

STATE OF NEW MEXICO  
CARRIZOZO MUNICIPAL SCHOOLS  
BASIC FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2019  
INDEPENDENT AUDITORS' REPORT

STATE OF NEW MEXICO  
 CARRIZOZO MUNICIPAL SCHOOLS  
 FOR THE YEAR ENDED JUNE 30, 2019  
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 CARRIZOZO MUNICIPAL SCHOOLS  
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STATE OF NEW MEXICO  
CARRIZOZO MUNICIPAL SCHOOLS  
OFFICIAL ROSTER

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## INDEPENDENT AUDITORS' REPORT

Mr. Brian Colón  
State Auditor of the State of New Mexico  
Board Members of Carrizozo Municipal Schools

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, the aggregate remaining fund information, and the budgetary comparison for the general fund and major special revenue funds of Carrizozo Municipal Schools (the District), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditors' Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## **Opinion**

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

## **Other Matters**

### *Required Supplementary Information*

Management has omitted the Management's Discussion and Analysis which is required 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 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 this missing information. Accounting principles generally accepted in the United States of America require 10 year schedules on pages 71-75 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.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements, the combining and individual fund financial statements and any other schedules as listed in the Table of Contents that collectively comprise the District's basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and

other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **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 Carrizozo Municipal Schools 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 in 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 Cloudcroft Municipal Schools internal control over financial reporting and compliance.

*Beasley Mitchell & Co LLP*

Beasley, Mitchell & Co., LLP  
Las Cruces, New Mexico  
November 15, 2019



## **BASIC FINANCIAL STATEMENTS**

STATE OF NEW MEXICO  
 CARRIZOZO MUNICIPAL SCHOOLS  
 STATEMENT OF NET POSITION  
 JUNE 30, 2019

	<u>Governmental Activities</u>
<b>ASSETS AND DEFERRED OUTFLOWS</b>	
Current assets	
Cash and cash equivalents	\$ 631,698
Restricted Cash	207,454
Property taxes receivable	48,141
Due from grantor	<u>96,134</u>
Total current assets	983,427
Non-current assets	
Capital assets	11,254,356
Less accumulated depreciation	<u>(2,278,636)</u>
Total non-current assets	<u>8,975,720</u>
Total assets	9,959,147
Deferred outflows- OPEB	
Contributions - subsequent contributions	74,550
Deferred outflows - ERB	
Contributions - subsequent contributions	186,303
Change in assumption	1,160,674
Change in proportion	144,367
Difference between expected and actual experience	1,780
Net difference between projected and actual investments earnings on pension plan investments	<u>12,467</u>
Total deferred outflows	<u>1,580,141</u>
<b>Total assets and deferred outflows</b>	<b><u>\$ 11,539,288</u></b>

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO  
 CARRIZOZO MUNICIPAL SCHOOLS  
 STATEMENT OF NET POSITION  
 JUNE 30, 2019

	<u>Governmental Activities</u>
<b>LIABILITIES AND DEFERRED INFLOWS</b>	
Current liabilities	
Accounts payable	\$ 14,383
Accrued interest	20,858
Accrued compensated absences	11,086
Current portion of bonds payable	<u>305,000</u>
Total current liabilities	351,327
Long-term obligations	
Net pension liability	5,631,734
OPEB liability	1,347,990
Bonds payable	2,850,000
Accrued compensated absences, net	<u>7,444</u>
Total long-term liabilities	<u>9,837,168</u>
Total liabilities	10,188,495
Deferred inflows- OPEB	
Deferred inflows	348,296
Deferred inflows- ERB	
Net difference between experience and actual	<u>107,181</u>
Total deferred inflows	<u>455,477</u>
Total liabilities and deferred inflows	10,643,972
<b>NET POSITION</b>	
Net investment in capital assets	5,799,862
Restricted for	
Special revenue	32,115
Capital projects	274,621
Debt service	373,414
Unrestricted	<u>(5,584,696)</u>
Total net position	<u>895,316</u>
<b>Total liabilities, deferred inflows, and net position</b>	<u>\$ 11,539,288</u>

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO  
CARRIZO MUNICIPAL SCHOOLS  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2019

FUNCTIONS/PROGRAMS	Program Revenues			Net (Expenses) Revenue and Changes Net Assets	
	Expenses	Charges for Service	Operating Grants and Contributions		Capital Grants and Contributions
Expenses - Governmental Activities:					
Instruction	\$ 2,228,124	\$ -	\$ 312,522	\$ 4,350	\$ (1,911,252)
Support services	501,537	8,010	-	-	(493,527)
Central services	115,213	-	-	-	(115,213)
Operation and maintenance of plant	459,823	-	-	-	(459,823)
Student transportation	144,231	-	123,510	-	(20,721)
Food services	84,478	598	56,680	-	(27,200)
Interest on long-term debt	53,714	-	-	-	(53,714)
Depreciation	308,932	-	-	-	(308,932)
Total governmental activities	<u>\$ 3,896,052</u>	<u>\$ 8,608</u>	<u>\$ 492,712</u>	<u>\$ 4,350</u>	(3,390,382)
General Revenues:					
Taxes:					
Property taxes, levied for operating programs					29,050
Property taxes, levied for debt services					356,642
Property taxes, levied for capital projects					139,408
State equalization guarantee					2,129,373
Interest and investment earnings					5,367
Miscellaneous					<u>1,503</u>
Subtotal, general revenue					<u>2,661,343</u>
Change in net position					(729,039)
Net position - beginning of year					<u>1,624,355</u>
Net position - end of year					<u>\$ 895,316</u>

See independent auditors' report and accompanying notes to financial statements.

**GOVERNMENTAL FUNDS FINANCIAL STATEMENTS**

STATE OF NEW MEXICO  
CARRIZOZO MUNICIPAL SCHOOLS  
BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2019

	<u>General Fund</u>	<u>Title I- IASA 24101</u>	<u>IDEA B Entitlement 24106</u>	<u>NM Reads to Lead K-3 27114</u>	<u>Bond Building 31100</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 163,019	\$ -	\$ -	\$ -	\$ -
Restricted cash	-	-	-	-	207,454
Property taxes receivable	2,589	-	-	-	-
Due from other funds	96,134	-	-	-	-
Due from grantors	-	37,106	24,513	19,213	-
	<u>-</u>	<u>37,106</u>	<u>24,513</u>	<u>19,213</u>	<u>-</u>
 Total assets	 <u>\$ 261,742</u>	 <u>\$ 37,106</u>	 <u>\$ 24,513</u>	 <u>\$ 19,213</u>	 <u>\$ 207,454</u>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ 14,383	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	37,106	24,513	19,213	-
	<u>14,383</u>	<u>37,106</u>	<u>24,513</u>	<u>19,213</u>	<u>-</u>
 Total liabilities	 14,383	 37,106	 24,513	 19,213	 -
Deferred inflows:					
Deferred inflows - property tax	2,361	-	-	-	-
	<u>2,361</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Total deferred inflows	 2,361	 -	 -	 -	 -
 Total liabilities and deferred inflows	 16,744	 37,106	 24,513	 19,213	 -
Fund balances:					
Nonspendable - Inventory	-	-	-	-	-
Restricted, reported in:					
Special revenue fund	-	-	-	-	-
Capital projects funds	-	-	-	-	207,454
Unassigned, reported in:					
General fund	244,998	-	-	-	-
	<u>244,998</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Total fund balances	 244,998	 -	 -	 -	 207,454
 Total liabilities, deferred inflows and fund balances	 <u>\$ 261,742</u>	 <u>\$ 37,106</u>	 <u>\$ 24,513</u>	 <u>\$ 19,213</u>	 <u>\$ 207,454</u>

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO  
 CARRIZO MUNICIPAL SCHOOLS  
 BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)  
 JUNE 30, 2019

	<b>Debt Service</b>	<b>Other Governmental Funds</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 370,493	\$ 98,186	\$ 631,698
Restricted cash	-	-	207,454
Property taxes receivable	33,123	12,429	48,141
Due from other funds	-	-	96,134
Due from grantors	-	15,302	96,134
	<u>          </u>	<u>          </u>	<u>          </u>
Total assets	<u>\$ 403,616</u>	<u>\$ 125,917</u>	<u>\$ 1,079,561</u>
 <b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ 14,383
Due to other funds	-	15,302	96,134
	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities	-	15,302	110,517
Deferred inflows:			
Deferred inflows - property tax	30,202	11,333	43,896
	<u>          </u>	<u>          </u>	<u>          </u>
Total deferred inflows	30,202	11,333	43,896
Total liabilities and deferred inflows	30,202	26,635	154,413
Fund balances:			
Restricted, reported in:			
Special revenue fund	-	32,115	32,115
Debt service funds	373,414	-	373,414
Capital projects funds	-	67,167	274,621
Unassigned, reported in:			
General fund	-	-	244,998
	<u>          </u>	<u>          </u>	<u>          </u>
Total fund balances	<u>373,414</u>	<u>99,282</u>	<u>925,148</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 403,616</u>	<u>\$ 125,917</u>	<u>\$ 1,079,561</u>

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO  
CARRIZOZO MUNICIPAL SCHOOLS  
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2019

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

Fund balances - total governmental funds	\$ 925,148
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	8,975,720
Deferred outflows of resources related to pension, applicable to future periods and therefore, not reported in funds - ERB	1,505,591
Deferred outflows of resources related to pension, applicable to future periods and therefore, not reported in funds - OPEB	74,550
Deferred inflows of resources related to pension, applicable to future periods and therefore, not reported in funds - ERB	(107,181)
Deferred inflows of resources related to pension, applicable to future periods and therefore, not reported in funds - OPEB	(348,296)
Long-term assets are not available to pay for current-period expenditures and therefore, are deferred in the funds - property tax	43,896
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:	
Net pension liability	(5,631,734)
OPEB liability	(1,347,990)
Accrued interest	(20,858)
Compensated absences	(18,530)
General obligation bonds	<u>(3,155,000)</u>
Total net position - governmental funds	<u>\$ 895,316</u>

See independent auditors' report and accompanying notes to financial statements.



STATE OF NEW MEXICO  
CARRIZOZO MUNICIPAL SCHOOLS  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2019

	<u>General Fund</u>	<u>Title I- IASA 24101</u>	<u>IDEA B Entitlement 24106</u>	<u>NM Reads to Lead K-3 27114</u>	<u>Bond Building 31100</u>
<b>REVENUES</b>					
Taxes	\$ 29,050	\$ -	\$ -	\$ -	\$ -
Charges for services	200	-	-	-	-
State sources	2,134,337	-	-	51,552	-
Federal sources	-	91,064	78,079	-	-
Transportation distribution	123,510	-	-	-	-
Miscellaneous	8,319	-	-	-	5,069
Total revenues	<u>2,295,416</u>	<u>91,064</u>	<u>78,079</u>	<u>51,552</u>	<u>5,069</u>
<b>EXPENDITURES</b>					
Current:					
Direct instruction	1,162,895	68,222	63,218	51,552	-
Instructional support	425,050	22,842	14,861	-	-
Central services	115,213	-	-	-	-
Operation and maintenance	303,806	-	-	-	13,978
Transportation	144,231	-	-	-	-
Food services	29,267	-	-	-	-
Capital outlay	36,159	-	-	-	129,440
Debt services:					
Principal payments	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	<u>2,216,621</u>	<u>91,064</u>	<u>78,079</u>	<u>51,552</u>	<u>143,418</u>
Other Financing Sources					
Loan proceeds	-	-	-	-	300,000
Net change in fund balance	78,795	-	-	-	161,651
Fund balance - beginning of year as previously stated	166,203	-	-	-	(45,803)
Restatement	-	-	-	-	-
Fund balance - beginning of year as restated	<u>166,203</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>45,803</u>
Fund balance - end of year	<u>\$ 244,998</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 207,454</u>

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO  
CARRIZOZO MUNICIPAL SCHOOLS  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total</u>
<b>REVENUES</b>			
Taxes	\$ 371,493	\$ 139,408	\$ 539,951
Charges for services	-	7,810	8,010
State sources	-	34,608	2,220,497
Federal sources	-	107,365	276,508
Transportation distribution	-	-	123,510
Miscellaneous	-	-	13,388
	<u>371,493</u>	<u>289,191</u>	<u>3,181,864</u>
Total revenues	371,493	289,191	3,181,864
<b>EXPENDITURES</b>			
Current:			
Direct instruction	-	43,850	1,389,737
Instructional support	3,716	35,068	501,537
Central services	-	-	115,213
Operation and maintenance	-	142,039	459,823
Transportation	-	-	144,231
Food services	-	55,211	84,478
Capital outlay	-	106,317	271,916
Debt services:			
Principal payments	285,000	-	285,000
Interest	53,714	-	53,714
	<u>342,430</u>	<u>382,485</u>	<u>3,305,649</u>
Total expenditures	342,430	382,485	3,305,649
Other Financing Sources:			
Loan proceeds	-	-	300,000
	<u>-</u>	<u>-</u>	<u>300,000</u>
Net change in fund balance	29,063	(93,294)	176,215
Fund balance - beginning of year			
	<u>344,351</u>	<u>192,576</u>	<u>748,933</u>
Fund balance - end of year	<u>\$ 373,414</u>	<u>\$ 99,282</u>	<u>\$ 925,148</u>

See independent auditors' report and accompanying notes to financial statements.

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

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

Change in fund balances - total governmental funds	\$	176,215
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Capital outlay 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 depreciation expense exceeds capital outlays in the period.

Depreciation expense		(308,932)
Capital outlay		271,916

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

Net pension liability - ERB		(611,780)
Deferred outflow - ERB		(203,529)
Deferred inflows - ERB		(29,155)
OPEB liability - NMRHCA		9,699
Deferred outflow - OPEB		48,078
Deferred inflows - OPEB		(39,289)

Property taxes that do not provide current financial resources, made available to pay for the current period's expenditures, reported as deferred inflows in the funds.		(14,851)
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The issuance of long-term debt (e.g. bonds, notes, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.

Issuance of bond		(300,000)
Change in accrued interest		(9,667)
Change in accrued compensated absences		(2,744)
Principal payment on bond		285,000

Change in net position of governmental activities	\$	<u>(729,039)</u>
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See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO  
CARRIZOZO MUNICIPAL SCHOOLS  
GENERAL FUND COMBINED  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET (NON-  
GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
Revenues:				
Taxes	\$ 24,403	\$ 24,403	\$ 47,831	\$ 23,428
Charges for services	-	-	200	200
State sources	1,900,841	1,952,905	2,134,337	181,432
Transportation distribution	147,027	147,027	123,510	(23,517)
Earnings from investments	250	250	298	48
Miscellaneous	-	-	8,021	8,021
	<u>2,072,521</u>	<u>2,124,585</u>	<u>2,314,197</u>	<u>189,612</u>
Total revenues				
Expenditures:				
Current:				
Direct instruction	1,223,275	1,243,059	1,155,846	87,213
Instructional support	464,907	548,784	425,050	123,734
Central services	128,463	119,945	115,213	4,732
Operation and maintenance	305,407	348,423	303,806	44,617
General administration	-	-	-	-
Transportation	148,255	158,873	144,231	14,642
Food services	9,267	29,267	29,267	-
Capital outlay	-	38,851	36,159	2,692
	<u>2,279,574</u>	<u>2,487,202</u>	<u>2,209,572</u>	<u>277,630</u>
Total expenditures				
Excess (deficiency) of revenues over expenditures	<u>(207,053)</u>	<u>(362,617)</u>	<u>104,625</u>	<u>467,242</u>
Net change in fund balance	(207,053)	(362,617)	104,625	467,242
Fund balance - beginning of year	<u>166,203</u>	<u>166,203</u>	<u>166,203</u>	<u>-</u>
Fund balance - end of year	<u>\$ (40,850)</u>	<u>\$ (196,414)</u>	<u>\$ 270,828</u>	<u>\$ 467,242</u>
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ 104,625	
Net revenue accruals			(18,781)	
Net expenditure accruals			<u>(7,049)</u>	
Net changes in fund balance GAAP basis			<u>\$ 78,795</u>	

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO  
CARRIZO MUNICIPAL SCHOOLS  
TITLE I- IASA SPECIAL REVENUE FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET (NON-  
GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
Revenues:				
Federal sources	\$ 101,440	\$ 115,007	\$ 92,574	\$ (22,433)
Total revenues	101,440	115,007	92,574	(22,433)
Expenditures:				
Current:				
Direct instruction	78,158	91,725	69,732	21,993
Instructional support	23,282	23,282	22,842	440
Total expenditures	101,440	115,007	92,574	22,433
Excess (deficiency) of revenues over expenditures	-	-	-	-
Net change in fund balance	-	-	-	-
Fund balance - beginning of year	-	-	-	-
Fund balance - end of year	\$ -	\$ -	\$ -	\$ -
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ -	
Net revenue accruals			(1,510)	
Net expenditure accruals			1,510	
Net changes in fund balance GAAP basis			\$ -	

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO  
CARRIZOZO MUNICIPAL SCHOOLS  
IDEA-B ENTITLEMENT SPECIAL REVENUE FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET (NON-  
GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
Revenues:				
Federal sources	\$ 34,129	\$ 83,936	\$ 69,106	\$ (14,830)
Total revenues	34,129	83,936	69,106	(14,830)
Expenditures:				
Current:				
Direct instruction	34,129	68,346	54,245	14,101
Instructional support	-	15,590	14,861	729
Total expenditures	34,129	83,936	69,106	14,830
Excess (deficiency) of revenues over expenditures	-	-	-	-
Net change in fund balance	-	-	-	-
Fund balance - beginning of year	-	-	-	-
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ -	
Net revenue accruals			(8,973)	
Net expenditure accruals			<u>8,973</u>	
Net changes in fund balance GAAP basis			<u>\$ -</u>	

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO  
CARRIZOZO MUNICIPAL SCHOOLS  
NM READS TO LEAD K-3 SPECIAL REVENUE FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET (NON-  
GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2019

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual on Budgetary Basis</b>	<b>Variance with Final Budget Favorable (Unfavorable)</b>
Revenues:				
State sources	\$ 51,585	\$ 51,585	\$ 46,096	\$ (5,489)
Total revenues	51,585	51,585	46,096	(5,489)
Expenditures:				
Current:				
Direct instruction	51,585	51,585	46,096	5,489
Total expenditures	51,585	51,585	46,096	5,489
Excess (deficiency) of revenues over expenditures	-	-	-	-
Net change in fund balance	-	-	-	-
Fund balance - beginning of year	-	-	-	-
Fund balance - end of year	\$ -	\$ -	\$ -	\$ -
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ -	
Net revenue accruals			(5,456)	
Net expenditure accruals			5,456	
Net changes in fund balance GAAP basis			\$ -	

See independent auditors' report and accompanying notes to financial statements.

**FIDUCIARY FUND FINANCIAL STATEMENTS**



STATE OF NEW MEXICO  
CARRIZOZO MUNICIPAL SCHOOLS  
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES - AGENCY FUND  
JUNE 30, 2019

**FIDUCIARY FUNDS**

**ASSETS**

Current Assets

Cash \$ 54,113

Total assets \$ 54,113

**LIABILITIES**

Current Liabilities

Deposits held in trust for others \$ 54,113

Total liabilities \$ 54,113

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO  
CARRIZOZO MUNICIPAL SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Carrizozo Municipal Schools (District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

The District has been in existence since the early nineteen hundreds, and is currently operating under the provisions of the Public School District Code, Chapter 22, of the New Mexico Statutes Annotated, 1978 Compilation. The District operates with a local board of education - superintendent form of government and provides a supervised program of instruction designed to educate students at the elementary and secondary level.

**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 Statements No. 14 and No. 39. Blended component units, although legally separate entities, are in substance part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

The basic-but not the only-criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the

STATE OF NEW MEXICO  
CARRIZOZO MUNICIPAL SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**A. Reporting Entity (Continued)**

existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Finally, the nature and significance of a potential component unit to the primary government could warrant its inclusion within the reporting entity. Based upon the application of these criteria, the District has no component units, and is not a component unit of another governmental agency.

**B. Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by State Equalization Guarantee, taxes and intergovernmental revenues.

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 or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. 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.

STATE OF NEW MEXICO  
CARRIZOZO MUNICIPAL SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Measurement Focus, Basis of Accounting**

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the 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.

**Revenues**

Ad valorem taxes are susceptible to full accrual on the government wide financial statements. Property Tax revenues recognize revenues net of estimated refunds and uncollectible accounts in the period for which the taxes are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. All other revenue items are considered to be measurable and available only when cash is received by the government.

**Expenditures**

Salaries are recorded as paid. Salaries for nine-month employees are paid prior to the end of the fiscal year and therefore are not accrued. Salaries for the twelve month employees payroll are accrued.

**Other Financing Sources (Uses)**

Transfers between funds that are not expected to be repaid (or any other types, such as capital lease transactions, sale of fixed assets, debt extinguishments, long-term debt proceeds, etc.) are accounted for as other financing sources (uses). These other financing sources (uses) are recognized at the time the underlying events occur.

STATE OF NEW MEXICO  
CARRIZOZO MUNICIPAL SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Measurement Focus, Basis of Accounting**

**Basis of Budgeting**

Formal budgetary integration is employed as a management control device during the year.

Budgets for the General, Special Revenue, Debt Service and Capital Projects Funds are adopted on a basis inconsistent with generally accepted accounting principles (GAAP). These budgets are prepared using the cash basis of accounting. Budgetary comparisons for the various funds in this report are on the non-GAAP budgetary basis.

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

1. Prior to April 15, (unless a later date is fixed by the Secretary of Education) the local school board submits to the School Budget and Finance Analysis Unit (SBFAU) of the New Mexico Public Education Department an estimated budget for the District for the ensuing fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them. All budgets submitted to the New Mexico Public Education Department (PED) by the district shall contain headings and details as prescribed by law.
2. Prior to June 20, of each year, the proposed "operating" budget will be reviewed and approved by the SBFAU and certified and approved by the local school board at the public hearing of which notice has been published by the local school board which fixed the estimated budget for the district for the ensuing fiscal year.
3. The "operating" budget will be used by the District until they have been notified that the budget has been approved by the SBFAU and the local school board. The budget shall be integrated formally in to the accounting system. Encumbrances shall be used as an element for control and shall be integrated into the budget system.
4. 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 SBFAU.

STATE OF NEW MEXICO  
CARRIZOZO MUNICIPAL SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Measurement Focus, Basis of Accounting**

5. No school board or officer or employee of the District shall make any expenditures or incur any obligation for the expenditures of public funds unless such expenditure or contractual obligation is made in accordance with an operating budget approved by the division. But this does not prohibit the transfer of funds between line items within a series of a budget.

6. Budget change requests are processed in accordance with Supplement I (Budget Preparation and Maintenance) of the Manual of Procedures Public School Accounting and Budgeting. Such changes are initiated by the District and approved by the SBFAU.

7. Legal budget control for expenditures is by function.

8. Appropriations lapse at fiscal year end. Funds unused during the fiscal year may be carried over into the next fiscal year by budgeting those in the subsequent fiscal year's budget. The budget of the District has been amended during the current fiscal year in accordance with these procedures. The budget schedules included in the accompanying financial statements reflect the approved budget and amendments thereto.

Budget comparison schedules are no longer required for non-major funds and are not included.

**Cash and Cash Equivalents**

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.

The District is authorized under the provisions of Chapter 6, Article 10, paragraph 10, NMSA 1978, to deposit its money in banks, savings and loan associations and/or credit unions whose accounts are insured by an agency of the United States.

STATE OF NEW MEXICO  
CARRIZO MUNICIPAL SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Measurement Focus, Basis of Accounting**

**Investments**

All money not immediately necessary for the public uses of the District may be invested in :

(a) bonds or negotiable securities of the United States, the state or any county, municipality or school district which has a taxable valuation of real property for the last preceding year of at least one million dollars (1,000,000) and has not defaulted in the payment of any interest or sinking fund obligation or failed to meet any bonds at maturity at any time within five years last preceding; or

(b) securities that are issued by the United States government or by its agencies or instrumentalities and that are either direct obligations of the United States or are backed by the full faith and credit of the United States government or agencies guaranteed by the United States government.

(c) in contracts with banks, savings and loan associations or credit unions for the present purchase and resale at a specified time in the future of specific securities at specified prices at a price differential representing the interest income to be earned by the investor. The contract shall be shown on the books of the financial institution as being the property of the investor and the designation shall be contemporaneous with the investment. The contract shall be fully secured by obligations of the United States having a market value of at least one hundred two percent of the contract. The collateral required for investment in the contracts provided for in this subsection shall be shown on the books of the financial institution as being the property of the investor and the designation shall be contemporaneous with investment.

**Receivables and Payables**

Receivables include property taxes, interfund loans that are expected to be paid back and amount due from state government agencies related to various grant agreements. Payables represent routine monthly bills for services rendered and products purchased and accrued salaries and benefits.

**Property Taxes**

The County collects the District's share of property taxes assessed. Property taxes attach an enforceable lien on property as of January 1st. Tax notices are sent by the County treasurer to property owners by November 1st of each year to be paid in whole or in two installments by November 10th and April 10th of each year. The County collects such taxes and distributes them to the District on a monthly basis. The District accounts for its share of property taxes in the General, Debt Service and Capital Projects Funds. Only those collections received are recorded as revenues for the budget presentation.

STATE OF NEW MEXICO  
CARRIZOZO MUNICIPAL SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Measurement Focus, Basis of Accounting**

**Elimination and Reclassifications of Certain Receivables and Payables**

In the process of aggregating data for the Statement of Assets and Liabilities and the Statement of Activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

**Inventories and Prepaid Items**

Purchased inventory is valued at the lower of cost (first-in, first-out) or market. Inventory in the Cafeteria Fund consists of purchased food and non-food items and United States Department of Agriculture (USDA) commodities. Commodities are shown at the USDA procurement cost. Costs are recorded as expenditures at the time individual inventory items are used (consumption method). Reported inventories are equally offset by a fund balance reserve which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both District-wide and fund financial statements.

**Capital Leases**

Capital leases are recorded at the inception of the leases as expenditures and other financing sources in governmental fund financial statement at the present value of the future minimum lease payments, using the stated or implicit interest rate in the leases. Lease payments are recorded as expenditures on the due date. Capital leases are recorded as a liability in the government-wide financial statement at the time of inception and the corresponding asset is recorded in the capital asset section on the balance sheet.



STATE OF NEW MEXICO  
CARRIZOZO MUNICIPAL SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Measurement Focus, Basis of Accounting**

The District reports the following major governmental funds:

**General Fund (11000)(13000)(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 district school tax levy, state equalization and transportation funds, state instructional material allocations, and earnings from investments. Expenditures include all costs associated with the daily operations of the schools except for those items included in other funds.

The General Fund consist of three sub funds. The first is the Operational fund of the District and accounts for all revenues and expenditures of the District not encompassed within other funds. The Transportation fund includes a state grant to provide transportation for students in the District. The Instructional Materials fund accounts for a state grant to provide text books for students in the District.

**TITLE I IASA (24101 ENTITLEMENT), (24201 FEDERAL STIMULUS)** - The Title I project provides remedial instruction in language arts for educationally deprived students in low income areas. The project is funded by the Federal Government through the New Mexico State Department of Education, under the Elementary and Secondary Education Act of 1965, Title I, Chapter 1, Part A, 20 U.S.C. 2701 et seq.

**IDEA-B Entitlement Special (24106), (24206 FEDERAL STIMULUS)** - This fund is used to account for a program funded by a Federal grant to assist the District in providing free appropriate public education to all handicapped children. Funding authorized by Individuals with Disabilities Education Act, Part B, Section 611-620, as amended, Public Laws 91-230, 93-380, 94-142, 98-199, 99-457, 100,639, and 101-476, 20 U.S.C. 1411-1420.

**NM Reads to Lead K-3 (27114)** - Provides an aligned approach for districts and schools to ensure that children can read by the end of third grade - giving them essential skills for future career and college success. It also provides regional and district reading coaches, supports for intervention, and professional development for parents, teachers, reading coaches, and administrators.

STATE OF NEW MEXICO  
CARRIZOZO MUNICIPAL SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019

**C. Measurement Focus, Basis of Accounting**

**Bond Building Capital Fund (31100)** – This fund accounts for the revenue received from bonds sold by the school to be used for improvements and additions to school owned property.

**Debt Service Fund (41000)** - is used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest. The resources of this fund are generated by a tax levy based upon property values.

**C. Measurement Focus, Basis of Accounting**

Additionally, the District reports the following agency fund:

**Fiduciary Fund Type**

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

The Student Activity Fund, an agency fund, accounts for assets held by the District as an agent for the District organizations. These organizations exist with the explicit approval of and are subject to revocation by the District's Board of Education. This accounting reflects the District's agency relationship with the student activity organizations.

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

**Deposits and Investments** - The District's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. State statutes authorize the District to invest in Certificates of Deposit, obligations of the U.S. Government, and the State Treasurer's Investment Pool.

STATE OF NEW MEXICO  
CARRIZOZO MUNICIPAL SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

Investments for the District are reported at fair value. The State Treasurer's Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

**Deferred Inflows**

The District reports unearned and unavailable revenues on its Statement of Net Position and Fund Balance Sheet. Unearned revenues arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the occurrence of qualifying expenditures. In subsequent periods, when the District has a legal claim to the resources, the liability for unearned revenue is removed from the combined balance sheet and the revenue is recognized. Unavailable revenues also occur in the fund financial statements when revenue is earned but is not available. The revenue becomes available if received within 30 days of the fiscal year end.

**Restricted Assets** - The Debt Service Fund is used to report resources set aside as restricted to make up potential future deficiencies in the revenue bond current debt service account.

**Deferred Outflows** - In the government-wide fund financial statements, deferred outflows are contributions to a pension plan after the measurement date, and the change in assumption.

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

STATE OF NEW MEXICO  
CARRIZOZO MUNICIPAL SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

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

The District receives monthly income from a tax levy in Lincoln and Socorro County. The funds are collected by the County Treasurers and are remitted to the District the following month.

Under the modified accrual method of accounting, the amount remitted by the County Treasurers 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.

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

**Inventory** - The District uses the consumption method of accounting for inventory. Under the consumption approach, governments report inventories they purchase as an asset and defer the recognition of the expenditures until the period in which the inventories actually are consumed.

Inventory is valued at cost utilizing the consumption basis of accounting. Inventory in the Food Service Fund consists of U.S.D.A. commodities and other purchased food and non-food supplies. The cost of purchased food is recorded as an expenditure at the time individual inventory items are consumed.

U.S.D.A. commodities consumed during the year are reported as revenues and expenditures; unused commodities are reported as inventories. Non-commodity inventories are equally offset by a fund balance reserve, which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets. No deferred revenue was recorded for unused commodity inventory as of June 30, 2019.

STATE OF NEW MEXICO  
CARRIZOZO MUNICIPAL SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or 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 was a phase II government for purposes of implementing GASB 34 however, the District does not have any infrastructure asset to report. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

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.

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

<b><u>Assets</u></b>	<b><u>Years</u></b>
Building and improvements	20-50
Furniture, Equipment Vehicles and Library Books	3-15

STATE OF NEW MEXICO  
CARRIZOZO MUNICIPAL SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**Unearned Revenues and Deferred Inflows of Resources** - Under both accrual and the modified accrual basis of accounting, revenue may be recognized only when it is earned. If assets are recognized in connection with a transaction before the earnings process is complete, those assets must be offset by corresponding liability for unearned revenue. Accounting principles generally accepted in the United States of America require that grant revenue be recognized 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. In addition, property taxes receivable but uncollected within sixty (60) days of year end are classified as deferred inflow.

**Compensated Absences** - Administrative employees accumulate 108 annual hours of leave and maintenance employees accumulate 120 annual leave hours. Qualified employees are entitled to accumulate sick leave. There is no limit to the amount of sick leave which an employee may accumulate; however, no payment is due to the employee upon termination of employment.

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 assets.

**Deferred Inflows** - Within the governmental funds, revenues must be available in order to be recognized. Revenues such as real estate taxes that are not available are recorded as deferred inflows and reflected within the balance sheet.

STATE OF NEW MEXICO  
CARRIZOZO MUNICIPAL SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**Long-term Obligations** - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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 of Fund Financial Statements** - In the fund financial statements, governmental funds are classified as follows:

**Nonspendable** - fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example, inventories and prepaid amounts. It also includes amounts to be held in perpetuity.

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1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**Restricted** - Fund balance should be reported when constraints placed on the use of resources are either:

- 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. Enabling legislation, as the term is used in this Statement, authorizes the government to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that a government can be compelled by an external party-such as citizens, public interest groups, or the judiciary - to use resources created by enabling legislation only for the purposes specified by the legislation.

**Unassigned** - fund balance is the residual classification for the general fund. This classification 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. The general fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

The District's policy is to apply restricted resources first, committed sources second, assigned resources third, and unassigned resources last when an expense is incurred for purposes for which all or any fund balance classification is available.



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1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**Equity Classifications**

Government-Wide Statements

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

- a. Net position invested in capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulation of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Net position - All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

**Estimates** - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**E. Revenues**

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

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**E. Revenues (Continued)**

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 \$2,129,373 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 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 \$539,951 in tax revenues in the governmental fund financial statements during the year ended June 30, 2019. Descriptions of the individual debt service and capital outlay funds contained in these financial statements include information regarding the authority for the collection and use of these taxes. The School collects property tax from two different counties, Guadalupe County may attach an enforceable lien on the property thirty days after delinquency and Torrance County considers delinquencies on December 10th, at which point they can attach an enforceable lien.

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1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**E. Revenues (Continued)**

**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 \$123,510 in transportation distributions during the year ended June 30, 2019.

**Public School Capital Outlay** - Under the provisions of Chapter 22, Article 24, a public school capital outlay fund was created. The money in the fund may be used for capital expenditures deemed by the public school capital outlay council necessary for an adequate educational program per Section 22-24-4(B), core administrative function of the public school facilities authority and for project management expenses upon approval of the council per Section 22-24-4 (0); 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).

**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.

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**F. New Pronouncements**

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

In June 2018, GASB No. 89, Accounting for Interest Cost Incurred Before the End of a Construction Period, was issued. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The requirements of this Statement should be applied prospectively. The District is still evaluating how this pronouncement will affect the financial statements.

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**F. New Pronouncements (Continued)**

In December 2018, GASB No. 90, Majority Equity Interests, was issued. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value.

For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit.

This Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. Transactions presented in flows statements of the component unit in that circumstance should include only transactions that occurred subsequent to the acquisition. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. The District is still evaluating how this pronouncement will affect the financial statements.

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**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. Budgeted expenditures exclude encumbrances and the budget secures appropriation of funds for only one year. Carryover funds must be re-appropriated in the budget of the subsequent fiscal year. Because the budget process in the State of New Mexico requires that the beginning cash balance be appropriated in the budget of the subsequent fiscal year, when the budget is approved those funds are legally restricted and shown as reserved fund balance.

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

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

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

1. In April or May, the superintendent submits to the Board of Education a proposed operating budget for the fiscal year commencing the following July. The operating budget includes proposed expenditures and the means of financing them, and has approval by the Public Education Department.
2. In May or June, the budget is approved by the Board of Education.
3. The school board meeting is open for the general public unless a closed meeting has been called.
4. 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 New Mexico Public Education Department.

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**2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)**

5. 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.

6. Budgets for the General, Special Revenue, Debt Service, and Capital Projects Funds are adopted on a basis not consistent with generally accepted accounting principles (GAAP). Budget basis expenditures exclude encumbrances.

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

The District is required to balance its budgets each year. Accordingly, amounts that are excess or deficient are presented as changes in cash designated for expenditures, not as an excess or deficiency of revenues over expenditures.

The reconciliation between the Non-GAAP budgetary basis amounts and the financial statements on the GAAP basis for each governmental fund is included in each individual budgetary comparison.

**3. DEPOSIT AND INVESTMENTS**

State statutes authorize the investment of District funds in a wide variety of instruments including certificates of deposit and other similar obligations, state investment pool, money market accounts, and United States Government obligations. All invested funds of the District properly followed State investment requirements as of June 30, 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. The financial institution must provide pledged collateral for 50% of the deposit amount in excess of the deposit insurance.

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

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**3. DEPOSIT AND INVESTMENTS (CONTINUED)**

The types of collateral allowed are limited to direct obligations of the United States Government or agency, districts or political subdivisions of the States of New Mexico.

According to the Federal Deposit Insurance Corporation, public unit deposits are owned by the public unit. Time deposits, savings deposits and interest bearing money market accounts at a public unit in an institution in the same state will be insured up to \$250,000 in aggregate and separate from the unlimited coverage for non interest bearing accounts.

**Deposits** - NM State Statutes require collateral pledged for deposits in excess of the federal deposit insurance to be delivered, or a joint safekeeping receipt be issued, to the School District for at least one half of the amount on deposit with the institution. The schedule listed below will meet the State of New Mexico, Office of the State Auditor's requirements in reporting the insured portion of the deposits.

**First Savings Bank**

	First National Bank	New Mexico Finance Authority	Total
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Cash on deposit at June 30, 2019	\$ 791,570	\$ 207,454	\$ 999,024
FDIC coverage	<u>(250,000)</u>	<u>(207,454)</u>	<u>(457,454)</u>
Total uninsured public funds	<u>\$ 541,570</u>	<u>\$ -</u>	<u>\$ 541,570</u>
Pledged collateral	\$ 636,721	\$ -	\$ 636,721
Collateral requirement (50% of uninsured public funds)	<u>270,785</u>	<u>-</u>	<u>270,785</u>
Over collateralization	<u>\$ 365,936</u>	<u>\$ -</u>	<u>\$ 365,936</u>



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**3. DEPOSIT AND INVESTMENTS (CONTINUED)**

The following securities are pledged at First Savings Bank:

<u>Description</u>	<u>CUSIP#</u>	<u>Market Value</u>	<u>Maturity Date</u>	<u>Location</u>
FHLMC 10 YR	31307BJW1	103,253	03/01/2023	Federal Reserve
FNMA 15 YR	3138EKJA4	161,536	01/01/2028	Federal Reserve
FNMA 10 YR	31418CTF1	75,909	01/25/2028	Federal Reserve
FNR 2012-145 DC	3136AA2L8	21,589	01/25/2028	Federal Reserve
FHLMC 15 YR	3128ME3M0	165,237	08/01/2031	Federal Reserve
FHR 4505PA	3137BKWM8	109,197	08/01/2023	Federal Reserve
		<u>\$ 636,721</u>		

**Custodial Credit Risk-Deposits** - Custodial Credit Risk is the risk that in the event of bank failure, the School's deposits may not be returned to it. The 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). As of June 30, 2019, \$- of the District's bank balance of \$791,570 was exposed to custodial credit risk. At June 30, 2019, the carrying amount of these deposits were \$893,265.

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**3. DEPOSIT AND INVESTMENTS (CONTINUED)**

**Reconciliation of Cash and Cash Equivalents**

Cash and cash equivalents per Governmental Funds - balance sheet	\$ 631,698
Restricted cash and cash equivalents - balance sheet	<u>207,454</u>
Total	<u>839,152</u>
Statement of Fiduciary Net Assets - cash	<u>54,113</u>
Total cash and cash equivalents	893,265
Add outstanding checks and other reconciling items	<u>105,759</u>
Bank balance of deposits and investments	<u>\$ 999,024</u>
Cash source:	
First Savings Bank	\$ 791,570
New Mexico Finance Authority	<u>207,454</u>
Total cash and cash equivalents	<u>\$ 999,024</u>

**Credit and Interest Rate Risk**

Interest Rate Risk - As a means of limiting its exposure to fair value losses arising from rising interest rates, the School District's investment policy limits the School District's investment portfolio to maturities of less than one year.

**4. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

The District records temporary interfund receivables and payables to enable the funds to operate until grant monies are received.

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**4. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (CONTINUED)**

The composition of interfund balances during the year ended June 30, 2019 is as follows:

<b>Governmental Activities</b>	<b>Due from other funds</b>	<b>Due to other funds</b>
	<u>          </u>	<u>          </u>
General fund	\$ 96,134	\$ -
Title I IASA	-	37,106
Entitlement IDEA B	-	24,513
NM Autism Project	-	1,000
IDEA B- Preschool	-	199
Teacher Principal	-	1,243
Title IV Instructional	-	2,170
REAP	-	2,784
GO Bond Library	-	3,556
NM Reads to Lead K-3	-	19,213
SB - 9 cap outlay	-	4,350
	<u>          </u>	<u>          </u>
Totals	<u>\$ 96,134</u>	<u>\$ 96,134</u>

All interfund balances are to be repaid within one year. There were no operating transfers for the year ended June 30, 2019.

**5. ACCOUNTS RECEIVABLE**

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

	<b>General</b>	<b>Major Governmental Funds</b>	<b>Non-Major Governmental Funds</b>	<b>Total</b>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Government grants	\$ -	\$ 80,832	\$ 15,302	\$ 96,134
Property taxes	<u>-</u>	<u>48,141</u>	<u>-</u>	<u>48,141</u>
Total	<u>\$ -</u>	<u>\$ 128,973</u>	<u>\$ 15,302</u>	<u>\$ 144,275</u>

The above receivables are deemed 100% collectible.

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**6. CAPITAL ASSETS**

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

	<b>Balance June 30, 2018</b>	<b>Additions</b>	<b>Retirements</b>	<b>Transfer</b>	<b>Balance June 30, 2019</b>
Governmental Activities:					
Capital assets not being depreciated:					
Land	\$ 513,093	\$ -	\$ -	\$ -	\$ 513,093
Construction in progress	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total capital assets not being depreciated	513,093	-	-	-	513,093
Capital assets being depreciated:					
Buildings & building improvements	9,921,287	202,860	-	-	10,124,147
Equipment, vehicles, information technology equipment, software & books	<u>548,060</u>	<u>69,056</u>	<u>-</u>	<u>-</u>	<u>617,116</u>
Total capital assets being depreciated	10,469,347	271,916	-	-	10,741,263
Less accumulated depreciation for:					
Buildings & building improvements	(1,614,037)	(263,930)	-	-	(1,877,967)
Equipment, vehicles, information technology equipment, software & books	<u>(355,667)</u>	<u>(45,002)</u>	<u>-</u>	<u>-</u>	<u>(400,669)</u>
Total accumulated depreciation	<u>(1,969,704)</u>	<u>(308,932)</u>	<u>-</u>	<u>-</u>	<u>(2,278,636)</u>
Total capital assets being depreciated, net	<u>8,499,643</u>	<u>(37,016)</u>	<u>-</u>	<u>-</u>	<u>8,462,627</u>
Governmental activities capital assets, net	<u>\$ 9,012,736</u>	<u>\$ (37,016)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,975,720</u>

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**6. CAPITAL ASSETS (CONTINUED)**

For the year ended June 30, 2019, depreciation was charged to the following functions:

<b>Governmental Activities</b>	
Instruction	\$ 199,020
Support services	41,381
Central services	9,506
Operations and maintenance of plant	<u>59,025</u>
 Total	 <u>\$ 308,932</u>

**7. LONG-TERM OBLIGATIONS**

The District issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. The original amount of general obligation bonds issued was \$4,110,000. General obligation bonds are direct obligations and pledge the full faith and credit of the District. These bonds are issued with varying terms and varying amounts of principal maturing each year. All general obligation bonds as of June 30, 2019 are for governmental activities.

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

<u>Note Description</u>	<u>Original issue</u>	<u>Maturity Date</u>	<u>Interest Rate</u>
Series 2008	\$ 800,000	2021	2.00
Series 2009	515,000	2022	2.27
Series 2010	345,000	2021	1.10
Series 2010A	420,000	2024	1.08
Series 2012	230,000	2024	-
Series 2014	800,000	2029	.1 - 2.92
Series 2015	575,000	2029	1.70
Series 2016	425,000	2029	1.70
Series 2018	<u>300,000</u>	2031	.1 - 2.92
 Total	 <u>\$ 4,110,000</u>		

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

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**7. LONG-TERM OBLIGATIONS (CONTINUED)**

	<b>Balance June 30, 2018</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance June 30, 2019</b>	<b>Due Within One Year</b>
Governmental Activities:					
Bonds payable	\$ 3,140,000	\$ 300,000	\$ (285,000)	\$ 3,155,000	\$ 305,000
Compensated absences	<u>15,786</u>	<u>13,830</u>	<u>(11,086)</u>	<u>18,530</u>	<u>11,086</u>
Total governmental activities	<u>\$ 3,155,786</u>	<u>\$ 313,830</u>	<u>\$ (296,086)</u>	<u>\$ 3,173,530</u>	<u>\$ 316,086</u>

The annual requirements to amortize the general obligation bonds outstanding as of June 30, 2019, including interest payments are as follows:

**Principal Due**

Description	<u>6/30/20</u>	<u>6/30/21</u>	<u>6/30/22</u>	<u>6/30/23</u>	<u>6/30/24</u>	Thereafter
Series 2008	\$ 185,000	\$ 75,000	\$ -	\$ -	\$ -	\$ -
Series 2009	50,000	65,000	75,000	-	-	-
Series 2010	25,000	110,000	-	-	-	-
Series 2010A	15,000	10,000	70,000	145,000	130,000	-
Series 2012	-	10,000	40,000	50,000	80,000	-
Series 2014	10,000	10,000	10,000	10,000	10,000	720,000
Series 2015	10,000	10,000	10,000	10,000	10,000	495,000
Series 2016	10,000	20,000	20,000	20,000	20,000	315,000
Series 2018	<u>-</u>	<u>10,000</u>	<u>20,000</u>	<u>30,000</u>	<u>40,000</u>	<u>200,000</u>
Totals	<u>\$ 305,000</u>	<u>\$ 320,000</u>	<u>\$ 245,000</u>	<u>\$ 265,000</u>	<u>\$ 290,000</u>	<u>\$ 1,730,000</u>

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**7. LONG-TERM OBLIGATIONS (CONTINUED)**

**Interest Due**

Description	<u>6/30/20</u>	<u>6/30/21</u>	<u>6/30/22</u>	<u>6/30/23</u>	<u>6/30/24</u>	<u>Thereafter</u>
Series 2008	\$ 5,158	\$ 1,181	\$ -	\$ -	\$ -	\$ -
Series 2009	4,010	2,688	954	-	-	-
Series 2010	1,637	740	740	-	-	-
Series 2010A	6,071	5,629	4,061	1,339	-	-
Series 2012	-	-	-	-	-	-
Series 2014	15,929	15,782	15,606	15,404	15,178	43,292
Series 2015	9,821	9,633	9,423	9,189	9,189	32,233
Series 2016	811	799	763	716	668	3,047
Series 2018	<u>6,967</u>	<u>7,443</u>	<u>7,443</u>	<u>7,261</u>	<u>6,255</u>	<u>30,240</u>
Totals	<u>\$ 50,404</u>	<u>\$ 43,895</u>	<u>\$ 38,990</u>	<u>\$ 33,909</u>	<u>\$ 31,290</u>	<u>\$ 108,812</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 increased a net of \$2,744 from the prior year accrual. In prior years, the general fund was typically used to liquidate long-term liabilities other than debt.

**8. LEASE AGREEMENTS**

The District has an operating lease with Xerox for five copiers that began May 5, 2016, for 60 months at a \$455.79 monthly rate for a total annual payment of \$5,469.48. The amount expensed in 2018-2019 was \$5,469.48.

**9. RISK MANAGEMENT**

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

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**7. LONG-TERM OBLIGATIONS (CONTINUED)**

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

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

**10. 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](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.

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.



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**10. PENSION PLAN- EDUCATIONAL RETIREMENT BOARD (CONTINUED)**

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 22-11-2, NMSA 1978. Employees of public schools, universities, colleges, junior colleges, technical-vocational institutions, state special schools, charter schools, and state agencies providing an educational program, who are employed more than 25% of a full-time equivalency, are required to be members of the Plan, unless specifically excluded.

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

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

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

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

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

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

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**10. PENSION PLAN- EDUCATIONAL RETIREMENT BOARD (CONTINUED)**

The member's minimum age is 55, and has earned 30 or more years of service credit. Those who retire earlier than age 55, but with 30 years of earned service credit will have a reduction in benefits to the actuarial equivalent of retiring at age 55.

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

The member's age is 67, and has earned 5 or more years of service credit.

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

**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.

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**10. PENSION PLAN- EDUCATIONAL RETIREMENT BOARD (CONTINUED)**

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

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

Tier 1 membership is comprised of employees who became members prior to July 1, 2010

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

Tier 3 membership is comprised of employees who became members on or after July 1, 2013

As of July 1, 2013, for current and future retirees the COLA is immediately reduced until the Plan is 100% funded. The COLA reduction is based on the median retirement benefit of all retirees excluding disability retirements. Retirees with benefits at or below the median and with 25 or more years of service credit will have a 10% COLA reduction; their average COLA will be 1.8%. Once the funding is greater than 90%, the COLA reductions will decrease. The retirees with benefits at or below the median and with 25 or more years of service credit will have a 5% COLA reduction; their average COLA will be 1.9%. Members on disability retirement are entitled to a COLA commencing on July 1 of the third full year following disability retirement. A member on regular retirement who can prove retirement because of a disability may qualify for a COLA beginning July 1 in the third full year of retirement.

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**10. PENSION PLAN- EDUCATIONAL RETIREMENT BOARD (CONTINUED)**

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

**Contributions** –

The contribution requirements of plan members and the Carrizozo Municipal Schools are established in State statute under Chapter 22, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. Carrizozo Municipal School's contributions to ERB for the fiscal years ending June 30, 2019, 2018, and 2017, were \$186,125, \$183,973, and \$178,797, respectively, which equal the amount of the required contributions for each fiscal year.

GASB 68, *Accounting and Financial Reporting for Pensions*, requires contributing employers of cost-sharing multiple employer defined benefit pension plans to include the net pension liability, pension expense, and pension-related deferred inflows and outflows of resources related to their share of the pension plan in their government-wide financial statement presentation. ERB engaged their financial statement auditors to prepare a schedule allocating these obligations to the contributing employers as of the year ended June 30, 2018. As part of adopting GASB 68, the District recognized a Net Pension Liability (NPL), which represents the District's share of the underfunded pension obligation at June 30, 2019.

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**10. 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 \$5,631,734 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, 2018. The total pension liability was rolled-forward from the valuation date to the plan year ending June 30, 2019 using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date of June 30, 2018. There were no significant events or changes in benefit provision that required an adjustment to the roll-forward liabilities as of June 30, 2018. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating educational institutions, actuarially determined. At June 30, 2018, the District's proportion was .04736%, which was an increase of 0.00219% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2019, the District recognized pension expense of \$1,030,766. At the June 30, 2019, the District reported deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	<u>Deferred outflows of resources</u>	<u>Deferred inflows of resources</u>
Differences between expected and actual experience	\$ 1,780	\$ 107,181
Changes in assumptions	1,160,674	-
Net difference between projected and actual earnings on pension plan investments	12,467	-
District contributions subsequent to the measurement date	186,303	-
Change in proportion and differences between employer contributions and proportionate share of contributions	<u>144,367</u>	<u>-</u>
Total	<u>\$ 1,505,591</u>	<u>\$ 107,181</u>

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**10. PENSION PLAN- EDUCATIONAL RETIREMENT BOARD (CONTINUED)**

\$186,303 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date of 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:

Year ended June 30:			
2018	\$	721,567	
2019		472,831	
2020		19,875	
2021		<u>164</u>	
Total		1,214,437	

Actuarial assumptions. The total ERB pension liability and net pension liability are based on an actuarial valuation performed as of June 30, 2018. The total ERB pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2018 using generally accepted actuarial principles. There were no significant events or changes in benefit provisions that required an adjustment to the roll-forward liabilities as of June 30, 2018. Specifically, the liabilities measured as of June 30, 2018 incorporate the following assumptions:

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

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**10. PENSION PLAN- EDUCATIONAL RETIREMENT BOARD (CONTINUED)**

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:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll
Remaining Period	Amortization - closed 30 years from June 30, 2012 to June 30, 2042
Asset Valuation Method	5 year smooth market for funding valuation (fair value for financial valuation)
Inflation	2.50%
Salary Increases	Composition: 2.50% inflation, plus .75% productivity increase rate, plus step rate promotional increases for members with less than 10 years of service
Investment Rate of return	7.25%
Retirement Age	Experience based table of age and service rates
Mortality	Healthy males – RP-2000 Combined Healthy mortality table for males with White Collar Adjustments, no set back. Generational mortality improvements in accordance with Scale BB from the table's base year of 2000 Healthy females – GRS Southwest Region Teacher Mortality Table, set back one year. Generational mortality improvements in accordance with Scale BB from the table's base year of 2012

Rate of Return - The long-term expected rate of return on pension plan investments is determined annually using a building-block approach that includes the following: 1) rate of return projections are the sum of current yield plus projected changes in price (valuation, defaults, etc.), 2) application of key economic projections (inflation, real growth, dividends, etc.), and 3) structural themes (supply and demand imbalances, capital flows, etc.). These items are developed for each major asset class.

Discount Rate - A single discount rate of 5.69% was used to measure the total pension liability as of June 30, 2018. This single discount rate was based on an 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 Plan's fiduciary net position and future contributions were sufficient to finance the benefit payments through the year 2050.

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**10. PENSION PLAN- EDUCATIONAL RETIREMENT BOARD (CONTINUED)**

The projection of cash flows used to determine this single discount rate assumed that Plan contributions will be made at the current statutory levels. Additionally, contributions received through the Alternative Retirement Plan (ARP), ERB's defined contribution plan, are included in the projection of cash flows.

ARP contributions are assumed to remain at a level percentage of ERB payroll, where the percentage of payroll is based on the most recent five year contribution history.

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate. The following table shows the sensitivity of the net pension liability to changes in the discount rate as of the fiscal year end 2016. In particular, the table presents the (employer's) net pension liability under the current single rate assumption, as if it were calculated using a discount rate one percentage point lower (4.90%) or one percentage point higher (6.90%) than the single discount rate.

	1% Decrease (4.69%)	Current Discount Rate (5.69%)	1% Increase (6.69%)
District's proportionate share of net pension	\$ 7,319,098	\$ 5,631,734	\$ 4,254,951

**Pension plan fiduciary net position** Detailed information about the pension plan's fiduciary net position is available in the separately issued audited financial statements as of and for June 30, 2018 and June 30, 2017 which are publicly available at [www.nmerb.org](http://www.nmerb.org).

Payables to the pension plan. The District remits the legally required employer and employee contributions on a monthly basis to ERB. The ERB requires that the contributions be remitted by the 15th day of the month following the month for which contributions are withheld. At June 30, 2018 the District did not owe ERB any funds.



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**11. POST-EMPLOYMENT BENEFITS - STATE RETIREE HEALTH CARE PLAN**

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

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

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

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

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**11. POST-EMPLOYMENT BENEFITS - STATE RETIREE HEALTH CARE PLAN (CONTINUED)**

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

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. For employees that were members of an enhanced retirement plan (state police and adult correctional officer member coverage plan 1; municipal police member coverage plans 3, 4 or 5; municipal fire member coverage plan 3, 4 or 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act) during the fiscal year ended June 30, 2016, the statute required each participating employer to contribute 2.5% of each participating employee's annual salary; and each participating employee was required to contribute 1.25% of their salary. For employees that were not members of an enhanced retirement plan during the fiscal year ended June 30, 2016, the statute required each participating employer to contribute 2.0% of each participating employee's annual salary; each participating employee was required to contribute 1.0% of their salary. In addition, pursuant to Section 10-7C-15(G) NMSA 1978, at the first session of the Legislature following July 1, 2013, the legislature shall review and adjust the distributions pursuant to Section 7-1-6.1 NMSA 1978 and the employer and employee contributions to the authority in order to ensure the actuarial soundness of the benefits provided under the Retiree Health Care Act.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 47,741	\$ 251,664
Net difference between projected and actual earnings on OPEB plan investments	-	16,822
Difference between expected and actual experience	-	79,810
Contributions made after the measurement date	26,809	-
	\$ 74,550	\$ 348,296

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**11. POST-EMPLOYMENT BENEFITS - STATE RETIREE HEALTH CARE PLAN (CONTINUED)**

***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 \$1,347,990 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 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, 2017, the District's proportion was 0.03100 percent.

Carrizozo Municipal Schools contributions to the RHCA for the years ended June 30, 2019, 2018 and 2017 were \$26,809, \$26,472, and \$25,727, respectively, which equal the required contributions for each year.

Deferred outflows of resources totaling \$26,809 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:

Year Ending	
2020	\$ (78,379)
2021	(78,379)
2022	(78,379)
2023	(58,225)
2024	<u>(7,193)</u>
	\$ (300,555)

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

Actuarial valuation date	June 30, 2017
Actuarial cost method	Entry age normal , level percent of pay,calculated on individual employee basis
Asset valuation method	Market Value of assets
Actuarial assumptions	
Inflation	2.50% for ERB: 2.25% for PERA
Projected payroll increases	3.50% to 12.50%, based on years of service including inflation
Investment rate of return	7.25%, net of OPEB plan investment expense and margin for adverse deviation including inflation.
Healthcare cost trend rate	8% graded down to 4.5% over 14 years for non-Medicare medical plan costs and 7.5% graded down to 4.5% over 12 for Medicare medical plan costs

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**11. POST-EMPLOYMENT BENEFITS - 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:

<b>Asset Class</b>	<b>Long - Term Rate of Return</b>
U.S. core fixed income	2.1%
U.S. equity - large cap	7.1
Non U.S. - emerging markets	10.2
Non U.S. - developed equities	7.8
Private equity	11.8
Credit and structured finance	5.3
Real estate	4.9
Absolute return	4.1
U.S. equity - small/mid cap	7.1

**Discount Rate** - The discount rate used to measure the total OPEB liability is 4.08% as of June 30, 2018. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at rates proportional to the actuary determined contribution rates. For this purpose, employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries are not included. Based on those assumptions, the Fund's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members through the fiscal year ending June 30, 2029. Thus, the 7.25% discount rate was used to calculate the net OPEB liability through 2029. Beyond 2029, the index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher (3.87%) was applied. Thus 4.08% is the blended discount rate.

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**11. POST-EMPLOYMENT BENEFITS - STATE RETIREE HEALTH CARE PLAN (CONTINUED)**

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

1% Decrease 3.08%	Current Discount Rate 4.08%	1% Increase 5.08%
\$ 1,631,385	\$ 1,347,990	\$ 1,124,611

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:

1% Decrease	Current Trend Rates	1% Increase
\$ 1,139,524	\$ 1,347,990	\$ 1,511,432

**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, 2018.

**Payable Changes in the Net OPEB Liability** – At June 30, 2019, the District reported a payable of \$0 for outstanding contributions due to NMRHCA for the year ended June 30, 2019.

**12. LOSS CONTINGENCIES**

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.

**13. ANALYSIS FOR IMPAIRMENT**

Management reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. In management's opinion, there are no impaired assets at June 30, 2019.

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**14. SUBSEQUENT EVENTS**

Management has evaluated subsequent events through November 15, 2019, the date the financial statements were available to be issued.

**15. CONCENTRATION**

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

**16. JOINT POWERS AGREEMENT**

Carrizozo Municipal Schools entered in to a joint powers agreement with the Region 9 Education Cooperative (REC). The purpose of the agreement is to allow the submission of a consolidated application to the State Department of Education for certain funds granted to the State of New Mexico by the United States Department of Education under the Education of the Handicapped Act, Part B, PL 94142 among others.

There are seven schools that participate in the REC, they are Ruidoso, Capitan, Carrizozo, Cloudcroft, Corona, Hondo and Tularosa. The agreement became effective on July1, 1995 and is to remain in effect until the end of any fiscal year during which the school gives notice of intent to terminate.

The REC is it's own fiscal agent and is responsible for its audit. The financial statements are available for inspection at the REC office located at 1400 Sudderth Dr. Ruidoso, New Mexico 88345.

**17. RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; error and omissions; and injuries to employees; and natural disasters. The District, as a New Mexico Public School, is insured through the New Mexico Public Schools Insurance Authority (NMPSIA). Annual premiums are paid by the District to NMPSIA for coverage provided in the following areas:

- Workers Compensation
- Property and Automobile Liability and Physical Damage
- Liability and Civil Rights and Personal Injury
- Contract School Bus Coverage; and
- Crime

**18. TAX ABATEMENT**

The District has evaluated GASB 77 with regard to tax abatements and has determined that the District is not a party to any agreements that abate taxes.

**REQUIRED SUPPLEMENTARY INFORMATION**

STATE OF NEW MEXICO  
CARRIZOZO MUNICIPAL SCHOOLS  
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
EDUCATIONAL RETIREMENT BOARD (ERB) PLAN  
LAST 10 FISCAL YEARS\*  
FOR THE YEAR ENDED JUNE 30, 2019

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
The Carrizozo Municipal Schools' proportion of the net pension liability	\$ 2,462,013	\$ 2,854,531	\$ 3,234,797	\$ 5,019,954	\$ 5,631,734
The Carrizozo Municipal Schools' proportionate share of the net pension liability	0.0432%	0.0441%	0.0452%	0.0452%	0.0474%
The Carrizozo Municipal Schools' covered-employee payroll	\$ 1,252,691	\$ 1,283,901	\$ 1,286,309	\$ 1,323,526	\$ 1,389,541
The Carrizozo Municipal Schools' proportionate share of the net pension liability as a percentage of its covered-employee payroll	196.54 %	222.33 %	251.48 %	379.29 %	405.29 %
Plan fiduciary net position as a percentage of the total pension liability	63.97 %	63.97 %	61.58 %	52.95 %	52.17 %

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

See independent auditors' report



STATE OF NEW MEXICO  
 CARRIZOZO MUNICIPAL SCHOOLS  
 SCHEDULE OF CONTRIBUTIONS  
 EDUCATIONAL RETIREMENT BOARD (ERB) PLAN  
 LAST 10 FISCAL YEARS\*  
 FOR THE YEAR ENDED JUNE 30, 2019

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Contractually required contribution	\$ 174,124	\$ 178,462	\$ 178,797	\$ 183,973	\$ 186,303
Contributions in relation to the contractually required contribution	<u>174,124</u>	<u>178,462</u>	<u>178,797</u>	<u>183,973</u>	<u>186,303</u>
Contribution deficiency (excess)	-	-	-	-	-
The Carrizozo Municipal Schools' covered-employee payroll	<u>\$1,252,691</u>	<u>\$ 1,283,901</u>	<u>\$ 1,286,309</u>	<u>\$1,323,526</u>	<u>\$1,389,541</u>
Contributions as a percentage of covered-employee payroll	<u>13.90 %</u>	<u>13.90 %</u>	<u>14.30 %</u>	<u>13.90 %</u>	<u>13.41 %</u>

\* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, The Carrizozo Municipal Schools will present information for those years for which information is available.

See independent auditors' report

STATE OF NEW MEXICO  
 CARRIZOZO MUNICIPAL SCHOOLS  
 SCHEDULE OF PROPORTIONATE SHARE OF THE OPEB LIABILITY  
 NEW MEXICO RETIREE HEALTH CARE AUTHORITY  
 LAST 10 FISCAL YEARS\*  
 FOR THE YEAR ENDED JUNE 30, 2019

	<u>2018</u>		<u>2019</u>
The Carrizozo Municipal Schools' proportion of the OPEB liability	\$ 1,357,689	\$	1,347,990
The Carrizozo Municipal Schools' proportionate share of the OPEB liability	0.0300%		0.0310%
The Carrizozo Municipal Schools' covered-employee payroll	\$ 1,248,028	\$	1,330,091
The Carrizozo Municipal Schools's proportionate share of the OPEB liability as a percentage of its covered-employee payroll	108.79 %		101.35 %
Plan fiduciary net position as a percentage of the total OPEB liability	11.34 %		13.14 %

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

See independent auditors' report

STATE OF NEW MEXICO  
 CARRIZOZO MUNICIPAL SCHOOLS  
 SCHEDULE OF CONTRIBUTIONS  
 NEW MEXICO RETIREE HEALTH CARE AUTHORITY  
 LAST 10 FISCAL YEARS\*  
 FOR THE YEAR ENDED JUNE 30, 2019

	<b>2018</b>	<b>2019</b>	
Contractually required contribution	\$ 95,137	\$ 48,443	
Contributions in relation to the contractually required contribution	47,748	47,851	
Contribution deficiency (excess)	(47,389)	(592)	
The Carrizozo Municipal Schools' covered-employee payroll	\$ 1,248,028	\$ 1,330,091	
Contributions as a percentage of covered-employee payroll	3.83 %	3.60 %	

\* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, The Carrizozo Municipal Schools will present information for those years for which information is available.

See independent auditors' report

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

**RHCA PLAN**

**Changes in benefit provisions.** There were no modifications to the benefit provisions as this is the first year of adoption of the OPEB accounting standard.

**Changes in assumptions and methods.** There were no modifications to the assumptions and methods as this is the first year of adoption of the OPEB accounting standard.

**SUPPLEMENTARY INFORMATION**

**NONMAJOR GOVERNMENTAL FUNDS**

STATE OF NEW MEXICO  
CARRIZOZO MUNICIPAL SCHOOLS  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2019

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total</u>
<b>ASSETS</b>			
Cash on deposit	\$ 32,115	\$ 66,071	\$ 98,186
Property taxes receivable	-	12,429	12,429
Due from grantors	<u>10,952</u>	<u>4,350</u>	<u>15,302</u>
Total assets	<u>\$ 43,067</u>	<u>\$ 82,850</u>	<u>\$ 125,917</u>
<b>LIABILITIES DEFERRED INFLOWS, AND FUND BALANCES</b>			
Liabilities:			
Due to other funds	<u>10,952</u>	<u>4,350</u>	<u>15,302</u>
Total liabilities	10,952	4,350	15,302
Deferred inflows:			
Property tax	<u>-</u>	<u>11,333</u>	<u>11,333</u>
Total deferred inflows	<u>-</u>	<u>11,333</u>	<u>11,333</u>
Total deferred inflows and liabilities	10,952	15,683	26,635
Fund balances:			
Nonspendable - inventory	-	-	-
Unrestricted SRF	-	-	-
Restricted, reported in:			
Special revenue funds	32,115	-	32,115
Capital project funds	<u>-</u>	<u>67,167</u>	<u>67,167</u>
Total fund balance	<u>32,115</u>	<u>67,167</u>	<u>99,282</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 43,067</u>	<u>\$ 82,850</u>	<u>\$ 125,917</u>

See independent auditors' report

STATE OF NEW MEXICO  
CARRIZOZO MUNICIPAL SCHOOLS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2019

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total</u>
Revenues:			
Taxes	\$ -	\$ 139,408	\$ 139,408
Charges for services	7,810	-	7,810
State sources	30,258	4,350	34,608
Federal sources	107,365	-	107,365
	<u>145,433</u>	<u>143,758</u>	<u>289,191</u>
Total revenues	145,433	143,758	289,191
Expenditures:			
Current:			
Direct instruction	43,850	-	43,850
Instructional support	35,068	-	35,068
Food services	53,820	1,391	55,211
Operating and maintenance	-	142,039	142,039
Capital outlay	105,000	1,317	106,317
Debt services:			
Principal payments	-	-	-
Interest	-	-	-
	<u>237,738</u>	<u>144,747</u>	<u>382,485</u>
Total expenditures	237,738	144,747	382,485
Other Financing Sources:			
Loan proceeds	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	(92,305)	(989)	(93,294)
Fund balance - beginning of year	124,420	68,156	192,576
	<u>124,420</u>	<u>68,156</u>	<u>192,576</u>
Fund balance - end of year	\$ 32,115	\$ 67,167	\$ 99,282
	<u>\$ 32,115</u>	<u>\$ 67,167</u>	<u>\$ 99,282</u>

See independent auditors' report



**SPECIAL REVENUE FUNDS**

STATE OF NEW MEXICO  
CARRIZOZO MUNICIPAL SCHOOLS  
SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2019

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 education tasks. Grants accounted for in the Special Revenue Funds include:

**Food Service (21000)** - This program provides financing for school hot lunch program. Funding is provided from fees from patrons and USDA food reimbursements, under the National School Lunch Act of 1946, as amended, Public Law 79-396, Sections 2-12, 60 Stat. 230, 42 U.S.C. 1751 et seq.; 80 stat. 889, as amended; 84 Stat. 270; and the Child Nutrition Act of 1966, as amended, Sections 4 and 10. Public Law 89-642, 80 Stat. 886, 889, 42 U.S.C. 1773, 1779; Public Law 99-591, 100 Stat. 3341; Public Law 100-71, 101 Stat. 430. Also State Law 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.

**NM Autism (24108)** – This fund is used to account for funds provided to the district to support participation in the New Mexico Autism Project. The New Mexico Autism Project was established to improve educational outcomes for children diagnosed with Autism Spectrum Disorder. The funds were to be used for the establishment of a Technical Assistance Team, professional development, and curriculum resources.

**IDEA-B Preschool (24109)** - The objective of the Assistance to States for the Education of Handicapped Children Program is to assist in providing free, appropriate public education to all handicapped children from ages 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.

**Title IV Instructional (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.

STATE OF NEW MEXICO  
CARRIZOZO MUNICIPAL SCHOOLS  
SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2019

**Title XIX Medicaid 3/21 Years (25153)** - is 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 (Title XIX Social Security Act).

**Rural Education Achievement Program (25233)** - is used to provide financial assistance to rural district to carry out activities to help improve the quality of teaching and learning in their schools. Elementary and Secondary Education Act of 1965 (ESEA), Title VI, Part B, as amended.

**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 for the creation of this fund is the New Mexico Public Education Department.

**2012 GO Bond Library (27107)** - To account for monies received from, Laws of 2012 to be used to improve the library, acquire library books or library resources that support the library program.

**K-3-Plus (27166)** - To account for funds received to provide the opportunity for the district to address early literacy. The full-day kindergarten program is the first step in the implementation of a sequential early literacy approach to teaching reading.

**Teacher/Principal Training & Recruiting (24154)** - To account for grant funds to increase student academic achievement through strategies such as improving teacher and principal quality. Financing and authority is Elementary and Secondary Education Act of 1965 as amended, Title II, Part A, Public Law 107-110.

**NM Highway Dept (28120)** - To account for a state grant from NMDOT to fund a paving project. The fund was created by grant provisions.

STATE OF NEW MEXICO  
CARRIZOZO MUNICIPAL SCHOOLS  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2019

	<b>Special Revenue Funds</b>						
	<b>Food Service 21000</b>	<b>Athletics 22000</b>	<b>NM Autism 24108</b>	<b>IDEA-B Preschool 24109</b>	<b>Title IV - Instructional 24189</b>	<b>Title XIX Medicaid 25153</b>	<b>Rural Education Achievement 25233</b>
<b>ASSETS</b>							
Cash on deposit	\$ 11,038	\$ 4,752	\$ -	\$ -	\$ -	\$ 16,324	\$ -
Due from grantors	-	-	1,000	199	2,170	-	2,784
	<u>11,038</u>	<u>4,752</u>	<u>1,000</u>	<u>199</u>	<u>2,170</u>	<u>16,324</u>	<u>2,784</u>
Total assets	<u>\$ 11,038</u>	<u>\$ 4,752</u>	<u>\$ 1,000</u>	<u>\$ 199</u>	<u>\$ 2,170</u>	<u>\$ 16,324</u>	<u>\$ 2,784</u>
<b>LIABILITIES AND FUND BALANCES</b>							
Liabilities:							
Due to other funds	\$ -	\$ -	\$ 1,000	\$ 199	\$ 2,170	\$ -	\$ 2,784
Accounts payable	-	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	-	-	1,000	199	2,170	-	2,784
Fund balances:							
Nonspendable - inventory	-	-	-	-	-	-	-
Unrestricted	-	-	-	-	-	-	-
Restricted, reported in:							
Special revenue funds	<u>11,038</u>	<u>4,752</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,324</u>	<u>-</u>
Total fund balance	<u>11,038</u>	<u>4,752</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,324</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 11,038</u>	<u>\$ 4,752</u>	<u>\$ 1,000</u>	<u>\$ 199</u>	<u>\$ 2,170</u>	<u>\$ 16,324</u>	<u>\$ 2,784</u>

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO  
 CARRIZOZO MUNICIPAL SCHOOLS  
 COMBINING BALANCE SHEET  
 NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)  
 JUNE 30, 2019

	<b>Special Revenue Funds</b>					<b>Total Special Revenue Funds</b>
	<b>Dual Credit Instructional Materials 27103</b>	<b>2012 Go Bond Student Library 27107</b>	<b>K-3 Plus 27166</b>	<b>Teacher/ Principal Training 24154</b>	<b>NM Highway Department 28120</b>	
<b>ASSETS</b>						
Cash on deposit	\$ -	\$ -	\$ -	\$ -	\$ 1	\$ 32,115
Due from grantors	-	3,556	-	1,243	-	10,952
<b>Total assets</b>	<b>\$ -</b>	<b>\$ 3,556</b>	<b>\$ -</b>	<b>\$ 1,243</b>	<b>\$ 1</b>	<b>\$ 43,067</b>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Due to other funds	\$ -	\$ 3,556	\$ -	\$ 1,243	\$ -	\$ 10,952
<b>Total liabilities</b>	<b>-</b>	<b>3,556</b>	<b>-</b>	<b>1,243</b>	<b>-</b>	<b>10,952</b>
Fund balances:						
Nonspendable - inventory	-	-	-	-	-	-
Unrestricted	-	-	-	-	-	-
Restricted, reported in:						
Special revenue funds	-	-	-	-	1	32,115
<b>Total fund balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>32,115</b>
<b>Total liabilities and fund balances</b>	<b>\$ -</b>	<b>\$ 3,556</b>	<b>\$ -</b>	<b>\$ 1,243</b>	<b>\$ 1</b>	<b>\$ 43,067</b>

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO  
 CARRIZOZO MUNICIPAL SCHOOLS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR SPECIAL REVENUE FUNDS  
 JUNE 30, 2019

	<b>Special Revenue Funds</b>						
	<b>Food Service 21000</b>	<b>Athletics 22000</b>	<b>NM Autism 24108</b>	<b>IDEA-B Preschool 24109</b>	<b>Title IV - Instructional 24189</b>	<b>Title XIX Medicaid 25153</b>	<b>Rural Education Achievement 25233</b>
Revenues:							
Charges for services	\$ -	\$ 7,810	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	598	-	-	-	-	-	-
Federal sources	56,680	-	1,000	199	8,011	9,259	27,037
<b>Total revenues</b>	<b>57,278</b>	<b>7,810</b>	<b>1,000</b>	<b>199</b>	<b>8,011</b>	<b>9,259</b>	<b>27,037</b>
Expenditures:							
Current:							
Direct instruction	-	-	1,000	-	8,011	-	-
Instructional support	-	6,411	-	199	-	1,421	27,037
Food services	53,820	-	-	-	-	-	-
<b>Total expenditures</b>	<b>53,820</b>	<b>6,411</b>	<b>1,000</b>	<b>199</b>	<b>8,011</b>	<b>1,421</b>	<b>27,037</b>
Net changes in fund balances	3,458	1,399	-	-	-	7,838	-
Fund balance - beginning of	7,580	3,353	-	-	-	8,486	-
Fund balance - end of year as restated	<b>\$ 11,038</b>	<b>\$ 4,752</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 16,324</b>	<b>\$ -</b>

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO  
CARRIZOZO MUNICIPAL SCHOOLS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)  
JUNE 30, 2019

	<b>Special Revenue Funds</b>					<b>Total Special Revenue Funds</b>
	<b>Dual Credit Instructional Materials 27103</b>	<b>2012 Go Bond Student Library 27107</b>	<b>K-3 Plus 27166</b>	<b>Teacher/ Principal Training 24154</b>	<b>NM Highway Department 28120</b>	
Revenues:						
Charge for services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,810
State sources	496	3,556	25,608	-	-	30,258
Federal sources	-	-	-	5,179	-	107,365
<b>Total revenues</b>	<b>496</b>	<b>3,556</b>	<b>25,608</b>	<b>5,179</b>	<b>-</b>	<b>145,433</b>
Expenditures:						
Current:						
Direct instruction	496	3,556	25,608	5,179	-	43,850
Instructional support	-	-	-	-	-	35,068
Food services	-	-	-	-	-	53,820
Capital outlay	-	-	-	-	105,000	105,000
<b>Total expenditures</b>	<b>496</b>	<b>3,556</b>	<b>25,608</b>	<b>5,179</b>	<b>105,000</b>	<b>237,738</b>
Net changes in fund balances	-	-	-	-	(105,000)	(92,305)
Fund balance - beginning	-	-	-	-	105,001	124,420
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 32,115</u>

See independent auditors' report and accompanying notes to financial statements.

**NONMAJOR CAPITAL PROJECTS FUNDS**



STATE OF NEW MEXICO  
CARRIZOZO MUNICIPAL SCHOOLS  
CAPITAL PROJECTS FUNDS  
FOR THE YEAR ENDED JUNE 30, 2019

**CAPITAL IMPROVEMENTS SB - 9 (31700, 31701)** - To account for resources received through Senate Bill 9 and local tax levies obtained for the purpose of building, remodeling, and equipping classroom facilities. Also to account for resources received from the State of New Mexico General Fund.

STATE OF NEW MEXICO  
CARRIZO MUNICIPAL SCHOOLS  
COMBINING BALANCE SHEET  
NONMAJOR CAPITAL PROJECTS FUNDS  
JUNE 30, 2019

	<b>Capital Improvements SB-9- State 31700</b>	<b>Capital Improvements SB-9- Local 31701</b>	<b>Total</b>
<b>ASSETS</b>			
Cash on deposit	\$ -	\$ 66,071	\$ 66,071
Taxes receivable	-	12,429	12,429
Due from grantors	4,350	-	4,350
Total assets	<u>\$ 4,350</u>	<u>\$ 78,500</u>	<u>\$ 82,850</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payables	\$ -	\$ -	\$ -
Due to other funds	4,350	-	4,350
Total liabilities	4,350	-	4,350
Deferred inflows:			
Property Tax	-	11,333	11,333
Total deferred inflows and liabilities	4,350	11,333	15,683
Fund balances:			
Restricted, reported in:			
Capital projects funds	-	67,167	67,167
Total fund balance	-	67,167	67,167
Total liabilities and fund balances	<u>\$ 4,350</u>	<u>\$ 78,500</u>	<u>\$ 82,850</u>

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO  
 CARRIZOZO MUNICIPAL SCHOOLS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR CAPITAL PROJECTS FUNDS  
 JUNE 30, 2019

	<b>Capital Improvements SB-9- State 31700</b>	<b>Capital Improvements SB-9- State 31701</b>	<b>Total</b>
Revenues:			
Taxes	\$ -	\$ 139,408	\$ 139,408
State sources	4,350	-	4,350
Total revenues	4,350	139,408	143,758
Expenditures:			
Current:			
Operating and maintenance	4,350	137,689	142,039
Collection costs	-	1,391	1,391
Capital outlay	-	1,317	1,317
Total expenditures	4,350	140,397	144,747
Other Financing Sources:			
Loan proceeds	-	-	-
Net changes in fund balances	-	(989)	(989)
Fund balance - beginning of year	-	68,156	68,156
Fund balance - end of year	\$ -	\$ 67,167	\$ 67,167

See independent auditors' report and accompanying notes to financial statements.

**GENERAL FUND**

STATE OF NEW MEXICO  
 CARRIZO MUNICIPAL SCHOOLS  
 COMBINING BALANCE SHEET  
 GENERAL FUND  
 JUNE 30, 2019

	<b>Operational 11000</b>	<b>Transportation 13000</b>	<b>Instructional Material 14000</b>	<b>Total</b>
<b>ASSETS</b>				
Cash	\$ 152,766	\$ -	\$ 10,253	\$ 163,019
Taxes receivable	2,589	-	-	2,589
Due from other funds	96,134	-	-	96,134
 Total assets	\$ 251,489	\$ -	\$ 10,253	\$ 261,742
 <b>LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 11,383	\$ 3,000	\$ -	\$ 14,383
Total liabilities	11,383	3,000	-	14,383
Deferred inflows:				
Property tax	2,361	-	-	2,361
Total deferred inflows	2,361	-	-	2,361
Total liabilities and deferred inflows	13,744	3,000	-	16,744
Fund balances:				
Unassigned, reported in:				
General fund	237,745	(3,000)	10,253	244,998
Total fund balances	237,745	(3,000)	10,253	244,998
Total liabilities, deferred inflows, and fund balances	\$ 251,489	\$ -	\$ 10,253	\$ 261,742

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO  
CARRIZO MUNICIPAL SCHOOLS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2019

	<b>Operational 11000</b>	<b>Transportation 13000</b>	<b>Instructional Material 14000</b>	<b>Total</b>
<b>REVENUES</b>				
Taxes	\$ 29,050	\$ -	\$ -	\$ 29,050
Charges for services	200	-	-	200
State sources	2,129,373	-	4,964	2,134,337
Transportation distribution	-	123,510	-	123,510
Earnings from investments	298	-	-	298
Miscellaneous	8,021	-	-	8,021
	<u>2,166,942</u>	<u>123,510</u>	<u>4,964</u>	<u>2,295,416</u>
Total revenues	2,166,942	123,510	4,964	2,295,416
<b>EXPENDITURES</b>				
Current:				
Direct instruction	1,162,004	-	891	1,162,895
Instructional support	425,050	-	-	425,050
Central services	115,213	-	-	115,213
Operation and maintenance	303,806	-	-	303,806
Transportation	8,010	136,221	-	144,231
Food services	29,267	-	-	29,267
Capital outlay	19,500	16,659	-	36,159
	<u>2,062,850</u>	<u>152,880</u>	<u>891</u>	<u>2,216,621</u>
Total expenditures	2,062,850	152,880	891	2,216,621
Net change in fund balance	104,092	(29,370)	4,073	78,795
Fund balance at beginning of year	<u>133,653</u>	<u>26,370</u>	<u>6,180</u>	<u>166,203</u>
Fund balance at end of year	<u>\$ 237,745</u>	<u>\$ (3,000)</u>	<u>\$ 10,253</u>	<u>\$ 244,998</u>

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO  
CARRIZOZO MUNICIPAL SCHOOLS  
OPERATIONAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET (NON-  
GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
Revenues:				
Taxes	\$ 26,689	\$ 26,689	\$ 29,050	\$ 2,361
Charges for services	-	-	200	200
State sources	1,996,141	2,139,432	2,128,459	(10,973)
Earnings from investments	250	250	298	48
Miscellaneous	-	-	8,021	8,021
	<u>2,023,080</u>	<u>2,166,371</u>	<u>2,166,028</u>	<u>(343)</u>
Total revenues				
Expenditures:				
Current:				
Direct instruction	1,223,275	1,243,059	1,157,955	85,104
Instructional support	454,358	537,432	425,050	112,382
Central services	128,463	119,945	115,213	4,732
Operation and maintenance	305,407	348,423	303,806	44,617
General administration	-	-	-	-
Transportation	1,000	8,992	8,010	982
Other support services	-	-	-	-
School administration	-	-	-	-
Food services	9,267	29,267	29,267	-
Capital outlay	-	22,251	19,500	2,751
	<u>2,121,770</u>	<u>2,309,369</u>	<u>2,058,801</u>	<u>250,568</u>
Total expenditures				
Excess (deficiency) of revenues over expenditures	<u>(98,690)</u>	<u>(142,998)</u>	<u>107,227</u>	<u>250,225</u>
Net change in fund balance	(98,690)	(142,998)	107,227	250,225
Fund balance - beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - end of year	<u>\$ (98,690)</u>	<u>\$ (142,998)</u>	<u>\$ 107,227</u>	<u>\$ 250,225</u>
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ 107,227	
Net revenue accruals			914	
Net expenditure accruals			<u>(4,049)</u>	
Net changes in fund balance GAAP basis			<u>\$ 104,092</u>	

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO  
CARRIZOZO MUNICIPAL SCHOOLS  
TRANSPORTATION FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET (NON-  
GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-
Transportation distribution	143,205	143,205	143,205	-
Earnings from investments	-	-	-	-
Miscellaneous	-	-	-	-
	<u>143,205</u>	<u>143,205</u>	<u>143,205</u>	<u>-</u>
Total revenues	143,205	143,205	143,205	-
Expenditures:				
Current:				
Direct instruction	-	-	-	-
Instructional support	-	-	-	-
Central services	-	-	-	-
Operation and maintenance	-	-	-	-
General administration	-	-	-	-
Transportation	147,255	149,881	133,221	16,660
Food services	-	-	-	-
Capital outlay	-	16,660	16,659	1
	<u>147,255</u>	<u>166,541</u>	<u>149,880</u>	<u>16,661</u>
Total expenditures	147,255	166,541	149,880	16,661
Excess (deficiency) of revenues over expenditures	<u>(4,050)</u>	<u>(23,336)</u>	<u>(6,675)</u>	<u>16,661</u>
Net change in fund balance	(4,050)	(23,336)	(6,675)	16,661
Fund balance - beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - end of year	<u>\$ (4,050)</u>	<u>\$ (23,336)</u>	<u>\$ (6,675)</u>	<u>\$ 16,661</u>
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ (6,675)	
Net revenue accruals			(19,695)	
Net expenditure accruals			<u>(3,000)</u>	
Net changes in fund balance GAAP basis			<u>\$ (29,370)</u>	

See independent auditors' report and accompanying notes to financial statements.



STATE OF NEW MEXICO  
CARRIZOZO MUNICIPAL SCHOOLS  
INSTRUCTIONAL MATERIALS FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET (NON-  
GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
State sources	4,965	5,172	4,964	(208)
Earnings from investments	-	-	-	-
Miscellaneous	-	-	-	-
	<u>4,965</u>	<u>5,172</u>	<u>4,964</u>	<u>(208)</u>
Total revenues				
Expenditures:				
Current:				
Direct instruction	-	-	-	-
Instructional support	10,549	11,352	891	10,461
Central services	-	-	-	-
Operation and maintenance	-	-	-	-
General administration	-	-	-	-
Transportation	-	-	-	-
Food services	-	-	-	-
	<u>10,549</u>	<u>11,352</u>	<u>891</u>	<u>10,461</u>
Total expenditures				
Excess (deficiency) of revenues over expenditures	<u>(5,584)</u>	<u>(6,180)</u>	<u>4,073</u>	<u>10,253</u>
Net change in fund balance	(5,584)	(6,180)	4,073	10,253
Fund balance - beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - end of year	<u>\$ (5,584)</u>	<u>\$ (6,180)</u>	<u>\$ 4,073</u>	<u>\$ 10,253</u>
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ 4,073	
Net revenue accruals			-	
Net expenditure accruals			<u>-</u>	
Net changes in fund balance GAAP basis			<u>\$ 4,073</u>	

See independent auditors' report and accompanying notes to financial statements.

**SUPPLEMENTAL INFORMATION**

STATE OF NEW MEXICO  
CARRIZO MUNICIPAL SCHOOLS  
AGENCY FUNDS CASH RECONCILIATION  
FOR THE YEAR ENDED JUNE 30, 2019

<b>Activity Funds</b>	<b>Beginning</b>	<b>Deposited</b>	<b>Used</b>	<b>Ending</b>
<b>Assets</b>				
23100 - ADMINISTRATION GENERAL	\$ 3,077	\$ 412	\$ (1,484)	\$ 2,005
23200 - T-MOBILE HOTSPOTS	3,668	2,650	(2,777)	3,541
23300 - ADMINISTRATION	-	125	-	-
23400 - HUBBARD FOUNDATION	-	4,400	(4,396)	4
23500 - GRIZZLY ALUMNI	1,685	-	(484)	1,201
23501 - SCHOLARSHIPS	1,500	250	(305)	1,445
23503 - PFK	3,074	4,992	(4,208)	3,858
23505 - GIRLS BASKETBALL	3,457	1,547	(2,972)	2,032
23506 - CHRISTMAS FUND	566	1,450	(504)	1,512
23508 - FFA ACTIVITY	19,019	16,556	(23,000)	12,575
23509 - GRIZZLIES DEN BOOSTER CLI	451	2,500	(75)	2,876
23510 - METAL SHOP PROJECTS	474	-	(335)	139
23511 - MUSIC/DRAMA	358	100	-	458
23512 - LIBRARY ACTIVITY	947	1,554	(1,490)	1,011
23513 - STUDENT COUNCIL	678	4,255	(4,427)	506
23514 - NATIONAL HONOR SOCIETY	365	300	-	665
23515 - MISCELLANEOUS BOOKS	-	16	-	16
23518 - CULINARY ARTS	1,920	11,484	(10,253)	3,151
23519 - TRACK	467	-	(395)	72
23520 - GIRLS VOLLEYBALL	2,393	2,573	(2,885)	2,081
23521 - YEARBOOK ACTIVITY	3,214	3,005	(1,637)	4,582
23523 - SUNSHINE ACCOUNT	891	-	-	891
23524 - ATHLETIC CONCESSION	2,597	14,967	(14,310)	3,254
23525 - ELEMENTARY ACTIVITY	969	398	(653)	714
23526 - KNOWLEDGE BOWL	85	-	(85)	-
23527 - BOYS BASKETBALL	1,042	760	(300)	1,502
23528 - ONLINE LEARNING	142	-	-	142
23536 - STUDENT ACTIVITY	1,837	421	(1,226)	1,032
23545 - CLASS OF 2021	143	22	-	165
23546 - CLASS OF 2020	259	2,506	(2,422)	343
23547 - CLASS OF 2019	320	4,805	(4,540)	585
23548 - GRIZZLIES GARDEN	1,168	1,040	(1,131)	1,077
23550 - MS ACTIVITY ACCOUNT	-	427	(372)	55
23552 - THE GARDEN	78	-	-	78
23555 - WOODSHOP	-	420	-	420
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Activity Funds	<u>\$ 56,844</u>	<u>\$ 83,935</u>	<u>\$ (86,666)</u>	<u>\$ 54,113</u>
<b>Liabilities</b>				
Deposits Held for Others	<u>\$ 56,844</u>	<u>\$ 83,935</u>	<u>\$ (86,666)</u>	<u>\$ 54,113</u>
Total Liabilities	<u>\$ 56,844</u>	<u>\$ 83,935</u>	<u>\$ (86,666)</u>	<u>\$ 54,113</u>

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO  
CARRIZO MUNICIPAL SCHOOLS  
SCHEDULE OF DEPOSITS AND INVESTMENT ACCOUNTS  
JUNE 30, 2019

**First Savings Bank**

Description of Pledge Collateral	<b>Market Value</b>	<b>Maturity Date</b>	<b>CSIP#</b>
<b>Tiered Maturities</b>			
FHLMC 10 YR	\$ 103,253	03/01/23	31307BJW1
FNMA 15 YR	161,536	01/01/28	3138EKJA4
FNMA 10 YR	75,909	01/25/28	31418CTF1
FNR 2012-145 DC	21,589	01/25/28	3136AA2L8
FHLMC 15 YR	165,237	08/01/31	3128ME4M0
FHR 4505PA	<u>109,197</u>	08/01/23	3137BKWM8
Total	<u>\$ 636,721</u>		

Carrizozo Municipal Schools secures their public monies in United States Securities as listed above. The Schools are in compliance as disclosed in Note 3.

	Account Type	Amount Per Bank	Net Reconciling Items	Balance Per Books
<b>First Savings Bank</b>				
General Operational	Checking	\$ 737,129	\$ (105,431)	\$ 631,698
Activity Fund	Checking	<u>54,441</u>	<u>(328)</u>	<u>54,113</u>
Total FSB		791,570	(105,759)	685,811
<b>New Mexico Finance Authority</b>				
Restricted Cash	Savings	<u>207,454</u>	<u>-</u>	<u>207,454</u>
Total NMFA		<u>207,454</u>	<u>-</u>	<u>207,454</u>
Total deposits		<u>\$ 999,024</u>	<u>\$ (105,759)</u>	<u>\$ 893,265</u>

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO  
CARRIZOZO MUNICIPAL SCHOOLS  
CASH RECONCILIATION  
JUNE 30, 2019

	<b>Operational 11000</b>	<b>Transportation 13000</b>	<b>Instructional Materials 14000</b>	<b>Food Service 21000</b>	<b>Athletics Account 22000</b>	<b>Agency Account 23000</b>	<b>Federal Flowthrough 24000</b>
Cash, June 30, 2018	\$ 23,624	\$ 13,351	\$ 6,180	\$ 17,384	\$ 3,353	\$ 56,844	\$ -
Cash receipts, 2018-2019	2,166,921	143,205	4,964	57,278	7,810	83,935	185,543
Cash disbursements, 2018-2019	<u>(2,037,779)</u>	<u>(156,556)</u>	<u>(891)</u>	<u>(63,624)</u>	<u>(6,411)</u>	<u>(86,666)</u>	<u>(185,543)</u>
Cash balance, June 30, 2019	<u>\$ 152,766</u>	<u>\$ -</u>	<u>\$ 10,253</u>	<u>\$ 11,038</u>	<u>\$ 4,752</u>	<u>\$ 54,113</u>	<u>\$ -</u>

	<b>Federal Direct 25000</b>	<b>State Flowthrough 27000</b>	<b>State Direct 28000</b>	<b>Bond Building 31100</b>	<b>Cap. Impro. SB 9 31700</b>	<b>Cap. Impro. SB 9 31701</b>	<b>Debt Service Fund 41000</b>	<b>Total</b>
Cash, June 30, 2018	\$ 8,486	\$ -	\$ 105,001	\$ 45,803	\$ -	\$ 67,134	\$ 341,609	\$ 688,769
Cash receipts, 2018-2019	33,512	84,436	-	305,069	12,249	139,334	371,314	3,595,570
Cash disbursements, 2018-2019	<u>(25,674)</u>	<u>(84,436)</u>	<u>(105,000)</u>	<u>(143,418)</u>	<u>(12,249)</u>	<u>(140,397)</u>	<u>(342,430)</u>	<u>(3,391,074)</u>
Cash balance, June 30, 2019	<u>\$ 16,324</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 207,454</u>	<u>\$ -</u>	<u>\$ 66,071</u>	<u>\$ 370,493</u>	<u>\$ 893,265</u>

STATE OF NEW MEXICO  
 CARRIZOZO MUNICIPAL SCHOOLS  
 JOINT POWERS AGREEMENTS  
 JUNE 30, 2019

<u>Other Principal</u>	<u>Agreement Description</u>	<u>Effective Date</u>	<u>Ending Date</u>	<u>Project Cost</u>	<u>Fiscal Year Contribution</u>	<u>Party Responsible for Operations/Revenues and Expenditure Reporting/ Audit Responsibility (if Any)</u>
Region 9 Education Cooperative (REC)	The purpose of the agreement is to allow the submission of a consolidated application to the State Department of Education for funds granted to the State of New Mexico by the United States Department of Education under the Education of the Handicapped Act, Part B, PL 94142 among others.	7/1/1995	6/30/2019	-	-	Each their own/annual renewal

## COMPLIANCE SECTION



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

Mr. Brian Colón  
State Auditor of the State of New Mexico  
Board of Directors of Carrizozo Municipal Schools

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, the aggregate remaining fund information, the budgetary comparisons of the general fund and major special revenue funds of Carrizozo Municipal Schools (the District), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and the combined and individual funds and related budgetary comparisons presented as supplementary information, and have issued our report thereon dated November 15, 2019

**Internal Control Over Financial Reporting**

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

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



Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did not identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be significant deficiencies.

### **Compliance and Other Matters**

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

### **Management Responses to Findings**

The District's response to the findings identified in our audit are described in the accompanying schedule of findings and responses. 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 results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

  
Beasley, Mitchell & Co., LLP  
Las Cruces, New Mexico  
November 15, 2019

STATE OF NEW MEXICO  
CARRIZOZO MUNICIPAL SCHOOLS  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2019

SUMMARY OF AUDITORS' RESULTS

Financial Statements:

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

STATE OF NEW MEXICO  
CARRIZOZO MUNICIPAL SCHOOLS  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2019

**PRIOR AUDIT FINDINGS**

**Current status**

2018-001                      Journal Entries-Significant Deficiency

Resolved

**CURRENT AUDIT FINDINGS**

**Current status**

None

STATE OF NEW MEXICO  
CARRIZOZO MUNICIPAL SCHOOLS  
FINANCIAL STATEMENT PREPARATION  
FOR THE YEAR ENDED JUNE 30, 2019

The financial statements of Carrizozo Municipal Schools as of, and for the year ended June 30, 2019 were prepared by Beasley, Mitchell & Co., LLP, with the aid of responsible District personnel. Official responsible personnel agree that the presentations are made with their knowledge and agreement.

STATE OF NEW MEXICO  
CARRIZOZO MUNICIPAL SCHOOLS  
EXIT CONFERENCE  
FOR THE YEAR ENDED JUNE 30, 2019

An entrance conference was conducted September 19, 2019 in a closed meeting of the Carrizozo Municipal School pursuant to Section 12-6-5 NMSA, 1978 with the following individuals in attendance:

Carrizozo Municipal Schools

Antoinette Rossi	Board Member
Todd Lindsay	Superintendent
Elizabeth Montoya	Business Manager
Amber Vallejos	Business Support Specialist

Beasley, Mitchell & Co., LLP

Ashley Tierney, CFE	Audit Staff II
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An exit conference was conducted November 12, 2019 in a closed meeting of the Carrizozo Municipal School pursuant to Section 12-6-5 NMSA, 1978 with the following individuals in attendance:

Carrizozo Municipal Schools

Antoinette Rossi	Board Member
Todd Lindsay	Superintendent
Elizabeth Montoya	Business Manager
Amber Vallejos	Business Support Specialist
Elizabeth Barela	Assistant Principal
Dale Jackson	Principal

Beasley, Mitchell & Co., LLP

Ashley Tierney, CFE	Audit Staff II
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