,274	-	53,928	59,000	-
Transportation distribution	-	-	-	-	-
Charges for services	-	-	-	-	-
Investment income	-	-	-	-	-
Miscellaneous	-	-	-	-	15,000
Total revenues	<u>11,274</u>	<u>-</u>	<u>53,928</u>	<u>59,000</u>	<u>15,000</u>
EXPENDITURES					
Current					
Instruction	-	-	45,402	-	-
Support services					
Students	-	-	-	-	-
Instruction	-	-	-	-	-
General administration	-	-	-	-	-
School administration	-	-	-	-	-
Central services	-	-	-	-	-
Operation & maintenance of plant	-	-	-	-	-
Student transportation	-	-	8,526	-	-
Operation of non-instructional services					
Food services operations	11,274	-	-	-	-
Community services	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	<u>11,274</u>	<u>-</u>	<u>53,928</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>59,000</u>	<u>15,000</u>
Other financing sources					
Operating transfers	-	-	-	-	-
Proceeds from bond issuance	-	-	-	-	-
Proceeds from refunding debt issuance	-	-	-	-	-
Bond underwriter premium discount	-	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>59,000</u>	<u>15,000</u>
Fund balances, beginning of year	-	-	-	-	28,979
Prior Period Restatement	-	-	-	-	-
Fund balance, beginning of year, restated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>28,979</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 59,000</u>	<u>\$ 43,979</u>

See Accompanying Notes.

STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2019

	Special Revenue		Capital Projects Funds			Debt Service	Total Nonmajor Governmental Funds
	Fund						
	29135	31300	31400	31700	42000		
	Industrial Revenue	Special Capital	Special Capital	Capital Improvements	Deferred Sick		
	Bonds PILOT	Outlay - Local	Outlay - State	SB-9 State	Leave Reserve		
REVENUES							
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues							
Federal grants	-	-	-	-	-	-	7,215,544
State grants	-	-	-	333,953	-	-	2,534,830
Transportation distribution	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	1,378,027
Investment income	-	-	-	-	-	-	2,080
Miscellaneous	810,159	100,000	-	-	-	-	1,045,140
Total revenues	<u>810,159</u>	<u>100,000</u>	<u>-</u>	<u>333,953</u>	<u>-</u>	<u>-</u>	<u>12,175,621</u>
EXPENDITURES							
Current							
Instruction	-	-	-	-	-	-	4,975,434
Support services							
Students	-	-	-	-	-	-	1,477,320
Instruction	-	-	-	-	-	-	89,059
General administration	-	-	-	-	-	-	112,564
School administration	-	-	-	-	-	-	5,471
Central services	-	-	-	-	138,418	-	532,343
Operation & maintenance of plant	-	-	-	-	-	-	-
Student transportation	-	-	-	-	-	-	112,062
Operation of non-instructional services							
Food services operations	-	-	-	-	-	-	4,190,431
Community services	-	-	-	-	-	-	-
Capital outlay	-	41,250	-	333,953	-	-	375,203
Debt service							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>41,250</u>	<u>-</u>	<u>333,953</u>	<u>138,418</u>	<u>-</u>	<u>11,869,887</u>
Excess (deficiency) of revenues over (under) expenditures	<u>810,159</u>	<u>58,750</u>	<u>-</u>	<u>-</u>	<u>(138,418)</u>	<u>-</u>	<u>305,734</u>
Other financing sources							
Operating transfers	-	-	-	-	-	-	-
Proceeds from bond issuance	-	-	-	-	-	-	-
Proceeds from refunding debt issuance	-	-	-	-	-	-	-
Bond underwriter premium discount	-	-	-	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	<u>810,159</u>	<u>58,750</u>	<u>-</u>	<u>-</u>	<u>(138,418)</u>	<u>-</u>	<u>305,734</u>
Fund balances, beginning of year	-	305,000	-	54,215	1,485,348	-	6,381,548
Prior Period Restatement	1,098,685	-	-	-	-	-	1,098,685
Fund balance, beginning of year, restated	<u>1,098,685</u>	<u>305,000</u>	<u>-</u>	<u>54,215</u>	<u>1,485,348</u>	<u>-</u>	<u>7,480,233</u>
Fund balances, end of year	<u>\$ 1,908,844</u>	<u>\$ 363,750</u>	<u>\$ -</u>	<u>\$ 54,215</u>	<u>\$ 1,346,930</u>	<u>\$ -</u>	<u>\$ 7,785,967</u>

See Accompanying Notes.

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
COMBINING BALANCE SHEET - GENERAL FUND
JUNE 30, 2019**

	<i>11000</i> Operational Fund	<i>13000</i> Transportation Fund	<i>14000</i> Instructional Materials Fund	Total
ASSETS				
Cash and cash equivalents	\$ 4,882,597	\$ -	\$ 152,367	\$ 5,034,964
Investments	-	-	-	-
Accounts receivables				
Property taxes	258,854	-	-	258,854
Due from other governments	-	-	20,620	20,620
Other receivables	30,241	-	-	30,241
Inventory	77,426	-	-	77,426
Interfund receivables	3,088,428	-	-	3,088,428
Total assets	<u>\$ 8,337,546</u>	<u>\$ -</u>	<u>\$ 172,987</u>	<u>\$ 8,510,533</u>
LIABILITIES				
Liabilities				
Accounts payable	\$ 227,455	\$ -	\$ -	\$ 227,455
Accrued payroll	3,027,249	-	-	3,027,249
Interfund payables	89,518	-	-	89,518
Total liabilities	<u>3,344,222</u>	<u>-</u>	<u>-</u>	<u>3,344,222</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	19,311	-	-	19,311
FUND BALANCES				
Nonspendable	77,426	-	-	77,426
Restricted for				
General Fund	-	-	172,987	172,987
Unassigned	4,896,587	-	-	4,896,587
Total fund balances	<u>4,974,013</u>	<u>-</u>	<u>172,987</u>	<u>5,147,000</u>
Total Liabilities, Deferred Inflows, and Fund Balances	<u>\$ 8,337,546</u>	<u>\$ -</u>	<u>\$ 172,987</u>	<u>\$ 8,510,533</u>

See Accompanying Notes.

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2019**

	<i>11000</i>	<i>13000</i>	<i>14000</i>	
	Operational	Transportation	Instructional	
	Fund	Fund	Materials Fund	Total
REVENUES				
Property taxes	\$ 1,865,392	\$ -	\$ -	\$ 1,865,392
Intergovernmental revenues				
Federal grants	134,161	-	-	134,161
State grants	54,656,355	-	240,043	54,896,398
Transportation distribution	-	2,066,283	-	2,066,283
Charges for services	6,547	-	-	6,547
Investment income	11,236	-	-	11,236
Miscellaneous	296,364	-	-	296,364
Total revenues	<u>56,970,055</u>	<u>2,066,283</u>	<u>240,043</u>	<u>59,276,381</u>
EXPENDITURES				
Current				
Instruction	34,899,756	-	182,439	35,082,195
Support services				
Students	5,059,881	-	-	5,059,881
Instruction	2,102,511	-	-	2,102,511
General administration	758,549	-	-	758,549
School administration	4,198,067	-	-	4,198,067
Central services	2,380,392	-	-	2,380,392
Operation & maintenance of plant	6,509,614	-	-	6,509,614
Student transportation	12,219	2,066,283	-	2,078,502
Other support services	-	-	-	-
Food services operations	-	-	-	-
Community services operations	85,271	-	-	85,271
Capital outlay	-	-	-	-
Total expenditures	<u>56,006,260</u>	<u>2,066,283</u>	<u>182,439</u>	<u>58,254,982</u>
Net changes in fund balances	<u>963,795</u>	<u>-</u>	<u>57,604</u>	<u>1,021,399</u>
Fund balances, beginning	4,061,752	-	115,383	4,177,135
Restatement	(51,534)	-	-	(51,534)
Fund balance, beginning of year, restated	<u>4,010,218</u>	<u>-</u>	<u>115,383</u>	<u>4,125,601</u>
Fund balances, ending	<u>\$ 4,974,013</u>	<u>\$ -</u>	<u>\$ 172,987</u>	<u>\$ 5,147,000</u>

See Accompanying Notes.

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
BUDGET TO ACTUAL (NON-GAAP BUDGETARY BASIS)
OPERATIONAL FUND (11000)
FOR THE YEAR ENDED JUNE 30, 2019**

	Budgeted Amounts		Actual Amount	Variance
	Original Budget	Final Budget		(Unfavorable) Final to Actual
REVENUES				
Taxes	\$ 1,001,045	\$ 1,001,045	\$ 1,792,032	\$ 790,987
Intergovernmental revenue				
Federal	34,387	34,387	131,706	97,319
State	54,973,940	54,973,940	54,641,356	(332,584)
Transportation distribution	-	-	-	-
Charges for services	82,581	82,581	1,322	(81,259)
Investment income	14,115	14,115	11,236	(2,879)
Miscellaneous	382,154	382,154	286,347	(95,807)
Total revenues	56,488,222	56,488,222	56,863,999	375,777
EXPENDITURES				
Current				
Instruction	38,184,096	38,184,096	34,811,251	3,372,845
Support services	13,374,547	13,374,547	12,139,223	1,235,324
Central services	2,321,099	2,321,099	2,379,766	(58,667)
Operation and maintenance of plant	6,925,087	6,925,087	6,517,682	407,405
Student transportation	3,517	3,517	12,219	(8,702)
Food services operations	-	-	-	-
Community services operations	78,540	78,540	85,271	(6,731)
Capital outlay	-	-	-	-
Total expenditures	60,886,886	60,886,886	55,945,412	4,941,474
Excess (deficiency) of revenues over (under) expenditures	(4,398,664)	(4,398,664)	918,587	(5,317,251)
Other financing sources (uses)				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in (out)	-	-	-	-
Proceeds from the sale of capital assets	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances (Budget Basis)			918,587	
Adjustments to revenues			106,056	
Adjustments to expenditures			(60,848)	
Net change in fund balances (GAAP Basis)			\$ 963,795	

See Accompanying Notes.

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
TRANSPORTATION FUND (13000)
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Budgeted Amounts</u>		Actual Amount	Variance
	<u>Original Budget</u>	<u>Final Budget</u>		Favorable (Unfavorable) Final to Actual
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue				
Federal	-	-	-	-
State	-	-	-	-
Transportation distribution	1,920,326	2,066,283	2,066,283	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	<u>1,920,326</u>	<u>2,066,283</u>	<u>2,066,283</u>	<u>-</u>
EXPENDITURES				
Current				
Instruction	-	-	-	-
Support services	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	1,920,326	2,066,283	2,066,283	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>1,920,326</u>	<u>2,066,283</u>	<u>2,066,283</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources (uses)				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in (out)	-	-	-	-
Proceeds from the sale of capital assets	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances (Budget Basis)				-
Adjustments to revenues				-
Adjustments to expenditures				-
Net change in fund balances (GAAP Basis)			<u>\$ -</u>	

See Accompanying Notes.

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
INSTRUCTIONAL MATERIALS FUND (14000)
FOR THE YEAR ENDED JUNE 30, 2019**

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget	Amount	Favorable (Unfavorable) Final to Actual
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue				
Federal	-	-	-	-
State	219,423	240,043	219,423	(20,620)
Transportation distribution	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	219,423	240,043	219,423	(20,620)
EXPENDITURES				
Current				
Instruction	389,102	409,722	182,439	227,283
Support services	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	389,102	409,722	182,439	227,283
Excess (deficiency) of revenues over (under) expenditures	(169,679)	(169,679)	36,984	(206,663)
Other financing sources (uses)				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in (out)	-	-	-	-
Proceeds from the sale of capital assets	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances (Budget Basis)			36,984	
Adjustments to revenues			20,620	
Adjustments to expenditures			-	
Net change in fund balances (GAAP Basis)			\$ 57,604	

See Accompanying Notes.

JEFFERSON MONTESSORI ACADEMY CHARTER SCHOOL

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
JEFFERSON MONTESSORI ACADEMY CHARTER SCHOOL
COMBINING BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2019**

	General Funds *		Special Revenue	
	11000	14000	21000	23000
	Operational Fund	Instructional Materials	Food Service	Non-Instructional Support
ASSETS				
Current assets				
Cash and cash equivalents	\$ 524,092	\$ 4,773	\$ 1,575	\$ 2,215
Receivables				
Property taxes	-	-	-	-
Due from other governments	-	1,701	3,958	-
Other	580	-	-	-
Due from other funds	101,716	-	-	-
Total assets	<u>\$ 626,388</u>	<u>\$ 6,474</u>	<u>\$ 5,533</u>	<u>\$ 2,215</u>
LIABILITIES				
Current liabilities				
Accounts payable	\$ 2,767	\$ -	\$ -	\$ -
Accrued payroll	140,679	-	4,460	-
Due to other funds	-	-	-	-
Total liabilities	<u>143,446</u>	<u>-</u>	<u>4,460</u>	<u>-</u>
FUND BALANCES				
Spendable				
Restricted for				
Educational purposes	-	-	-	2,215
Food service	-	-	1,073	-
Capital acquisitions and improvements	-	-	-	-
Unassigned	482,942	6,474	-	-
Total fund balances	<u>482,942</u>	<u>6,474</u>	<u>1,073</u>	<u>2,215</u>
Total liabilities and fund balances	<u>\$ 626,388</u>	<u>\$ 6,474</u>	<u>\$ 5,533</u>	<u>\$ 2,215</u>

* Major fund

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
JEFFERSON MONTESSORI ACADEMY CHARTER SCHOOL
COMBINING BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2019**

	Special Revenue		Capital Projects	
	24106 *	27114	31200	31600 *
	Entitlement IDEA - B	New Mexico Reads to lead	Public School Capital Outlay	HB -33 Capital Improvements
ASSETS				
Current assets				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 186,498
Receivables				
Property taxes	-	-	-	714
Due from other governments	99,502	-	30,046	-
Other	-	-	-	-
Due from other funds	-	-	-	-
Total assets	\$ 99,502	\$ -	\$ 30,046	\$ 187,212
LIABILITIES				
Current liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued payroll	2	-	-	-
Due to other funds	99,500	-	1,976	-
Total liabilities	99,502	-	1,976	-
FUND BALANCES				
Spendable				
Restricted for				
Educational purposes	-	-	-	-
Food service	-	-	-	-
Capital acquisitions and improvements	-	-	28,070	187,212
Unassigned	-	-	-	-
Total fund balances	-	-	28,070	187,212
Total liabilities and fund balances	\$ 99,502	\$ -	\$ 30,046	\$ 187,212

* Major fund

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
JEFFERSON MONTESSORI ACADEMY CHARTER SCHOOL
COMBINING BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2019**

	Capital Projects		
	31700 Capital Improvements SB - 9	31701 Capital Improvements SB - 9 State	Total
ASSETS			
Current assets			
Cash and cash equivalents	\$ 17,673	\$ -	\$ 736,826
Receivables			
Property taxes	-	710	1,424
Due from other governments	-	-	135,207
Other	-	-	580
Due from other funds	-	-	101,716
Total assets	\$ 17,673	\$ 710	\$ 975,753
LIABILITIES			
Current liabilities			
Accounts payable	\$ -	\$ 2,418	\$ 5,185
Accrued payroll	-	-	145,141
Due to other funds	-	240	101,716
Total liabilities	-	2,658	252,042
FUND BALANCES			
Spendable			
Restricted for			
Educational purposes	-	-	2,215
Food service	-	-	1,073
Capital acquisitions and improvements	17,673	-	232,955
Unassigned	-	(1,948)	487,468
Total fund balances	17,673	(1,948)	723,711
Total liabilities and fund balances	\$ 17,673	\$ 710	\$ 975,753

* Major fund

STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
JEFFERSON MONTESSORI ACADEMY CHARTER SCHOOL
RECONCILIATION OF THE COMBINING BALANCE SHEET -
GOVERNMENTAL FUNDS 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	\$ 723,711
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds:</p>	
Capital assets	16,181
Accumulated depreciation	(3,511)
<p>Deferred inflow of resources are not financial resources and are not reported in the funds and include:</p>	
Related to pensions	1,209,498
Related to retiree healthcare	24,460
<p>Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:</p>	
Net pension liability	(4,676,860)
Net OPEB liability	(1,117,962)
<p>Deferred outflow of resources are not financial resources and are not reported in the funds and include:</p>	
Related to pensions	(182,501)
Related to retiree healthcare	(433,463)
Total net position - governmental activities	<u><u>\$ (4,440,447)</u></u>

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
JEFFERSON MONTESSORI ACADEMY CHARTER SCHOOL
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019**

	General Funds *		Special Revenue	
	11000	14000	21000	23000
	Operational	Instructional Materials	Food Service	Non-Instructional Support
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues				
Federal grants	-	-	50,566	-
State grants	2,160,158	8,523	-	-
Transportation distribution	-	-	-	-
Charges for services	1,063	-	33,787	-
Investment income	-	-	-	-
Miscellaneous	7,915	-	-	-
Total revenues	<u>2,169,136</u>	<u>8,523</u>	<u>84,353</u>	<u>-</u>
EXPENDITURES				
Current				
Instruction	1,218,848	8,091	-	-
Support services				
Students	138,214	-	-	-
Instruction	3,974	-	-	-
General administration	135,766	-	-	-
School administration	76,298	-	-	-
Central services	199,396	-	-	-
Operation & maintenance of plant	177,077	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food services operations	1,193	-	123,301	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>1,950,766</u>	<u>8,091</u>	<u>123,301</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>218,370</u>	<u>432</u>	<u>(38,948)</u>	<u>-</u>
Other financing sources (uses)				
Operating transfers	-	-	-	-
Proceeds from bond issuance	-	-	-	-
Proceeds from refunding debt issuance	-	-	-	-
Bond underwriter premium discount	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	<u>218,370</u>	<u>432</u>	<u>(38,948)</u>	<u>-</u>
Fund balances, beginning of year	264,572	6,042	40,021	2,215
Prior Period Restatement	-	-	-	-
Fund balance, beginning of year, restated	<u>264,572</u>	<u>6,042</u>	<u>40,021</u>	<u>2,215</u>
Fund balances, end of year	<u>\$ 482,942</u>	<u>\$ 6,474</u>	<u>\$ 1,073</u>	<u>\$ 2,215</u>

* Major Fund

See Accompanying Notes.

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
JEFFERSON MONTESSORI ACADEMY CHARTER SCHOOL
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2019**

	Special Revenue		Capital Projects	
	24106 *	27114	31200	31600 *
	Entitlement IDEA - B	New Mexico Reads to Lead	Public School Capital Outlay	HB -33 Capital Improvements
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ 73,352
Intergovernmental revenues				
Federal grants	56,982	-	-	-
State grants	-	-	120,182	-
Transportation distribution	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	<u>56,982</u>	<u>-</u>	<u>120,182</u>	<u>73,352</u>
EXPENDITURES				
Current				
Instruction	56,962	-	-	-
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	653
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food services operations	-	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	120,182	6,358
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>56,962</u>	<u>-</u>	<u>120,182</u>	<u>7,011</u>
Excess (deficiency) of revenues over (under) expenditures	<u>20</u>	<u>-</u>	<u>-</u>	<u>66,341</u>
Other financing sources (uses)				
Operating transfers	-	-	-	-
Proceeds from bond issuance	-	-	-	-
Proceeds from refunding debt issuance	-	-	-	-
Bond underwriter premium discount	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	<u>20</u>	<u>-</u>	<u>-</u>	<u>66,341</u>
Fund balances, beginning of year	(20)	-	28,070	120,871
Prior Period Restatement	-	-	-	-
Fund balance, beginning of year, restated	<u>(20)</u>	<u>-</u>	<u>28,070</u>	<u>120,871</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,070</u>	<u>\$ 187,212</u>

* Major Fund

See Accompanying Notes.

STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
JEFFERSON MONTESSORI ACADEMY CHARTER SCHOOL
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2019

	Capital Projects		Total
	31700 Capital Improvements SB - 9	31701 Capital Improvements SB - 9 State	
REVENUES			
Property taxes	\$ -	\$ 73,494	\$ 146,846
Intergovernmental revenues			
Federal grants	-	-	107,548
State grants	-	-	2,288,863
Transportation distribution	-	-	-
Charges for services	-	-	34,850
Investment income	-	-	-
Miscellaneous	-	-	7,915
Total revenues	-	73,494	2,586,022
EXPENDITURES			
Current			
Instruction	-	-	1,283,901
Support services			
Students	-	-	138,214
Instruction	-	-	3,974
General administration	-	656	137,075
School administration	-	-	76,298
Central services	-	-	199,396
Operation & maintenance of plant	-	-	177,077
Student transportation	-	-	-
Other support services	-	-	-
Food services operations	-	-	124,494
Community services	-	-	-
Capital outlay	-	100,762	227,302
Debt service			
Principal	-	-	-
Interest	-	-	-
Total expenditures	-	101,418	2,367,731
Excess (deficiency) of revenues over (under) expenditures	-	(27,924)	218,291
Other financing sources (uses)			
Operating transfers	-	-	-
Proceeds from bond issuance	-	-	-
Proceeds from refunding debt issuance	-	-	-
Bond underwriter premium discount	-	-	-
Total other financing sources (uses)	-	-	-
Net changes in fund balances	-	(27,924)	218,291
Fund balances, beginning of year	17,673	25,976	505,420
Prior Period Restatement	-	-	-
Fund balance, beginning of year, restated	17,673	25,976	505,420
Fund balances, end of year	\$ 17,673	\$ (1,948)	\$ 723,711

* Major Fund

See Accompanying Notes.

STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
JEFFERSON MONTESSORI ACADEMY CHARTER SCHOOL
RECONCILIATION OF COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
TO STATEMENT OF ACTIVITIES
JUNE 30, 2019

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

Net change in fund balances - total governmental funds	\$	218,291
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Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation expenses in the Statement of Activities. This is the amount by which capital outlays exceeds depreciation in the period.

Capital outlays		9,186
Depreciation expense		(707)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and are not reported as expenditures in the governmental funds:

Pension contribution		169,563
Pension expense		(780,122)
Retiree health contribution		24,460
OPEB expense (income)		<u>32,108</u>

Change in net position of governmental activities	\$	<u>(327,221)</u>
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STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
JEFFERSON MONTESSORI ACADEMY CHARTER SCHOOL
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
OPERATIONAL FUND (11000)
FOR THE YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual Amount	Variance
	Original Budget	Final Budget		Favorable (Unfavorable) Final to Actual
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue				
Federal	-	-	-	-
State	1,890,144	2,161,158	2,160,158	(1,000)
Transportation distribution	-	-	-	-
Charges for services	-	549	1,063	514
Investment income	-	-	-	-
Miscellaneous	-	7,916	7,915	(1)
Total revenues	1,890,144	2,169,623	2,169,136	(487)
EXPENDITURES				
Current				
Instruction	1,339,153	1,401,043	1,218,848	182,195
Support services	345,971	441,085	353,646	87,439
Central services	192,879	215,179	199,396	15,783
Operation and maintenance of plant	153,252	252,427	174,916	77,511
Student transportation	-	-	-	-
Food services operations	18,718	19,718	1,193	18,525
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	2,049,973	2,329,452	1,947,999	381,453
Excess (deficiency) of revenues over (under) expenditures	(159,829)	(159,829)	221,137	(380,966)
Other financing sources (uses)				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in (out)	-	-	-	-
Proceeds from the sale of capital assets	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances (Budget Basis)			221,137	
Adjustments to revenues			-	
Adjustments to expenditures			(2,767)	
Net change in fund balances (GAAP Basis)			\$ 218,370	

See Accompanying Notes.

STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
JEFFERSON MONTESSORI ACADEMY CHARTER SCHOOL
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
INSTRUCTIONAL MATERIALS FUND (14000)
FOR THE YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual Amount	Variance
	Original Budget	Final Budget		Favorable (Unfavorable) Final to Actual
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue				
Federal	-	-	-	-
State	6,822	8,522	6,822	(1,700)
Transportation distribution	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	6,822	8,522	6,822	(1,700)
EXPENDITURES				
Current				
Instruction	12,254	13,954	8,091	5,863
Support services	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	12,254	13,954	8,091	5,863
Excess (deficiency) of revenues over (under) expenditures	(5,432)	(5,432)	(1,269)	(4,163)
Other financing sources (uses)				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in (out)	-	-	-	-
Proceeds from the sale of capital assets	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances (Budget Basis)			(1,269)	
Adjustments to revenues			1,701	
Adjustments to expenditures			-	
Net change in fund balances (GAAP Basis)			\$ 432	

See Accompanying Notes.

STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
JEFFERSON MONTESSORI ACADEMY CHARTER SCHOOL
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ENTITLEMENT IDEA-B SPECIAL REVENUE FUND (24106)
FOR THE YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual Amount	Variance
	Original Budget	Final Budget		Favorable (Unfavorable) Final to Actual
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue				
Federal	-	83,760	46,135	(37,625)
State	-	-	-	-
Transportation distribution	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	-	83,760	46,135	(37,625)
EXPENDITURES				
Current				
Instruction	-	56,962	56,962	-
Support services	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	-	56,962	56,962	-
Excess (deficiency) of revenues over expenditures	-	26,798	(10,827)	37,625
Other financing sources (uses)				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in (out)	-	-	-	-
Proceeds from the sale of capital assets	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances (Budget Basis)			(10,827)	
Adjustments to revenues			10,847	
Adjustments to expenditures			-	
Net change in fund balances (GAAP Basis)			\$ 20	

See Accompanying Notes.

PECOS CONNECTIONS ACADEMY CHARTER SCHOOL

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
PECOS CONNECTIONS ACADEMY CHARTER SCHOOL
COMBINING BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2019**

	General Funds *		Special Revenue		Capital Projects	Total
	11000	14000	24106	27125	31700	
	Operational	Instructional Materials	Entitlement IDEA - B	Excellence in Teaching Awards	Capital Improvements SB - 9	
ASSETS						
Current assets						
Cash and cash equivalents	\$ 1,046,363	\$ -	\$ -	\$ -	\$ -	\$ 1,046,363
Receivables						
Due from other governments	-	14,637	46,353	-	14,590	75,580
Other	-	-	-	-	-	-
Due from other funds	73,559	-	-	-	-	73,559
Total assets	<u>\$ 1,119,922</u>	<u>\$ 14,637</u>	<u>\$ 46,353</u>	<u>\$ -</u>	<u>\$ 14,590</u>	<u>\$ 1,195,502</u>
LIABILITIES						
Current liabilities						
Accounts payable	\$ 418,908	\$ -	\$ -	\$ -	\$ -	\$ 418,908
Accrued payroll	65,763	-	2,021	-	-	67,784
Due to other funds	-	14,637	44,332	-	14,590	73,559
Total liabilities	<u>484,671</u>	<u>14,637</u>	<u>46,353</u>	<u>-</u>	<u>14,590</u>	<u>560,251</u>
FUND BALANCES						
Spendable						
Restricted for						
Educational purposes	-	-	-	-	-	-
Food service	-	-	-	-	-	-
Capital acquisitions and improvements	-	-	-	-	-	-
Unassigned	635,251	-	-	-	-	635,251
Total fund balances	<u>635,251</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>635,251</u>
Total liabilities and fund balances	<u>\$ 1,119,922</u>	<u>\$ 14,637</u>	<u>\$ 46,353</u>	<u>\$ -</u>	<u>\$ 14,590</u>	<u>\$ 1,195,502</u>

* Major fund

STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
PECOS CONNECTIONS ACADEMY CHARTER SCHOOL
RECONCILIATION OF THE COMBINING BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2019

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

Fund balances - total governmental funds	\$ 635,251
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Deferred inflow of resources are not financial resources and are not reported in the funds and include:

Related to pensions	2,474,492
Related to retiree healthcare	499,326

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:

Net pension liability	(4,141,751)
Net OPEB liability	(1,068,826)

Deferred outflow of resources are not financial resources and are not reported in the funds and include:

Related to pensions	(78,824)
Related to retiree healthcare	<u>(276,165)</u>

Total net position - governmental activities	<u>\$ (1,956,497)</u>
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**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
PECOS CONNECTIONS ACADEMY CHARTER SCHOOL
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019**

	General Funds *		Special Revenue	
	11000	14000	24106	27125
	Operational	Instructional Materials	Entitlement IDEA - B	Excellence in Teaching Awards
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues				
Federal grants	-	-	144,882	25,363
State grants	6,407,061	32,523	-	-
Transportation distribution	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	<u>6,407,061</u>	<u>32,523</u>	<u>144,882</u>	<u>25,363</u>
EXPENDITURES				
Current				
Instruction	4,785,512	32,523	144,882	25,363
Support services				
Students	818,693	-	-	-
Instruction	106,361	-	-	-
General administration	153,480	-	-	-
School administration	149,307	-	-	-
Central services	229,890	-	-	-
Operation & maintenance of plant	88,657	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food services operations	-	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>6,331,900</u>	<u>32,523</u>	<u>144,882</u>	<u>25,363</u>
Excess (deficiency) of revenues over (under) expenditures	<u>75,161</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources (uses)				
Operating transfers	-	-	-	-
Proceeds from bond issuance	-	-	-	-
Proceeds from refunding debt issuance	-	-	-	-
Bond underwriter premium discount	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	<u>75,161</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, beginning of year	560,090	-	-	-
Prior Period Restatement	-	-	-	-
Fund balance, beginning of year, restated	<u>560,090</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, end of year	<u>\$ 635,251</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

* Major fund

See Accompanying Notes.

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
PECOS CONNECTIONS ACADEMY CHARTER SCHOOL
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019**

	Capital Projects	
	31700	
	Capital	
	Improvements	
	SB - 9	Total
REVENUES		
Property taxes	\$ -	\$ -
Intergovernmental revenues		
Federal grants	-	170,245
State grants	22,751	6,462,335
Transportation distribution	-	-
Charges for services	-	-
Investment income	-	-
Miscellaneous	-	-
Total revenues	22,751	6,632,580
EXPENDITURES		
Current		
Instruction	-	4,988,280
Support services		
Students	-	818,693
Instruction	-	106,361
General administration	-	153,480
School administration	-	149,307
Central services	-	229,890
Operation & maintenance of plant	-	88,657
Student transportation	-	-
Other support services	-	-
Food services operations	-	-
Community services	-	-
Capital outlay	22,751	22,751
Debt service		
Principal	-	-
Interest	-	-
Total expenditures	22,751	6,557,419
Excess (deficiency) of revenues over (under) expenditures	-	75,161
Other financing sources (uses)		
Operating transfers	-	-
Proceeds from bond issuance	-	-
Proceeds from refunding debt issuance	-	-
Bond underwriter premium discount	-	-
Total other financing sources (uses)	-	-
Net changes in fund balances	-	75,161
Fund balances, beginning of year	-	560,090
Prior Period Restatement	-	-
Fund balance, beginning of year, restated	-	560,090
Fund balances, end of year	\$ -	\$ 635,251

* Major fund

See Accompanying Notes.

STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
PECOS CONNECTIONS ACADEMY CHARTER SCHOOL
RECONCILIATION OF COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
TO STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

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

Net change in fund balances - total governmental funds	\$	75,161
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Some expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in the governmental funds:

Pension contribution		211,227
Pension expense		(1,385,750)
Retiree health contribution		31,553
OPEB expense		<u>(98,767)</u>
Change in net position of governmental activities	\$	<u>(1,166,576)</u>

STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
PECOS CONNECTION ACADEMY CHARTER SCHOOL
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
OPERATIONAL FUND (11000)
FOR THE YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual Amount	Variance
	Original Budget	Final Budget		Favorable (Unfavorable) Final to Actual
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue				
Federal	-	-	-	-
State	5,120,805	6,407,062	6,407,062	-
Transportation distribution	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	<u>5,120,805</u>	<u>6,407,062</u>	<u>6,407,062</u>	<u>-</u>
EXPENDITURES				
Current				
Instruction	3,480,945	5,120,037	4,373,015	747,022
Support services	1,429,983	1,454,983	1,221,431	233,552
Central services	260,093	260,093	229,890	30,203
Operation and maintenance of plant	138,784	123,784	88,657	35,127
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>5,309,805</u>	<u>6,958,897</u>	<u>5,912,993</u>	<u>1,045,904</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(189,000)</u>	<u>(551,835)</u>	<u>494,069</u>	<u>(1,045,904)</u>
Other financing sources (uses)				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in (out)	-	-	-	-
Proceeds from the sale of capital assets	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances (Budget Basis)			494,069	
Adjustments to revenues			-	
Adjustments to expenditures			<u>(418,908)</u>	
Net change in fund balances (GAAP Basis)			<u>\$ 75,161</u>	

See Accompanying Notes.

STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
PECOS CONNECTION ACADEMY CHARTER SCHOOL
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
INSTRUCTIONAL MATERIALS FUND (14000)
FOR THE YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual Amount	Variance
	Original Budget	Final Budget		(Unfavorable) Final to Actual
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue				
Federal	-	-	-	-
State	17,885	32,522	17,884	(14,638)
Transportation distribution	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	<u>17,885</u>	<u>32,522</u>	<u>17,884</u>	<u>(14,638)</u>
EXPENDITURES				
Current				
Instruction	17,885	32,522	32,522	-
Support services	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>17,885</u>	<u>32,522</u>	<u>32,522</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>(14,638)</u>	<u>(14,638)</u>
Other financing sources (uses)				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in (out)	-	-	-	-
Proceeds from the sale of capital assets	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances (Budget Basis)			(14,638)	
Adjustments to revenues			14,638	
Adjustments to expenditures			-	
Net change in fund balances (GAAP Basis)			<u>\$ -</u>	

See Accompanying Notes.

OTHER SUPPLEMENTARY INFORMATION

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
SCHEDULE OF DEPOSITS - DISTRICT
JUNE 30, 2019**

Deposit Account Type	Western Commerce Bank	Wells Fargo Bank	Carlsbad National Bank	Totals
Primary Government				
Operational - checking	\$ 5,136,152	\$ -	\$ -	\$ 5,136,152
Operational - sweep	-	22,954,690	-	22,954,690
Capital improvements - checking	39,961,850	-	-	39,961,850
Activity fund - checking	695,076	-	-	695,076
Debt service - checking	-	4,000,000	-	4,000,000
Debt service - sweep	-	1,167,039	-	1,167,039
Accounts payable clearing - checking	-	2,714,579	-	2,714,579
Payroll clearing - checking	-	818,693	-	818,693
Cafeteria - checking	-	-	1,253,316	1,253,316
Bond building - checking	-	-	2,957,801	2,957,801
Certificates of Deposit	1,153,440	-	-	1,153,440
Total on deposit	46,946,518	31,655,001	4,211,117	82,812,636
Reconciling items				
Add petty cash				51,950
Add returned checks				4,021
Add other reconciling items	209	(110,896)	-	(110,687)
Less outstanding checks	103,315	1,062,977	-	1,166,292
Reconciled balance at June 30, 2019	\$ 46,843,412	\$ 30,481,128	\$ 4,211,117	\$ 81,591,628
Reconciliation to financial statements				
Deposits and investments per financial statements				
Cash and cash equivalents				\$ 49,223,167
Investments				24,121,729
Restricted cash and cash equivalents				6,957,801
Restricted investments				1,153,440
Statement of fiduciary assets and liabilities				135,491
				<u>\$ 81,591,628</u>

STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
SCHEDULE OF DEPOSITS - COMPONENT UNITS
JUNE 30, 2019

Jefferson Montessori Academy Charter School

Deposit Account Type	Wells Fargo Bank
Operational - interest bearing checking	\$ 762,389
Federal account - checking	<u>20,888</u>
Total on deposit	783,277
Less outstanding checks	<u>46,451</u>
Reconciled balance at June 30, 2019	736,826
Plus petty cash	<u>-</u>
Component Unit cash and cash equivalents	<u>\$ 736,826</u>

Pecos Connections Academy Charter School

Deposit Account Type	
Operational - interest bearing checking	\$ <u>1,055,832</u>
Total on deposit	1,055,832
Less outstanding checks	<u>9,469</u>
Reconciled balance at June 30, 2019	1,046,363
Plus petty cash	<u>-</u>
Component Unit cash and cash equivalents	<u>\$ 1,046,363</u>

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
SCHEDULE OF CASH RECONCILIATION - DISTRICT
FOR THE YEAR ENDED JUNE 30, 2019**

	<i>11000</i>	<i>13000</i>	<i>14000</i> Instructional	<i>21000</i>
	Operational Fund	Transportation Fund	Materials Fund	Food Services Fund
Beginning cash balance, June 30, 2018	\$ 5,226,866	\$ -	\$ 115,383	\$ 1,671,760
Additions to cash:				
2018-19 revenues	56,863,999	2,066,283	219,423	3,068,757
Receipt of prior year loans	1,705,436	-	-	-
Transfer from other funds	-	-	-	-
Loans from other funds	89,518	-	-	-
Total additions to cash	<u>58,658,953</u>	<u>2,066,283</u>	<u>219,423</u>	<u>3,068,757</u>
Deductions to cash:				
2018-19 expenditures	55,942,956	2,066,283	182,439	3,630,590
Repayment of loans	-	-	-	-
Transfer to other funds	-	-	-	-
Loans to other funds	-	-	-	87,624
Total deductions to cash	<u>55,942,956</u>	<u>2,066,283</u>	<u>182,439</u>	<u>3,718,214</u>
Adjustments:				
Change in held checks	(37,441)	-	-	(4,592)
2017-2018 Investments	-	-	-	-
Prior period restatement	(51,534)	-	-	-
Changes in accounts receivable	117,137	-	-	210,215
Total adjustments to cash	<u>28,162</u>	<u>-</u>	<u>-</u>	<u>205,623</u>
Ending cash balance, June 30, 2019	<u>\$ 7,971,025</u>	<u>\$ -</u>	<u>\$ 152,367</u>	<u>\$ 1,227,926</u>

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
SCHEDULE OF CASH RECONCILIATION - DISTRICT (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2019**

	22000 Athletics Fund	23000 Non-Instruction Fund	24000 Federal Flowthrough Fund	25000 Federal Direct Fund
Beginning cash balance, June 30, 2018	\$ -	\$ 556,212	\$ 15,280	\$ 1,461,008
Additions to cash:				
2018-19 revenues	127,768	633,999	1,611,236	1,073,887
Receipt of prior year loans	-	-	-	-
Transfer from other funds	-	-	-	-
Loans from other funds	-	-	-	-
Total additions to cash	<u>127,768</u>	<u>633,999</u>	<u>1,611,236</u>	<u>1,073,887</u>
Deductions to cash:				
2018-19 expenditures	150,747	603,971	3,284,266	1,009,673
Repayment of loans	3,002	-	1,186,912	-
Transfer to other funds	-	-	-	-
Loans to other funds	-	-	-	-
Total deductions to cash	<u>153,749</u>	<u>603,971</u>	<u>4,471,178</u>	<u>1,009,673</u>
Adjustments:				
Change in held checks	-	(1,020)	23,636	11,273
2017-2018 Investments	-	-	-	-
Prior period restatement	-	-	-	-
Changes in accounts receivable	-	3,025	602,588	-
Total adjustments to cash	<u>-</u>	<u>2,005</u>	<u>626,224</u>	<u>11,273</u>
Ending cash balance, June 30, 2019	<u>\$ (25,981)</u>	<u>\$ 588,245</u>	<u>\$ (2,218,438)</u>	<u>\$ 1,536,495</u>

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
SCHEDULE OF CASH RECONCILIATION - DISTRICT (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2019**

	26000	27000	28000	29000
	Local Grants	State Flowthrough	State Flowthrough	Local or State Fund
Beginning cash balance, June 30, 2018	\$ 504,762	\$ 91,438	\$ -	\$ 28,979
Additions to cash:				
2018-19 revenues	17,400	1,866,164	59,000	825,159
Receipt of prior year loans	-	-	-	-
Transfer from other funds	-	-	-	-
Loans from other funds	-	87,624	-	-
Total additions to cash	<u>17,400</u>	<u>1,953,788</u>	<u>59,000</u>	<u>825,159</u>
Deductions to cash:				
2018-19 expenditures	122,952	2,143,535	-	-
Repayment of loans	-	515,522	-	-
Transfer to other funds	-	-	-	-
Loans to other funds	-	-	-	1,908,844
Total deductions to cash	<u>122,952</u>	<u>2,659,057</u>	<u>-</u>	<u>1,908,844</u>
Adjustments:				
Change in held checks	-	102,832	-	-
2017-2018 Investments	-	-	-	-
Prior period restatement	-	-	-	1,098,685
Changes in accounts receivable	-	38,203	-	-
Total adjustments to cash	<u>-</u>	<u>141,035</u>	<u>-</u>	<u>1,098,685</u>
Ending cash balance, June 30, 2019	<u>\$ 399,210</u>	<u>\$ (472,796)</u>	<u>\$ 59,000</u>	<u>\$ 43,979</u>

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
SCHEDULE OF CASH RECONCILIATION - DISTRICT (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2019**

	31100	31200	31300	31600
	Bond Building	Public School Capital Outlay	Special Capital Outlay State	Cap. Improv. HB33
Beginning cash balance, June 30, 2018	\$ 548,252	\$ -	\$ 305,000	\$ 17,006,332
Additions to cash:				
2018-19 revenues	243,057	-	100,000	7,255,511
Receipt of prior year loans	-	-	-	-
Transfer from other funds	-	-	-	-
Loans from other funds	-	-	-	346,341
Total additions to cash	<u>243,057</u>	<u>-</u>	<u>100,000</u>	<u>7,601,852</u>
Deductions to cash:				
2018-19 expenditures	11,519,616	-	41,250	3,279,395
Repayment of loans	-	-	-	-
Transfer to other funds	-	-	-	-
Loans to other funds	-	-	-	-
Total deductions to cash	<u>11,519,616</u>	<u>-</u>	<u>41,250</u>	<u>3,279,395</u>
Adjustments:				
Change in held checks	-	-	-	-
2017-2018 Investments	15,089,548	-	-	-
Prior period restatement	(250,000)	-	-	(199,574)
Changes in accounts receivable	-	-	-	-
Total adjustments to cash	<u>14,839,548</u>	<u>-</u>	<u>-</u>	<u>(199,574)</u>
Ending cash balance, June 30, 2019	<u>\$ 4,111,241</u>	<u>\$ -</u>	<u>\$ 363,750</u>	<u>\$ 21,129,215</u>

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
SCHEDULE OF CASH RECONCILIATION - DISTRICT (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2019**

	31700	31701	31900	41000
	Cap. Improv. SB9 (State)	Cap. Improv. SB9 (Local)	Ed Tech Equipment Act	Debt Service Fund
Beginning cash balance, June 30, 2018	\$ 54,215	\$ 5,967,962	\$ 1,824,924	\$ 1,834,245
Additions to cash:				
2018-19 revenues	-	7,267,922	11,600,001	13,340,843
Receipt of prior year loans	-	-	-	-
Transfer from other funds	-	-	-	-
Loans from other funds	-	348,226	-	581,942
Total additions to cash	<u>-</u>	<u>7,616,148</u>	<u>11,600,001</u>	<u>13,922,785</u>
Deductions to cash:				
2018-19 expenditures	333,953	3,971,500	4,088,127	8,764,361
Repayment of loans	-	-	-	-
Transfer to other funds	-	-	-	-
Loans to other funds	-	-	-	-
Total deductions to cash	<u>333,953</u>	<u>3,971,500</u>	<u>4,088,127</u>	<u>8,764,361</u>
Adjustments:				
Change in held checks	-	-	-	-
2017-2018 Investments	-	-	-	9,580,757
Prior period restatement	-	(200,500)	-	(240,394)
Changes in accounts receivable	-	-	-	-
Total adjustments to cash	<u>-</u>	<u>(200,500)</u>	<u>-</u>	<u>9,340,363</u>
Ending cash balance, June 30, 2019	<u>\$ (279,738)</u>	<u>\$ 9,412,110</u>	<u>\$ 9,336,798</u>	<u>\$ 16,333,032</u>

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
SCHEDULE OF CASH RECONCILIATION - DISTRICT (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2019**

	42000	43000		
	Deferred Sick Leave	Ed Tech Debt Service	Agency Funds	Total
Beginning cash balance, June 30, 2018	\$ 239,960	\$ 1,925,795	\$ 105,269	\$ 39,483,642
Additions to cash:				
2018-19 revenues	-	9,932,201	175,493	118,348,103
Receipt of prior year loans	-	-	-	1,705,436
Transfer from other funds	-	-	-	-
Loans from other funds	-	542,817	-	1,996,468
Total additions to cash	<u>-</u>	<u>10,475,018</u>	<u>175,493</u>	<u>122,050,007</u>
Deductions to cash:				
2018-19 expenditures	138,418	11,624,943	145,271	113,044,246
Repayment of loans	-	-	-	1,705,436
Transfer to other funds	-	-	-	-
Loans to other funds	-	-	-	1,996,468
Total deductions to cash	<u>138,418</u>	<u>11,624,943</u>	<u>145,271</u>	<u>116,746,150</u>
Adjustments:				
Change in held checks	5,647	-	-	100,335
2017-2018 Investments	1,253,375	10,058,946	-	35,982,626
Prior period restatement	-	(406,683)	-	(250,000)
Changes in accounts receivable	-	-	-	971,168
Total adjustments to cash	<u>1,259,022</u>	<u>9,652,263</u>	<u>-</u>	<u>36,804,129</u>
Ending cash balance, June 30, 2019	<u>\$ 1,360,564</u>	<u>\$ 10,428,133</u>	<u>\$ 135,491</u>	<u>\$ 81,591,628</u>

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
SCHEDULE OF CASH RECONCILIATION - COMPONENT UNITS
FOR THE YEAR ENDED JUNE 30, 2019**

Jefferson Montessori Academy	<i>11000</i>	<i>13000</i>	<i>14000</i>	<i>21000</i>	<i>22000</i>
	Operational Fund	Transportation Fund	Instructional Materials Fund	Food Services Fund	Athletics Fund
Cash, June 30, 2018	\$ 276,145	\$ -	\$ 6,042	\$ 40,021	\$ -
Additions to cash:					
2018-19 revenues	2,169,136	-	6,822	80,394	-
Receipt of prior year loans	130,562	-	-	-	-
Loans from other funds	-	-	-	-	-
Total additions to cash	<u>2,299,698</u>	<u>-</u>	<u>6,822</u>	<u>80,394</u>	<u>-</u>
Deductions to cash:					
2018-19 expenditures	1,947,999	-	8,091	123,301	-
Repayment of loans	-	-	-	-	-
Loans to other funds	101,716	-	-	-	-
Total deductions to cash	<u>2,049,715</u>	<u>-</u>	<u>8,091</u>	<u>123,301</u>	<u>-</u>
Adjustments:					
Change in receivables	(580)	-	-	-	-
Change in held checks	(1,456)	-	-	4,460	-
Total adjustments to cash	<u>(2,036)</u>	<u>-</u>	<u>-</u>	<u>4,460</u>	<u>-</u>
Cash, June 30, 2019	<u>\$ 524,092</u>	<u>\$ -</u>	<u>\$ 4,773</u>	<u>\$ 1,575</u>	<u>\$ -</u>
 Pecos Connections Academy	 <i>11000</i>	 <i>13000</i>	 <i>14000</i>	 <i>21000</i>	 <i>22000</i>
	Operational Fund	Transportation Fund	Instructional Materials Fund	Food Services Fund	Athletics Fund
Cash, June 30, 2018	\$ 565,670	\$ -	\$ -	\$ -	\$ -
Additions to cash:					
2018-19 revenues	6,407,062	-	32,523	-	-
Receipt of prior year loans	36,870	-	-	-	-
Loans from other funds	-	-	14,637	-	-
Total additions to cash	<u>6,443,932</u>	<u>-</u>	<u>47,160</u>	<u>-</u>	<u>-</u>
Deductions to cash:					
2018-19 expenditures	6,331,900	-	32,523	-	-
Repayment of loans	-	-	-	-	-
Loans to other funds	73,559	-	-	-	-
Total deductions to cash	<u>6,405,459</u>	<u>-</u>	<u>32,523</u>	<u>-</u>	<u>-</u>
Adjustments					
Change in receivables	484,671	-	(14,637)	-	-
Change in held checks	(42,450)	-	-	-	-
Total adjustments to cash	<u>442,221</u>	<u>-</u>	<u>(14,637)</u>	<u>-</u>	<u>-</u>
Cash, June 30, 2019	<u>\$ 1,046,363</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
SCHEDULE OF CASH RECONCILIATION - COMPONENT UNITS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2019**

Jefferson Montessori Academy	23000	24000	25000	26000	27000
	Non-Instruction Fund	Federal Flowthrough Fund	Federal Direct Fund	Local Grants	State Flowthrough
Cash, June 30, 2018	\$ 2,215	\$ -	\$ -	\$ -	\$ -
Additions to cash:					
2018-19 revenues	-	46,136	-	-	45,939
Receipt of prior year loans	-	-	-	-	-
Loans from other funds	-	99,500	-	-	-
Total additions to cash	-	145,636	-	-	45,939
Deductions to cash:					
2018-19 expenditures	-	56,962	-	-	-
Repayment of loans	-	88,674	-	-	39,296
Loans to other funds	-	-	-	-	-
Total deductions to cash	-	145,636	-	-	39,296
Adjustments:					
Change in receivables	-	-	-	-	-
Change in held checks	-	-	-	-	(6,643)
Total adjustments to cash	-	-	-	-	(6,643)
Cash, June 30, 2019	\$ 2,215	\$ -	\$ -	\$ -	\$ -
Pecos Connections Academy	23000	24000	25000	26000	27000
	Non-Instruction Fund	Federal Flowthrough Fund	Federal Direct Fund	Local Grants	State Flowthrough
Cash, June 30, 2018	\$ -	\$ -	\$ -	\$ -	\$ -
Additions to cash:					
2018-19 revenues	-	144,882	-	-	25,363
Receipt of prior year loans	-	-	-	-	-
Loans from other funds	-	44,332	-	-	-
Total additions to cash	-	189,214	-	-	25,363
Deductions to cash:					
2018-19 expenditures	-	144,882	-	-	25,363
Repayment of loans	-	36,870	-	-	-
Loans to other funds	-	-	-	-	-
Total deductions to cash	-	181,752	-	-	25,363
Adjustments					
Change in receivables	-	(7,462)	-	-	-
Change in held checks	-	-	-	-	-
Total adjustments to cash	-	(7,462)	-	-	-
Cash, June 30, 2019	\$ -	\$ -	\$ -	\$ -	\$ -

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
SCHEDULE OF CASH RECONCILIATION - COMPONENT UNITS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2019**

Jefferson Montessori Academy	31100	31200	31300	31600	31700
	Bond Building	Public School Capital Outlay	Special Capital Outlay State	Cap. Improv. HB33	Cap. Improv. SB9 (State)
Cash, June 30, 2018	\$ -	\$ -	\$ -	\$ 120,497	\$ 17,673
Additions to cash:					
2018-19 revenues	-	120,798	-	73,005	-
Receipt of prior year loans	-	-	-	-	-
Loans from other funds	-	1,976	-	-	-
Total additions to cash	-	122,774	-	73,005	-
Deductions to cash:					
2018-19 expenditures	-	120,182	-	7,004	-
Repayment of loans	-	2,592	-	-	-
Loans to other funds	-	-	-	-	-
Total deductions to cash	-	122,774	-	7,004	-
Adjustments:					
Change in receivables	-	-	-	-	-
Change in held checks	-	-	-	-	-
Total adjustments to cash	-	-	-	-	-
Cash, June 30, 2019	\$ -	\$ -	\$ -	\$ 186,498	\$ 17,673
Pecos Connections Academy	31100	31200	31300	31600	31700
	Bond Building	Public School Capital Outlay	Special Capital Outlay State	Cap. Improv. HB33	Cap. Improv. SB9 (State)
Cash, June 30, 2018	\$ -	\$ -	\$ -	\$ -	\$ -
Additions to cash:					
2018-19 revenues	-	-	-	-	22,751
Receipt of prior year loans	-	-	-	-	-
Loans from other funds	-	-	-	-	14,590
Total additions to cash	-	-	-	-	37,341
Deductions to cash:					
2018-19 expenditures	-	-	-	-	22,751
Repayment of loans	-	-	-	-	-
Loans to other funds	-	-	-	-	-
Total deductions to cash	-	-	-	-	22,751
Adjustments					
Change in receivables	-	-	-	-	(14,590)
Change in held checks	-	-	-	-	-
Total adjustments to cash	-	-	-	-	(14,590)
Cash, June 30, 2019	\$ -	\$ -	\$ -	\$ -	\$ -

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
SCHEDULE OF CASH RECONCILIATION - COMPONENT UNITS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2019**

Jefferson Montessori Academy	<i>31701</i>	<i>31900</i>	<i>41000</i>	
	Cap. Improv. SB9 (Local)	Ed Tech Equipment Act	Debt Service Fund	Total
Cash, June 30, 2018	\$ 25,461	\$ -	\$ -	\$ 488,054
Additions to cash:				
2018-19 revenues	73,292	-	-	2,615,522
Receipt of prior year loans	-	-	-	130,562
Loans from other funds	240	-	-	101,716
Total additions to cash	<u>73,532</u>	<u>-</u>	<u>-</u>	<u>2,847,800</u>
Deductions to cash:				
2018-19 expenditures	98,993	-	-	2,362,531
Repayment of loans	-	-	-	130,562
Loans to other funds	-	-	-	101,716
Total deductions to cash	<u>98,993</u>	<u>-</u>	<u>-</u>	<u>2,594,809</u>
Adjustments:				
Change in receivables	-	-	-	(580)
Change in held checks	-	-	-	(3,639)
Total adjustments to cash	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,219)</u>
Cash, June 30, 2019	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 736,826</u>
Pecos Connections Academy	<i>31701</i>	<i>31900</i>	<i>41000</i>	
	Cap. Improv. SB9 (Local)	Ed Tech Equipment Act	Debt Service Fund	Total
Cash, June 30, 2018	\$ -	\$ -	\$ -	\$ 565,670
Additions to cash:				
2018-19 revenues	-	-	-	6,632,580
Receipt of prior year loans	-	-	-	36,870
Loans from other funds	-	-	-	73,559
Total additions to cash	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,743,009</u>
Deductions to cash:				
2018-19 expenditures	-	-	-	6,557,419
Repayment of loans	-	-	-	36,870
Loans to other funds	-	-	-	73,559
Total deductions to cash	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,667,848</u>
Adjustments				
Change in receivables	-	-	-	447,982
Change in held checks	-	-	-	(42,450)
Total adjustments to cash	<u>-</u>	<u>-</u>	<u>-</u>	<u>405,532</u>
Cash, June 30, 2019	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,046,363</u>

STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
SCHEDULE OF COLLATERAL PLEDGED BY DEPOSITORY FOR PUBLIC FUNDS
YEAR ENDED JUNE 30, 2019

Name of Depository	Description of Pledged Collateral	Maturity	CUSIP Number	Fair Market Value June 30, 2019	Name and Locations of Safekeeper
District:					
Western Commerce Bank					
	FNMA #254589	1/1/2023	31371KX55	\$ 40,170	Federal Home Loan Bank, Irvine, TX
	FNMA #758904	12/1/2033	31403VDH9	44,452	Federal Home Loan Bank, Irvine, TX
	FNMA #256714	4/1/2027	31317NDT9	56,193	Federal Home Loan Bank, Irvine, TX
	FNMA #256852	8/1/2027	31371NH57	70,199	Federal Home Loan Bank, Irvine, TX
	FNMA #826080	7/1/2035	31407BXM7	277,353	Federal Home Loan Bank, Irvine, TX
	FNMA #745740	7/1/2036	31403DP26	147,221	Federal Home Loan Bank, Irvine, TX
	FNMA #776565	4/1/2034	31404RW29	424,762	Federal Home Loan Bank, Irvine, TX
	FNMA #MA0121	7/1/2029	31417YD38	165,460	Federal Home Loan Bank, Irvine, TX
	GNMA II #005265	12/20/2041	36202FZ66	666,837	Federal Home Loan Bank, Irvine, TX
	FNMA #AE0937	2/1/2041	34419BBF1	466,203	Federal Home Loan Bank, Irvine, TX
	GNMA #005302	2/20/2042	36202F3K0	403,247	Federal Home Loan Bank, Irvine, TX
	FNMA #AJ7680	12/1/2041	3138EORA9	621,644	Federal Home Loan Bank, Irvine, TX
	FNMA #AB2318	1/1/2041	31416XSG6	913,431	Federal Home Loan Bank, Irvine, TX
	FNMA #255631	3/1/2035	31371L4Q9	131,043	Federal Home Loan Bank, Irvine, TX
	GNMA #MA1149	7/20/2043	36179NH27	830,491	Federal Home Loan Bank, Irvine, TX
	FHLMC #G14660	1/1/2028	3128MDMH3	417,972	Federal Home Loan Bank, Irvine, TX
	FHLMC #G08540	8/1/2043	3128MJS68	608,989	Federal Home Loan Bank, Irvine, TX
	FHLMC #G07601	7/1/2043	3128M9X64	1,199,569	Federal Home Loan Bank, Irvine, TX
	FHLMC #G15143	1/1/2029	3128MD5C3	962,684	Federal Home Loan Bank, Irvine, TX
	FNMA #AL3784	7/1/2028	3138ELF24	560,716	Federal Home Loan Bank, Irvine, TX
	SBAP 2010/20B 1	2/1/2030	83162CTB9	690,312	Federal Home Loan Bank, Irvine, TX
	FNMA #AL3956	8/1/2028	3138ELME0	537,711	Federal Home Loan Bank, Irvine, TX
	SBAP 2015/20B	2/1/2030	83162CWV1	1,326,180	Federal Home Loan Bank, Irvine, TX
	FNMA #AL8367	4/1/2046	3138ETJM9	1,071,458	Federal Home Loan Bank, Irvine, TX
	FNMA #BE2926	12/1/2036	3140FNHC1	983,790	Federal Home Loan Bank, Irvine, TX
	FNMA #AR2626	2/1/2043	3138NY4L6	2,138,414	Federal Home Loan Bank, Irvine, TX
	SBAP 2015/20A	1/1/2035	83162CWU3	1,334,399	Federal Home Loan Bank, Irvine, TX
	SBAP 2016/20F	6/1/2036	83162CXVO	1,611,597	Federal Home Loan Bank, Irvine, TX
	SBAP 2017/20A	1/1/2037	83162CYG2	1,830,181	Federal Home Loan Bank, Irvine, TX
	SBAP 2017/20I	9/1/2037	83162CYW7	1,221,017	Federal Home Loan Bank, Irvine, TX
	SBAP 2016/20G	7/13/2036	83162CXX6	1,114,596	Federal Home Loan Bank, Irvine, TX
	SBAP SBIC 2018/10A	3/10/2028	831641FK6	2,015,468	Federal Home Loan Bank, Irvine, TX
	SBAP 2014/20L	12/1/2034	83162CWS8	1,220,618	Federal Home Loan Bank, Irvine, TX
	Total Western Commerce Bank			<u>26,104,377</u>	
Wells Fargo Bank					
	FMAC FGPC 2.50%	5/1/2031	3128MMU27	\$ 2,633,486	Bank of New York Mellon
	FNMA FNMS 3.50%	3/1/2042	3138E2UX1	2,115,545	Bank of New York Mellon
	FNMA FNMS 2.50%	5/1/2031	3138WG4L5	1,228,428	Bank of New York Mellon
	Total Wells Fargo Bank			<u>5,977,459</u>	
Wells Fargo Bank - Stagecoach Sweep					
	FHLMC #G08705 3.00%	5/1/2046	3128MJYB0	\$ 18,766,252	Wells Fargo Bank, N.A.
	FHLMC #G08710 3.00%	6/1/2046	3128MJYB9	5,837,912	Wells Fargo Bank, N.A.
	Total Wells Fargo Bank - Stagecoach Sweep			<u>24,604,164</u>	
Carlsbad National Bank					
	FNMA FNCT Pool #MA1290	12/1/2032	31418ANG9	\$ 813,378	Federal Home Loan Bank of Dallas
	FHLMC Pool #C91649	4/1/2033	3128P7N6	1,469,261	Federal Home Loan Bank of Dallas
	FNMA Pool #MA1424	4/1/2033	31418ASN9	1,152,579	Federal Home Loan Bank of Dallas
	FNMA Pool #MA1543	12/1/2025	31418AWD6	1,072,710	Federal Home Loan Bank of Dallas
	FNMA Pool #MA2198	3/1/2025	31418BNQ5	1,182,262	Federal Home Loan Bank of Dallas
	FNMA Pool #AL5704	4/1/2044	3138ENK57	1,011,219	Federal Home Loan Bank of Dallas
	Total Carlsbad National Bank			<u>6,701,409</u>	
	Total Primary Government Pledged Collateral			<u>\$ 63,387,409</u>	
Jefferson Montessori Academy Charter School:					
Wells Fargo					
	FNMA FNMS 3.00%	11/1/2042	3138MBP23	\$ 39,839	Bank of New York Mellon
	FNMA FNMS 3.00%	7/1/2036	31418B6JO	204,417	Bank of New York Mellon
	FNMA FNMS 3.00%	10/1/2035	31418BVJ2	120,235	Bank of New York Mellon
	Total Wells Fargo			<u>\$ 364,491</u>	
	Total Jefferson Montessori Academy Charter			<u>\$ 364,491</u>	
Pecos Connections Academy Charter School:					
Wells Fargo					
	FNMA FNMS 3.50%	6/1/2045	3128MJWLO	\$ 85,753	Bank of New York Mellon
	Total Wells Fargo			<u>\$ 85,753</u>	
	Total Pecos Connections Academy Charter			<u>\$ 85,753</u>	

STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES - AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

Organization	Balance June 30, 2018	Additions	Deletions	Balance June 30, 2019
Cash and cash equivalents				
Art Club	\$ 1,716	\$ 1,280	\$ 1,544	\$ 1,452
Baseball Booster Club	40	-	-	40
Biology Club	1,950	-	-	1,950
BPA Club	7,080	50,097	41,005	16,172
Central Office Employee Fund	1,600	-	-	1,600
Chemistry Club	3,996	-	-	3,996
CHS Spirit Committee	1,574	6,545	5,063	3,056
Computer Club	323	-	-	323
Cross Country Booster Club (Athletics/Activity)	72	-	-	72
Culinary Club	5,223	5,340	-	10,563
DECA Club	570	-	-	570
Educator Rising Club	9,282	10,014	4,310	14,986
Elementary PTA	3,404	-	-	3,404
FCCLA Club	8,899	263	627	8,535
Fellowship of High School Students	256	-	-	256
FFA Club	16,115	37,465	32,859	20,721
Football Booster Club	427	-	-	427
French Club	1,054	-	-	1,054
Golf Booster Club	194	-	-	194
Honor Society	5,362	3,234	1,428	7,168
HOSA Club	1,565	-	-	1,565
JAG-Phoenix (Wellman)	434	-	-	434
Key Club	6,660	8,972	7,526	8,106
Rodeo Booster Club	489	-	-	489
Softball Booster Club	140	-	-	140
Spanish Club	281	70	-	351
Spirit Team-Cheerleading Booster Club	9,889	15,517	20,317	5,089
Swimming Booster Club	959	1,814	-	2,773
Tennis Booster Club	164	-	-	164
Theatre Club	5,062	12,999	13,574	4,487
Track-Boys Booster Club	2,488	-	-	2,488
Track-Girls Booster Club	1,403	-	-	1,403
VICA Club	5,330	21,883	17,018	10,195
Volleyball Booster Club	1,142	-	-	1,142
Wrestling Booster Club	126	-	-	126
Total cash and cash equivalents	<u>\$ 105,269</u>	<u>\$ 175,493</u>	<u>\$ 145,271</u>	<u>\$ 135,491</u>

COMPLIANCE SECTION



**INDEPENDENT AUDITOR'S 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***

The Board of Education
Carlsbad Municipal School District
Carlsbad, New Mexico and
Mr. Brian Colón, Esq.
New Mexico State Auditor
Santa Fe, 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 units, each major fund, the aggregate remaining fund information, and the budgetary comparison of the general fund of the Carlsbad Municipal School District (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. We have also audited the financial statements of the governmental activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the general fund of each discretely presented component unit, presented as supplementary information, as defined by the Governmental Accounting Standards Board (GASB) as of and for the year ended June 30, 2019, as listed in the Table of Contents, 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.

The Board of Education
Carlsbad Municipal School District and
Mr. Brian Colón, Esq.
New Mexico State Auditor

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control described in the accompanying Schedule of Findings and Questioned Costs that we consider to be significant deficiencies as items 2019-001, 2019-002, 2019-007, and 2019-008.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards* as items 2019-003, 2019-004, 2019-005, and 2019-006.

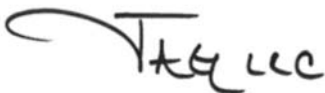
We noted certain matters that are required to be reported per Section 12-6-5 NMSA 1978 that we have described in the accompanying Schedule of Section 12-6-5 NMSA 1978 Findings as item 2019-010.

The District's Responses to Findings

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

Purpose of this Report

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



Jaramillo Accounting Group LLC (JAG)
Albuquerque, New Mexico
November 15, 2019



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

The Board of Education
Carlsbad Municipal School District
Carlsbad, New Mexico and
Mr. Brian Colón, Esq.
New Mexico State Auditor
Santa Fe, New Mexico

Report on Compliance for the Major Federal Program

We have audited Carlsbad Municipal School District'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 program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's 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 (CFR) 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 non-compliance 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 District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

The Board of Education
Carlsbad Municipal School District and
Mr. Brian Colón, Esq.
New Mexico State Auditor

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 its major federal program for the year ended June 30, 2019.

Other Matters

The results of our auditing procedures disclosed an instance of non-compliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying Schedule of Findings and Questioned Costs as item 2019-009. Our opinion on each major federal program is not modified with respect to these matters.

The District's response to the non-compliance finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 the major federal program and to test and report on internal control over compliance in accordance 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, non-compliance 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 a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material non-compliance 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.

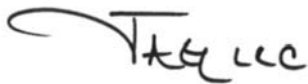
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material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

The Board of Education
Carlsbad Municipal School District and
Mr. Brian Colón, Esq.
New Mexico State Auditor

compliance, as described in the accompanying Schedule of Findings and Questioned Costs as item 2019-009 that we consider to be a significant deficiency.

The District's response to the internal control over compliance finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

A handwritten signature in black ink, appearing to read "JAG LLC". The signature is stylized with a large, sweeping initial letter.

Jaramillo Accounting Group LLC (JAG)
Albuquerque, New Mexico
November 15, 2019

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019**

Federal Grantor or Pass-Through Grantor/Program Title	Federal CFDA	Pass-through Number	Passed-through to Subrecipients	Federal Expenditures
U.S. Department of Education				
<i>Passthrough - State of NM Public Education Department</i>				
Title I Grants to Local Educational Agencies	84.010	24101	\$ -	\$ 1,233,890
<i>Special Education Cluster (IDEA)</i>				
Special Education - Grants to States	84.027	24106/24108/24115/24132	-	1,728,601
Special Education - Preschool Grants	84.173	24109	-	18,763
Special Education Cluster (IDEA) Total			-	<u>1,747,364</u>
Education of Homeless Teens and Children	84.196	24113	-	19,577
Career and Technical Education - Basic Grants to States	84.048	24174/24175/24176	-	61,954
Student Support and Academic Enrichment Program	84.424	24189	-	37,975
English Language Acquisition State Grants	84.365	24153	-	22,862
Supporting Effective Instruction State Grants	84.367	24154	-	<u>160,640</u>
Total U.S. Department of Education			<u>-</u>	<u>3,284,262</u>
U.S. Department of Agriculture				
<i>Child Nutrition Cluster</i>				
<i>Pass-through State of New Mexico Public Education Department</i>				
<i>Cash Assistance</i>				
School Breakfast	10.553	21000	-	870,104
National School Lunch Program	10.555	21000	-	1,721,272
<i>Pass-through State of New Mexico Human Services Department</i>				
<i>Non-Cash Assistance</i>				
National School Lunch Program (Commodities)	10.555	21000	-	265,227
Child Nutrition Cluster Total			<u>-</u>	<u>2,856,603</u>
Rural Development, Forestry, and Communities	10.555			24,142
Total U.S. Department of Agriculture			<u>-</u>	<u>2,880,745</u>
Total Federal Financial Assistance			<u>\$ -</u>	<u>\$ 6,165,007</u>

See Notes to Schedule of Expenditures
of Federal Awards.

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal grant activity of Carlsbad Municipal Schools (District) under programs of the federal government for the year ended June 30, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2 *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position or changes in financial position of the District.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting, which is the same basis as was used to prepare the fund financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3. SUBRECIPIENTS

The Carlsbad Municipal Schools did not provide any federal awards to any subrecipients during the fiscal year.

NOTE 4. NON-CASH FEDERAL ASSISTANCE

The District receives USDA Commodities for use in sponsoring the National School Lunch and Breakfast program. Per USDA guidance (FPI-18-2), donated USDA commodities should be grouped with the National School Lunch Program and used the same CFDA number as the National School Lunch Program. The value of commodities received for the year ended June 30, 2019 was \$265,227. Commodities are recorded as revenues and expenditures in the Food Service Fund.

NOTE 5. INDIRECT COST RATE

During the year ended June 30, 2019, the New Mexico Public Education Department reimbursed the District for indirect costs at 3.55%.

NOTE 6. RECONCILIATION OF FEDERAL REVENUE TO FEDERAL EXPENDITURES

Federal expenditures as reported on Schedule of Expenditures of	
Federal Awards	\$ 6,165,007
District as contractor relationship	
Medicaid (Fund 25153)	1,076,725
Indirect cost recovery (Fund 11000)	110,022
Other reconciling items	<u>(2,049)</u>
Federal revenue as reported in the financial statements	<u>\$ 7,349,705</u>

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2019**

Finding No.	Description	Current Year Status
PRIMARY GOVERNMENT		
Financial Statement Findings		
2018-001	Late Audit Report	Resolved
2018-002	Internal Control Over Financial Close and Reporting	Repeated and modified
2018-003	PED OBMS Reporting	Resolved
2018-004	Inventory Controls	Resolved
2018-005	Investment Interest	Repeated and modified
2018-010	Cash Management and Journal Entries – Segregation of Duties	Resolved
2018-011	Mileage Rates – Per Diem and Mileage Act	Resolved
2018-012	Purchase Orders	Resolved
2018-014	School Personnel Act	Repeated and modified
Federal Award Findings		
2018-015	Failure to Submit the Data Collection Form in a Timely Manner	Resolved
2018-016	Student Nutrition – Verification and Eligibility	Repeated and modified
COMPONENT UNITS		
JEFFERSON MONTESSORI ACADEMY CHARTER SCHOOL		
Financial Statement Findings		
2018-006	School Personnel Act	Repeated and modified
2018-007	Bank Collateralization	Resolved
2018-013	Fiscal Year-end Certification of Capital Assets Physical Inventory	Resolved
PECOS CONNECTION ACADEMY CHARTER SCHOOL		
Financial Statement Findings		
2018-008	School Personnel Act	Repeated and modified
2018-009	Bank Collateralization	Repeated and modified

STATE OF NEW MEXICO
 CARLSBAD MUNICIPAL SCHOOL DISTRICT
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED JUNE 30, 2019

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements:

- | | |
|--|------------|
| 1. Type of auditor’s report issued | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weakness identified? | No |
| b. Significant deficiencies identified not considered to be material weaknesses? | Yes |
| c. Non-compliance material to financial statements noted? | No |

Federal Awards:

- | 1. Internal control over major programs: | | | | | |
|---|-------------------------|------------------------|----------------|-------------------------|--|
| a. Material weakness identified? | No | | | | |
| b. Significant deficiencies identified not considered to be material weaknesses? | Yes | | | | |
| 2. Type of auditor’s report issued on compliance for major programs | Unmodified | | | | |
| 3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)? | Yes | | | | |
| 4. Identification of major programs: | | | | | |
| <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center; width: 50%;"><u>CFDA
Number</u></th> <th style="text-align: center; width: 50%;"><u>Federal Program</u></th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">10.553, 10.555</td> <td style="text-align: center;">Child Nutrition Cluster</td> </tr> </tbody> </table> | <u>CFDA
Number</u> | <u>Federal Program</u> | 10.553, 10.555 | Child Nutrition Cluster | |
| <u>CFDA
Number</u> | <u>Federal Program</u> | | | | |
| 10.553, 10.555 | Child Nutrition Cluster | | | | |
| 5. Dollar threshold used to distinguish between type A and type B programs: | \$750,000 | | | | |
| 6. Auditee qualified as low-risk auditee? | No | | | | |

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019**

SECTION II - FINANCIAL STATEMENT FINDINGS

2019-001 (PREVIOUSLY REPORTED AS 2018-002) INTERNAL CONTROL OVER FINANCIAL CLOSE AND REPORTING (REPEATED AND MODIFIED)

TYPE OF FINDING: Significant Deficiency

CONDITION

During our audit, we noted the following weakness in the District’s year-end financial close and reporting process:

The capital asset roll-forward starting with prior year financial statement balances and capital asset depreciation schedules for building and land improvements could not be timely produced after year-end. When produced, current year additions and deletions to the schedule and transfers from Construction in Progress had not been performed, nor had depreciation been calculated for buildings and improvements nor land improvements.

Year-end investment balances were not properly reconciled and not all current year investment activity was properly recorded, which required adjustments to correct. See finding 2019-002 for further details.

The unadjusted, cash-basis trial balance submitted to the auditors for the fiscal year ended June 30, 2019, incorrectly contained certain accrual entries, including receivables in several funds. It also included interfund loans from the general fund to other funds.

The Balance Sheet for Governmental funds contains certain funds that are reimbursement basis funds, for which the fund balance should be zero as of year-end, however the following funds have either a positive or negative fund balance:

Athletics (Fund 22000)	\$ (25,981)
Title I (Fund 24101)	(28)
Entitlement IDEA-B (Fund 24106)	(8,902)
IDEA-B "Risk Plan" (Fund 24132)	(550)
Carl D Perkins Secondary Current (Fund 24174)	(634)
Truancy Initiative PED (Fund 27141)	(1,220)
Breakfast for Elementary Students (Fund 27155)	(6,418)
IDEA-B Preschool (Fund 24109)	8,065
Teacher/Principal Training and Recruiting (Fund 24154)	21,526

The New Mexico Public Education Department set up Fund 29135 to account for PILOT payments on Industrial Revenue Bonds. The District erroneously placed these funds in fiscal year 2018 into five separate funds that normally account for property tax revenues. When management discovered the error in fiscal year 2019, they moved the funds into Fund 29135.

The District has made significant improvements in the financial close and reporting process from fiscal year 2018.

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019**

SECTION II - FINANCIAL STATEMENT FINDINGS (CONTINUED)

2019-001 (PREVIOUSLY REPORTED AS 2018-002) INTERNAL CONTROL OVER FINANCIAL CLOSE AND REPORTING (REPEATED AND MODIFIED) (CONTINUED)

CRITERIA

NMAC 6.20.2.12 requires that the District “create and maintain ... financial reports which facilitate the discharge of assigned responsibilities and monitors activities at each level of the organizational structure.”

New Mexico Manual of Procedures for Public School Accounting and Budget (PSAB), Supplement 5, Financial Statements. “The financial statements are the responsibility of the district. The IPA must provide the adjusting entries and supporting documentation to the district for any differences between the district’s records and the financial reports in the audit. The district should review and approve the audit draft prior to it being submitted to the state auditor.”

The State Auditor Rule (2.2.2, NMAC) requires the school district to maintain adequate accounting records to prepare financial statements in accordance with Generally Accepted Accounting Principles (GAAP), and cooperate with the Independent Public Accountant (IPA) by providing in a timely manner the information required to express an opinion on the agency's financial statements. Districts should familiarize themselves with the contents of the annual audit. If the IPA prepares the financial statements, this fact must be disclosed in notes to the financial statements and may result in an audit finding if there is “ineffective oversight of the financial reporting and internal control processes by those charged by governance.” (Statement of Auditing Standards, SAS 115).

Financial Standards for New Mexico Public Schools and School Districts, 6.20.2.14 NMAC. “In accordance with GASB 34, school districts shall use a full accrual basis of accounting in preparation of annual financial statements and cash basis of accounting for budgeting and reporting.”

New Mexico Manual of Procedures for Public School Accounting and Budget (PSAB), Supplement 2, Internal Control Structure. “The Financial Management System (FMS) generally produces reports containing operational, financial, and compliance related information recorded on a cash basis of accounting, making it possible to efficiently manage the cash functions of the school district. Additional software is generally needed to convert from a cash basis to an accrual basis of accounting required by Generally Accepted Accounting Practices (GAAP) and Generally Accepted Governmental Auditing Standards (GAGAS).

EFFECT

There were misstatements in the fund trial balances. Additionally, the basis of accounting which the financial management system was maintained does not appear to be fully cash basis or fully modified accrual basis. While cash reports to PED reconciled to the cash basis as required, this is not ideal. The status of the budget was not tracked properly on a cash basis through the entire year. Fund balances in reimbursement funds that are not equal to zero are typically caused by either error or by requests for reimbursement that have been denied, which have not been identified and corrected.

CAUSE

Turnover and lack of effective internal controls relating to the financial close and reporting process.

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019**

SECTION II - FINANCIAL STATEMENT FINDINGS (CONTINUED)

2019-001 (PREVIOUSLY REPORTED AS 2018-002) INTERNAL CONTROL OVER FINANCIAL CLOSE AND REPORTING (REPEATED AND MODIFIED) (CONTINUED)

RECOMMENDATION

We recommend management evaluate all aspects of the financial close and reporting process and establish effective internal controls and procedures to ensure timely and accurate financial statements and supporting schedules.

We also recommend that the District maintain its books on a cash basis in the financial management system, and track and record modified and full accrual entries separately for financial reporting purposes.

MANAGEMENT RESPONSE

Corrective Action: The financial close and reporting process is under review. Procedural changes, evaluation of duty assignments and staff training needs were included in the review. A proposed plan of action addresses the areas in need of improvement. A new financial close and reporting procedure designed to track all required activities, assign responsible parties and sets firm due dates will be used. The Director of Finance monitors all

aspects of the financial close and reviews/approves all supporting reports and documents prior to finalizing the financial close and completing required reports.

Account reconciliations for all financial system modules, including General Fixed Assets, and all bank/investment accounts will ensure the timely and accurate posting of all transactions. A routine review of trial balance reports for all Funds is included in the financial close requirements.

Due Date of Completion: June 30, 2020

Responsible Party: Finance Director

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019**

SECTION II - FINANCIAL STATEMENT FINDINGS (CONTINUED)

2019-002 (PREVIOUSLY REPORTED AS 2018-005) INVESTMENT INTEREST (REPEATED AND MODIFIED)

TYPE OF FINDING: Significant Deficiency

CONDITION

During our testing of investment balances, we noted the District had not recorded interest income on investments during the year in the following account, for the following amount:

- \$418,158 in fiscal year 2019 of unrecorded investment income in Western Commerce Bank investment accounts was recorded immediately after year-end.
- An additional \$242,382 in fiscal year 2019 corrections to investment income in Western Commerce Bank investment accounts were recorded in November 2019, which netted with a correction of \$250,000 to investment distributions.

Additionally, in November 2017, the bank had erroneously double-entered a purchase of a certificate of deposit for \$250,000, and did not correct this error until January 2019. The District did not identify this error and the correction until November 2019.

The District did not make improvements in this area from the fiscal year 2018.

CRITERIA

Cash Control Standards for New Mexico Public Schools and School Districts, 6.20.2.14 NMAC. "All bank accounts shall be reconciled on a monthly basis. Reconciled bank statements are to be reviewed by the business manager and/or assistant superintendent for business administration. The bank statement, deposit slips, and canceled checks shall be made available to the district's auditor during the annual audit."

New Mexico Manual of Procedures for Public School Accounting and Budget (PSAB), Supplement 7, Cash Controls. "The (PED) Cash Report should flow directly from the General Ledger. Before completing the Cash Report, districts/charter schools should first reconcile all bank accounts and *properly record any adjusting items such as interest* or deductions for banking supplies, or for loans made by the district operational fund to other funds. The cash balance on the final line of the cash report should tie directly to the general ledger cash accounts total."

EFFECT

In order to ensure that assets are protected and accounted for in a professional and timely manner, it is important for good internal cash controls to reconcile and make proper entries each month as part of the District's month end closing procedures. In fiscal year 2018, investments were overstated by \$250,000 and the District was not aware because it had not performed proper reconciliations. In fiscal year 2019, this error was corrected without the District's knowledge. If this correction had not been proper, the District would not have had adequate controls in place to detect it.

CAUSE

We noted that the Comptroller prepared bank reconciliations for cash accounts on a monthly basis, which were then reviewed and approved by the Finance Director. However, for investment accounts, the same process for reconciling and recording associated adjusting items was not followed. This issue was identified during the prior year audit; however, these controls were not properly implemented in fiscal year 2019.

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019**

SECTION II - FINANCIAL STATEMENT FINDINGS (CONTINUED)

**2019-002 (PREVIOUSLY REPORTED AS 2018-005) INVESTMENT INTEREST (REPEATED AND MODIFIED)
(CONTINUED)**

RECOMMENDATION

The District should implement procedures to ensure that bank reconciliations reconcile to the general ledger and the PED cash report. Any unexplained differences should be investigated and corrective action taken immediately.

MANAGEMENT RESPONSE

Corrective Action: Review of cash control procedures was a part of the overall Internal Control evaluation. The new financial close and reporting process proposed ensures that all bank accounts are reconciled on a monthly basis and that all adjusting items are recorded properly and in a timely manner. The Director of Finance will review and give final approval for all account reconciliations. Any errors and/or missed transactions will be corrected and posted to the General Ledger prior to finalizing the monthly close process.

Due Date of Completion: Completed

Responsible Party: Finance Director

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019**

SECTION II - FINANCIAL STATEMENT FINDINGS (CONTINUED)

2019-003 (PREVIOUSLY REPORTED AS 2018-006) SCHOOL PERSONNEL ACT (JEFFERSON MONTESSORI ACADEMY CHARTER SCHOOL) (REPEATED AND MODIFIED)

TYPE OF FINDING: Other Non-compliance

CONDITION

During our testing of payroll and the School Personnel Act, we noted the following exception: 3 of 3 tested, for whom the statute was applicable, did not have signed contracts 10 days before the start of the school year.

JMA did not make improvements in this area from FY18.

CRITERIA

School Personnel Act Statute 22-10A-23 (B), NMSA 1978 Reemployment; acceptance; rejection; binding contract states "Written employment contracts between local school boards or governing authorities of state agencies and certified school instructors shall be executed by the parties no later than ten days before the first day of a school year."

School Personnel Act Statute 22-10A-18 states: "develop a proposed budget for the public school, with input from the school council, and submit it to the local superintendent"

EFFECT

Students may not have teachers in the classroom at the start of school if contracts are not executed proactively.

CAUSE

Administration did not ensure State policies were followed and review did not ensure proper execution.

RECOMMENDATION

We recommend that JMA ensure all employees contracts for the school year are executed no later than ten days before the first day of the school year. There are software options to help with this – for teachers who may be out of town during the summer.

MANAGEMENT RESPONSE

Corrective Action: Management had processes in place using letters of intent to ensure all staffing needs were met. The early dating of these were meant to meet the requirement of NMSA. Administration will make sure all staff contracts comply with statute and are appropriately dated moving forward.

Due Date of Completion: August 31, 2019

Responsible Party: Superintendent and Assistant Business Manager

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019**

SECTION II - FINANCIAL STATEMENT FINDINGS (CONTINUED)

2019-004 (PREVIOUSLY REPORTED AS 2018-008) SCHOOL PERSONNEL ACT (PECOS CONNECTIONS ACADEMY CHARTER SCHOOL) (REPEATED AND MODIFIED)

TYPE OF FINDING: Other Non-compliance

CONDITION

During our testing of payroll and the School Personnel Act, we noted the following exceptions:

- 1 of 4 tested, for whom the statute was applicable, did not have signed contracts 10 days before the start of the school year
- Fingerprint cards not retained in employees' files

PCA did not make improvements in this area from FY18.

CRITERIA

School Personnel Act Statute 22-10A-23 (B), NMSA 1978 Reemployment; acceptance; rejection; binding contract states "Written employment contracts between local school boards or governing authorities of state agencies and certified school instructors shall be executed by the parties no later than ten days before the first day of a school year."

School Personnel Act Statute 22-10A-5 states: "An applicant for initial licensure shall be fingerprinted and shall provide two fingerprint cards or the equivalent electronic fingerprints to the department to obtain the applicant's federal bureau of investigation record".

EFFECT

Students may not have teachers in the classroom at the start of school if contracts are not executed proactively.

CAUSE

Administration did not ensure State policies were followed and review did not ensure proper execution.

RECOMMENDATION

We recommend that PCA ensure all employees contracts for the school year are executed no later than ten days before the first day of the school year. There are software options to help with this – for teachers who may be out of town during the summer.

MANAGEMENT RESPONSE

Corrective Action: Employee was on extended medical leave. PCA has reviewed processes and reassigned task. Staffing List will be reviewed at least 10 days prior to beginning of the school year to ensure that employees have signed contracts to abide by School Personnel Statue 22-104-23.

Fingerprinting is processed as part of hiring packet thru our HR contractor. TP has record of all FBI results prior to issuing contracts. We reached out to Gemalto Cogent and NM Department of Public Safety and now require our new employees to go thru both background checks; one processed by our HR contractor and the local one through Gemalto Cogent under our ORI.

Due Date of Completion: Immediately for all new employees

Responsible Party: Principal

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019**

SECTION II - FINANCIAL STATEMENT FINDINGS (CONTINUED)

2019-005 (PREVIOUSLY REPORTED AS 2018-009) BANK COLLATERALIZATION (PECOS CONNECTIONS ACADEMY CHARTER SCHOOL) (REPEATED AND MODIFIED)

TYPE OF FINDING: Other Non-compliance

CONDITION

PCA had one bank account that was uninsured in the amount of \$805,832. State law requires collateralization of \$402,916 of this uninsured amount. PCA did not have sufficient collateral in place to meet the State requirement and was under collateralized by \$317,163.

PCA did not make improvements in this area from FY18.

CRITERIA

New Mexico State Statute Section 6-10-17, NMSA 1978, requires PCA to collateralize an amount equal to one-half of the balance not covered by the Federal Deposit Insurance Corporation (FDIC) for depository accounts.

CAUSE

Charter administration did not provide sufficient oversight to ensure the bank met this requirement.

EFFECT

If the bank failed due to insufficient capital, the District could lose certain public monies. Public funds were not secured as required.

RECOMMENDATION

PCA should arrange for collateral for bank deposits in excess of \$250,000. Alternatively, PCA could maintain deposits with multiple banks with less than \$250,000 in each.

MANAGEMENT RESPONSE

Corrective Action: The un-collateralized amount was a result of PED issuing the final June 2019 SEG on the final day, Friday, June 28, 2019, before the period was closed. We also reached out to Wells Fargo relationship Manager and Analyst with the Public Funds Collateral Management to change notifications process of incoming deposits. Please note that this step was taken after our 2017-2018 audit exit, which took place in July 2019.

Due Date of Completion: Immediately upon notification of finding.

Responsible Party: Business Manager

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019**

SECTION II - FINANCIAL STATEMENT FINDINGS (CONTINUED)

2019-006 (PREVIOUSLY REPORTED AS 2018-014) SCHOOL PERSONNEL ACT (REPEATED AND MODIFIED)

TYPE OF FINDING: Other Non-compliance

CONDITION

During our testing of payroll and the School Personnel Act, we noted the following exceptions:

- For 4 of 5 individuals tested, the individuals did not have signed contracts 10 days before the start of the school year.
- The District self-reported to us that three employees were not compliant with the requirement to cease compensating employees if proper licensure or certification is not obtained within three months of beginning employment.

The District did not make significant improvements in this area from the fiscal year 2018.

CRITERIA

School Personnel Act Statute 22-10A-23 (B), NMSA 1978. "Reemployment; acceptance; rejection; binding contract states "Written employment contracts between local school boards or governing authorities of state agencies and certified school instructors shall be executed by the parties no later than ten days before the first day of a school year."

School Personnel Act Statute 22-10A-3(C), NMSA 1978. "A person performing the duties of a licensed school employee who does not hold a valid license or certificate or has not submitted a complete application for licensure or certification within the first three months from beginning employment duties shall not be compensated thereafter for services rendered until he demonstrates that he holds a valid license or certificate. This section does not apply to practice teachers as defined by rules of the state board [department]."

EFFECT

Students may not have teachers in the classroom at the start of school if contracts are not executed proactively.

CAUSE

Management did not ensure state policies were followed and review did not ensure proper execution.

RECOMMENDATION

We recommend the District ensure all employees contracts for the school year are executed no later than ten days before the first day of the school year. There are software options to help with this – for teachers who may be out of town during the summer. We further recommend that proper controls be put in to place to ensure that all compliance requirements, including School Personnel Act compliance requirement, are identified and that compliance with these requirements be tracked.

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019**

SECTION II - FINANCIAL STATEMENT FINDINGS (CONTINUED)

**2019-006 (PREVIOUSLY REPORTED AS 2018-014) SCHOOL PERSONNEL ACT (REPEATED AND MODIFIED)
(CONTINUED)**

MANAGEMENT RESPONSE

Corrective Action: The past practice of issuing employment contracts upon completion of Collective Bargaining Agreements will be discontinued. Employment Contracts will now be issued at least ten-days prior to the first day of school, regardless of the status of Collective Bargaining negotiations.

Due Date of Completion: Corrective action is on schedule for the 2019-2020 school year.

Responsible Party: Director of Human Resources

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019**

SECTION II - FINANCIAL STATEMENT FINDINGS (CONTINUED)

2019-007 JOURNAL ENTRY SUPPORTING DOCUMENTATION

TYPE OF FINDING: Significant Deficiency

CONDITION

During our internal control test work over manual journal entries, we noted that seven out of a random sample of forty journal entries did not contain sufficient supporting documentation to determine the accuracy, business purpose, or completeness of the entry. The total amount of these seven entries was \$23,351.

CRITERIA

Per NMAC 6.20.2.11 (A) Internal Control Structure Standards, "every school district shall establish and maintain an internal control structure to provide management with reasonable assurance that assets are safe-guarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with GAAP. The internal control structure shall include written administrative controls (rules, procedures and practices, and policies that affect the organization) and accounting controls (activity cycles, financial statement captions, accounting applications including computer systems) that are in accordance with GAAP."

CAUSE

The District did not have effective controls over manual journal entries in place during the first eight months of fiscal year 2019 to ensure journal entries were adequately supported. Sufficient controls appear to have been put in place around approximately March 2019.

EFFECT

Financial statements could be misstated.

RECOMMENDATION

We recommend that the District maintain adequate controls over manual journal entries. All journal entries should be supported by the documentation needed to make those entries. Journal entries should be reviewed and approved by someone other than the preparer.

MANAGEMENT RESPONSE

Corrective Action: Corrective action for this issue has already taken place. All manual journal entries posted to the General Ledger will require a minimum of a two-person process. The individual requesting the adjustment will submit a Journal Entry request and an entry template to the Finance Department. Supporting documentation is required to be submitted with all requests. The Accounting Specialist will review and upload all Journal Entry requests to the financial management system. The Director of Finance will review all documentation before posting the entry to the General Ledger.

Due Date of Completion: March 2019; formal process finalized September 2019

Responsible Party: Finance Director

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019**

SECTION II - FINANCIAL STATEMENT FINDINGS (CONTINUED)

2019-008 ACTIVITY FUND CASH RECEIPTS

TYPE OF FINDING: Other Non-compliance

CONDITION

During our internal control test work over a sample of twenty-five activity fund daily deposit packets, we noted seven deposit packets contained receipts totaling \$2,876 that were not deposited within 24 hours. Additionally, we noted one receipt totaling \$622 where the receipt had been post-dated three days after the date of deposit. We noted that these violations were identified by the Finance Specialist, and the individuals receipting were counseled and required to provide a corrective action plan.

CRITERIA

Per NMAC 6.20.2.14, “

- A. School districts shall establish and maintain a cash management program to safeguard cash and provide prompt and accurate reporting that adheres to cash management requirements of the office of management and budget (OMB) Circular A-102, and applicable state and federal laws and regulations.
- B. The school district shall issue a factory pre-numbered receipt for all money received. Pre-numbered receipts are to be controlled and secured. If a receipt is voided, all copies shall be marked "VOID" and retained in the receipt book.
- C. Money received and receipted shall be deposited in the bank within twenty-four (24) hours or one banking day. If the distance to the bank is considerable, or the cash collection is limited to small amounts and/or low volume and it is impractical to meet the twenty-four hour/one banking day requirement, the local board may request approval from the department for an alternative plan. The bank deposit slip shall have the numbers from applicable receipts entered on it or attached as a reference.”

CAUSE

Internal controls were not properly implemented to ensure receipts were deposited within 24-hours. The District appears to conduct training over this area and has controls in place to detect the occurrence of these violations after they happen, and is taking action to counsel individuals violating the standard, however these actions have not yet been entirely effective in preventing violations.

EFFECT

The District is not in compliance with NMAC 6.20.2.14.

RECOMMENDATION

We recommend continuing to assess risk over each cash receipts revenue stream at each school, frequently monitoring controls that are then implemented over activity funds and holding employees accountable for non-compliance with policies and procedures.

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019**

SECTION II - FINANCIAL STATEMENT FINDINGS (CONTINUED)

2019-008 ACTIVITY FUND CASH RECEIPTS (CONTINUED)

MANAGEMENT RESPONSE

Corrective Action: The current cash receipt process controls the activities in the Finance Department and the Control Agents and their Secretaries at the schools and departments. New procedures will be required to expand the span of control to activity/athletic sponsors and other individuals handling monies before they reach the school/department secretary. The District is also investigating other electronic/non-cash methods of payment. Expanding the payment options accepted by the District will reduce the amount of cash transactions handled throughout the District. The current process of identifying non-compliance will be expanded to include more effective methods for preventing violations; methods yet to be determined.

Due Date of Completion: July 2020

Responsible Party: Finance Director

STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019

SECTION III - FEDERAL AWARD FINDINGS

**2019-009 (PREVIOUSLY REPORTED AS 2018-016) STUDENT NUTRITION - VERIFICATION AND ELIGIBILITY
(REPEATED AND MODIFIED)**

TYPE OF FINDING: Significant Deficiency / Non-compliance

Federal program information:

Funding agency: U.S. Department of Agriculture
Title: National School Lunch Program, School Breakfast
CFDA Number: 10.555, 10.553

CONDITION

During our testing of 40 applications for **eligibility**, there were two households whose information scanned into the computer had incorrect amounts or household member errors that were not caught during review. The auditor also noted one questionable amount for a household income that potentially should have been flagged for verification.

During testing of the 27 applications selected for **verification**, the calculation of gross income was not completed properly on one application, resulting in two students receiving reduced meals when they should not have. In addition, one verification reported significantly lower income for verification and different income recipients and should have resulted in additional follow up with the household.

The differences noted in both the eligibility and verification testing are more fully described below:

- Household 419 Eligibility - the application flagged one family member was left off the household count. This did not affect the classification for these students, but could result in a family not receiving benefits that they are eligible for.
- Household 1183 Eligibility - the application was flagged as the result for income was different than the application. This did not affect the classification for the students but could result in a family receiving benefits not eligible for, or not receiving benefit level they are eligible for.
- Household 1263 Verification - The pay stub submitted for verification had year-to-date income that exceeded the limit. Commission, and bonuses were not included in the calculation of gross pay resulting in two students continuing to receive reduced meals for the year when they should have been charged full price.
- Household 1515 Eligibility - Application resulted three students classified as free. The income amount for a family of five appeared small to the auditor based on the address for the application.
- Household 2208 Verification - The result of the verification allowed two students to remain in the free category. The income as the result of the verification was significantly lower than the original application. The members reporting income also changed from application to verification.

The District made significant improvements in this area from FY18.

CRITERIA

Children belonging to households meeting nationwide income eligibility requirements may receive meals at no charge or a reduced price.

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019**

SECTION III - FEDERAL AWARD FINDINGS (CONTINUED)

**2019-009 (PREVIOUSLY REPORTED AS 2018-016) STUDENT NUTRITION - VERIFICATION AND ELIGIBILITY
(REPEATED AND MODIFIED) (CONTINUED)**

By November 15th of each school year, the District must verify the current free and reduced price eligibility of households from a sample of applications that it has approved for free and reduced price meals and place them in the correct category. Earnings from work include salary (or wages) and cash bonuses.

Per CFR 245 6a (c) (7), In addition to the required verification sample, the District must verify any questionable applications and should, on a case-by-case basis when the District is aware of additional income or persons in the household, verify any application for cause such as an application on which a household reports zero income.

The District has not made improvements over “verification and eligibility” from fiscal year 2018.

QUESTIONED COSTS

None

EFFECT

The District is not in compliance with program requirements. By not calculating income properly for verifications, students’ eligibility status is incorrect resulting in improper classifications and students receiving benefits of the Federal program in excess of what they are eligible for. The proper use of Federal money in this program is dependent on District’s correct calculations of income, and following up on unusual applications when allowable by law.

CAUSE

The District’s non-compliance in this area resulted from missing the proper amount for verification on one application, and not properly reviewing the scanned applications to assure the information transitions correctly. Verifications for cause are an option available to the District for questionable applications

RECOMMENDATION

We recommend the District enhance its procedures to ensure verification calculations are correct. The District needs to ensure it uses all information provided as part of the verification process. Regular pay should be calculated for the year, and then the District needs include overtime and bonuses to get to a gross amount. In situations where the verification amount for income is significantly less than what was on the application, follow up should occur to determine why.

MANAGEMENT RESPONSE

Corrective Action: The District will review the procedures used to ensure that the verification calculations for program eligibility are met. Any participant in the program who is determined to be ineligible through either the eligibility or verification processes for free or reduced meals will be moved to the correct payment category and the District will revise future billings to the National School Lunch Program accordingly.

Due Date of Completion: Immediate

Responsible Party: Food Service Director

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
SCHEDULE OF SECTION 12-6-5 NMSA 1978 FINDINGS
FOR THE YEAR ENDED JUNE 30, 2019**

2019-010 OVER-EXPENDITURE OF BUDGET

TYPE OF FINDING: Other Non-compliance

CONDITION

The District has major function line items where actual expenditures exceeded budgetary authority, as follows:

Major Funds			
General Fund - Operational (11000)			
Operation of Non-instructional Services	\$	6,731	
Capital Improvements HB-33 (31600)			
Support Services		2,227	
Debt Service (41000)			
Support Services		34,609	
Non-major Funds			
Competitive IDEA-B (24108)			
Instruction		3,117	

CRITERIA

NMAC 6.20.2.9(A) states: "every school district shall follow budget requirements stated in Sections 22-8-5 through 22-8-12.2 NMSA 1978, and procedures of the department in preparing, submitting, maintaining and reporting budgetary information. Budgetary control shall be at the function level. Over-expenditure of a function shall not be allowed".

CAUSE

The Finance Department did not prepare budget adjustment requests to prevent these overages.

EFFECT

The District is out of compliance with New Mexico state statute and the control established using budgets has been compromised, which could result in deficit fund balances and unnecessary usage of operating funds to cover the over-expenditures.

RECOMMENDATION

We recommend the District establish a policy of budgetary review by the governing council or finance committee at the end of each quarter and have the governing council approve the necessary budgetary adjustments to ensure funds are not over expended. We recommend expanding the OBMS to general ledger reconciliation and budgetary review to the function level immediately. We recommend completing these reconciliations weekly and completing budget and actuals statements monthly.

MANAGEMENT'S RESPONSE

Corrective Action: Budgetary controls available in the financial management system will be activated. These system controls will limit purchases to the budget balances available in the various school, program or department budget allocations. In addition, the process to review budgets to the function level is included in the new financial close and reporting procedure. The reviews will be conducted routinely on a monthly basis and the necessary

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
SCHEDULE OF SECTION 12-6-5 NMSA 1978 FINDINGS
FOR THE YEAR ENDED JUNE 30, 2019**

2019-010 OVER-EXPENDITURE OF BUDGET (CONTINUED)

budget adjustment requests will be initiated through the Board of Education and submitted on OBMS. The OBMS to general ledger reconciliation will be completed when periodic reports are submitted to the Public Education Department.

Due Date of Completion: April 30, 2020

Responsible Party: Finance Director

**STATE OF NEW MEXICO
CARLSBAD MUNICIPAL SCHOOL DISTRICT
EXIT CONFERENCE
JUNE 30, 2019**

The contents of this report were discussed on November 13, 2019. The following individuals were in attendance:

Carlsbad Municipal School District

District

Gerry Washburn, Superintendent
LaVern Shan, Deputy Superintendent
Eric Spencer, Director of Secondary Education
Ron Singleton, Board Member
Laura Garcia, Director of Finance
Chris Jones, Community Business Representative
Elizabeth Cass, Parent Representative
Crystal Hernandez, Finance Department
Lorina DeAnde, Finance Department
Jacque Ballew, Finance Department
Veronica Patrick, Finance Department
Dezerae Cordova, Finance Department
Esmorilda Martinez, Finance Department
Trisha Gonzalez, Finance Department
Don Owen, Operations
Tammy Healey, Operations
Lisa Rhoades, Food Service

PCA Charter

Gloria P. Lopez, Business Manager
Stacy Doyal, Treasurer
Jed Duggan, Principal (via Zoom)

JMA Charter

Stacey Frakes, Principal
Tammi Dutton, Office Manager
Cindy Caprilozzi, Assistant Office Manager
Kyle Hunt, Business Manager (via Zoom)

Jaramillo Accounting Group LLC (JAG)

Scott Eliason, CPA, Partner

Jaramillo Accounting Group LLC (JAG) assisted in the preparation of the financial statements presented in this report. The District's management has reviewed and approved the financial statements and related notes and they believe that their records adequately support the financial statements.

OTHER INFORMATION



Board of Education
Trent Cornum
Abel Montoya
Simon J. Rubio
David Shoup
Ron Singleton

Dr. Gerry Washburn
Superintendent

CARLSBAD MUNICIPAL SCHOOLS
408 North Canyon • Carlsbad, New Mexico 88220
Phone (575) 234-3300 • Fax (575) 234-3367

CORRECTIVE ACTION PLAN

November 15, 2019

US Department of Education

Carlsbad Municipal School District respectfully submits the following corrective action plan for the year ended June 30, 2019.

Name and address of independent public accounting firm:

Jaramillo Accounting Group LLC
4700 Lincoln Rd. NE
Albuquerque, New Mexico 87109

Audit period:

June 30, 2019

The findings from the June 30, 2019 Schedule of Findings and Questioned Costs are discussed below. **The Corrective Action Plan does not include the corrective actions for our discretely presented component units: Jefferson Montessori Academy Charter School and Pecos Connections Academy Charter School.** The findings are numbered consistently with the numbers assigned in the schedule.

FINDINGS - FINANCIAL STATEMENT AUDIT

SIGNIFICANT DEFICIENCY

2019-001 (PREVIOUSLY REPORTED AS 2018-002) INTERNAL CONTROL OVER FINANCIAL CLOSE AND REPORTING

RECOMMENDATION

We recommend management evaluate all aspects of the financial close and reporting process and establish effective internal controls and procedures to ensure timely and accurate financial statements and supporting schedules.

We also recommend that the District maintain its books on a cash basis in the financial management system, and track and record modified and full accrual entries separately for financial reporting purposes.

MANAGEMENT RESPONSE

Corrective Action: The financial close and reporting process is under review. Procedural changes, evaluation of duty assignments and staff training needs were included in the review. A proposed plan of action addresses the areas in need of improvement. A new financial close and reporting procedure designed to track all required activities, assign responsible parties and sets firm due dates will be used. The Director of Finance monitors all

aspects of the financial close and reviews/approves all supporting reports and documents prior to finalizing the financial close and completing required reports.

Account reconciliations for all financial system modules, including General Fixed Assets, and all bank/investment accounts will ensure the timely and accurate posting of all transactions. A routine review of trial balance reports for all Funds is included in the financial close requirements.

Due Date of Completion: June 30, 2020

Responsible Party: Finance Director

2019-002 (PREVIOUSLY REPORTED AS 2018-005) INVESTMENT INTEREST

RECOMMENDATION

The District should implement procedures to ensure that bank reconciliations reconcile to the general ledger and the PED cash report. Any unexplained differences should be investigated and corrective action taken immediately.

MANAGEMENT RESPONSE

Corrective Action: Review of cash control procedures was a part of the overall Internal Control evaluation. The new financial close and reporting process proposed ensures that all bank accounts are reconciled on a monthly basis and that all adjusting items are recorded properly and in a timely manner. The Director of Finance will review and give final approval for all account reconciliations. Any errors and/or missed transactions will be corrected and posted to the General Ledger prior to finalizing the monthly close process.

Due Date of Completion: Completed

Responsible Party: Finance Director

2019-007 JOURNAL ENTRY SUPPORTING DOCUMENTATION

RECOMMENDATION

We recommend that the District maintain adequate controls over manual journal entries. All journal entries should be supported by the documentation needed to make those entries. Journal entries should be reviewed and approved by someone other than the preparer.

MANAGEMENT RESPONSE

Corrective Action: Corrective action for this issue has already taken place. All manual journal entries posted to the General Ledger will require a minimum of a two-person process. The individual requesting the adjustment will submit a Journal Entry request and an entry template to the Finance Department. Supporting documentation is required to be submitted with all requests. The Accounting Specialist will review and upload all Journal Entry requests to the financial management system. The Director of Finance will review all documentation before posting the entry to the General Ledger.

Due Date of Completion: March 2019; formal process finalized September 2019

Responsible Party: Finance Director

OTHER NON-COMPLIANCE

2019-006 (PREVIOUSLY REPORTED AS 2018-014) SCHOOL PERSONNEL ACT

RECOMMENDATION

We recommend the District ensure all employees contracts for the school year are executed no later than ten days before the first day of the school year. There are software options to help with this – for teachers who may be out of town during the summer. We further recommend that proper controls be put in to place to ensure that all compliance requirements, including School Personnel Act compliance requirement, are identified and that compliance with these requirements be tracked.

MANAGEMENT RESPONSE

Corrective Action: The past practice of issuing employment contracts upon completion of Collective Bargaining Agreements will be discontinued. Employment Contracts will now be issued at least ten-days prior to the first day of school, regardless of the status of Collective Bargaining negotiations.

Due Date of Completion: Corrective action is on schedule for the 2019-2020 school year.

Responsible Party: Director of Human Resources

2019-008 ACTIVITY FUND CASH RECEIPTS

RECOMMENDATION

We recommend continuing to assess risk over each cash receipts revenue stream at each school, frequently monitoring controls that are then implemented over activity funds and holding employees accountable for non-compliance with policies and procedures.

MANAGEMENT RESPONSE

Corrective Action: The current cash receipt process controls the activities in the Finance Department and the Control Agents and their Secretaries at the schools and departments. New procedures will be required to expand the span of control to activity/athletic sponsors and other individuals handling monies before they reach the school/department secretary. The District is also investigating other electronic/non-cash methods of payment. Expanding the payment options accepted by the District will reduce the amount of cash transactions handled throughout the District. The current process of identifying non-compliance will be expanded to include more effective methods for preventing violations; methods yet to be determined.

Due Date of Completion: July 2020

Responsible Party: Finance Director

FINDINGS - FEDERAL AWARD PROGRAMS AUDIT

SIGNIFICANT DEFICIENCY/NON-COMPLIANCE

2019-009 (PREVIOUSLY REPORTED AS 2018-016) STUDENT NUTRITION - VERIFICATION AND ELIGIBILITY

RECOMMENDATION

We recommend the District enhance its procedures to ensure verification calculations are correct. The District needs to ensure it uses all information provided as part of the verification process. Regular pay should be calculated for the year, and then the District needs include overtime and bonuses to get to a gross amount. In situations where the verification amount for income is significantly less than what was on the application, follow up should occur to determine why.

MANAGEMENT RESPONSE

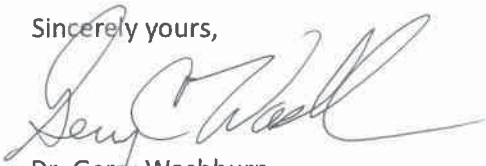
Corrective Action: The District will review the procedures used to ensure that the verification calculations for program eligibility are met. Any participant in the program who is determined to be ineligible through either the eligibility or verification processes for free or reduced meals will be moved to the correct payment category and the District will revise future billings to the National School Lunch Program accordingly.

Due Date of Completion: Immediate

Responsible Party: Food Service Director

If the US Department of Education has questions regarding this plan, please call me at 575-234-3300.

Sincerely yours,

A handwritten signature in cursive script, appearing to read "Gerry Washburn".

Dr. Gerry Washburn
Superintendent